ROUTLEDGE

Marketing Management

A Cultural Perspective

SECOND EDITION

Edited by Luca M. Visconti, Lisa Peñaloza and Nil Toulouse

Marketing Management

Culture pervades consumption and marketing activity in ways that potentially benefit marketing managers. This book provides a comprehensive account of cultural knowledge and skills useful in strategic marketing management. In making these cultural concepts and frameworks accessible and in discussing how to use them, this edited textbook goes beyond the identification of historical, sociocultural, and political factors impinging upon consumer cultures and their effects on market outcomes.

This fully updated and restructured new edition provides two new introductory chapters on culture and marketing practice and improved pedagogy, to give a deeper understanding of how culture pervades consumption and marketing phenomena; the way market meanings are made, circulated, and negotiated; and the environmental, ethical, experiential, social, and symbolic implications of consumption and marketing. The authors highlight the benefits that managers can reap from applying interpretive cultural approaches across the realm of strategic marketing activities including: market segmentation, product and brand positioning, market research, pricing, product development, advertising, and retail distribution. Global contributions are grounded in the authors' primary research with a range of companies including Cadbury's Flake, Dior, Dove, General Motors, HOM, Hummer, Kjaer Group, Le Bon Coin, Mama Shelter, Mecca Cola, Prada, SignBank, and the *Twilight* community. This edited volume, which compiles the work of 58 scholars from 14 countries, delivers a truly innovative, multinationally focused marketing management textbook.

Marketing Management: A Cultural Perspective is a timely and relevant learning resource for marketing students, lecturers, and managers across the world.

Luca M. Visconti is Professor of Marketing at Università della Svizzera italiana in Lugano, Switzerland, and ESCP Europe in Paris, France. His research deals with consumer vulnerability, cultural branding, and storytelling. He is especially interested in the ultimate effects of consumption, marketing, and markets in terms of personal and societal wellbeing.

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Preface

Dear readers, we again invite you to join us in an ongoing pedagogical adventure. A lot has happened since the 2011 edition. The diffusion of technology in businesses marches on, corporate mergers and acquisitions continue to expand globally, and the financialization of markets is amplifying in scale. Together with such evolutions, entrepreneurial ventures mobilizing collaborative endeavors are wiping out earlier distinctions between firm, consumer, nonprofit, and government in altering contemporary social and market formations. This has led to a variety of exchange systems—markets, access-based economy, circular economy, gift economy, and sharing economy—that engage either new entrants, which are typically dominating non-market-based economies, or traditional companies, whose business models are evolving to integrate other exchange systems.

In keeping pace, cultural approaches to consumption and markets are expanding: Institutional theories of market systems are reorienting consumer cultural theory (CCT hereafter; Arnould & Thompson, 2018; Giesler & Fischer, 2017; Thompson, Arnould, & Giesler, 2013), the transformative consumer research movement continues to gain momentum (TCR hereafter; Davis, Ozanne, & Hill, 2016), and scholars focused on gender in consumption and markets have organized (GENMAC hereafter; https://genmac.co/). Steadily, cultural conceptualizations of desire, meaning, and value in market exchanges (Peñaloza & Mish, 2011), and elaborations of collaborative production processes among consumers, marketers, and other stakeholders are integrating into the mainstream of the marketing discipline because they provide workable understandings and insights of benefit to consumers, firms, and public policy pertaining to contemporary market development, with many more promising contributions to come!

We again thank many people across the globe for their work that has provided the foundations upon which we have revised the current volume. We are especially grateful to Sydney Levy for his seminal contribution and mentorship to most of us for about six decades. Thanks to Russell Belk (1991), Fuat Fırat , Elizabeth Hirschman, Morris Holbrook, Melanie Wallendorf, Alladi Venkatesh, and so many others, certainly more than we can mention here. Thanks, too, Eric Arnould, Søren Askegaard, Pauline Maclaran, Linda Price, John Sherry (1998, 1995), Mike Solomon (2003, 1991), and the late George Zinkhan (2002) for carrying this momentum forward in consumer behavior texts through the first decade of 2000 that featured second- and third-generation scholars including Laurel Anderson, Eileen Fischer, Douglas B. Holt, Rob Kozinets, Al Muñiz, Julie Ozanne, Linda Scott, Hope Jensen Schau, and Craig Thompson, again to name but a few. Journals have played, and continue to play, another vitally important role in fostering interpretive scholarship and practice. We particularly thank Richard Lutz, Kent Monroe, and Eileen Fischer for fostering interpretive work at the *Journal of Consumer Research*; John Deighton for championing this work at the

Marketing Science Institute; David Glen Mick for his early support to wellbeing-oriented consumer research (2008); and the late Bob Lusch for guiding interpretive scholarship at the helm of the *Journal of Marketing.* Thanks to Nikhilesh Dholakia, Fuat Fırat , and Alladi Venkatesh for their innovative vision in making an early home for cultural studies in *Consumption, Markets & Culture*, and to Jonathan Schroeder and Dannie Kjeldgaard, who have continued this important forum there. Thanks to Pauline Maclaran, Andreas Chatzidakis, and Elizabeth Parsons for their leadership at *Marketing Theory*, and to Mark Tadajewski for serving at the *Journal of Marketing Management*. We also thank our publisher, Routledge, and the leadership of Stephen Brown and the late Barbara Stern for their interpretive series of books and monographs through which European contributions have provided an equally important foundation upon which interpretive consumption and market scholarship have flourished. Such pioneering scholars as Michelle Bergadàa, Dominique Bouchet, Richard Elliott, Güliz Ger, Evert Gummesson, and Søren Askegaard have fostered streams of interpretive work on consumption and market phenomena in Europe.

We especially thank all the contributors for their work and enthusiasm in making this second edition possible. And we look forward to the growing cadre of fourth- and fifth-generation interpretive scholars, including some of the authors in this volume, forming a worldwide network of researchers who examine in-depth consumer and marketer activities, interfaces, and shifting balances of power within increasingly techno-commercial marketplaces across the globe.

In addressing the many opportunities and challenges in bringing cultural, interpretive perspectives and knowledge to this second edition, we again build upon the managerially-oriented work of Grant McCracken (1986, 2005), Costa and Bamossy (1995), Douglas B. Holt (2004), and John Sherry (1995, 1998) who instilled upon us the importance of providing to students and practitioners specific cultural insights and tools for understanding consumers' priorities and life concerns, as well as managerial objectives and constraints. Edited volumes by Michael Saren, Pauline Maclaran, Christina Goulding, Richard Elliott, Avi Shankar, and Miriam Catterall (2007), Mark Tadajewski and Douglas Brownlie (2008), and Askegaard and Heilbrunn (2017) have been helpful to us as well in renewing our commitment to the development of critical approaches to marketing practice that maintain at the fore a sense of the impact of marketing activity upon consumers, subcultures, and societies. Such approaches are ever more important as connections between consumers and marketers in markets and cultures become more tightly interwoven.

This second edition continues the project of bringing cultural approaches into the mainstream of marketing strategy in academic courses as well as the boardrooms, carrels, and offices of businesses worldwide. Following in the rich tradition of cultural sensitivity in interpretive scholarship and giving concerted attention to the interests of multiple stakeholders in these pages, the authors grapple explicitly with the lucrative opportunities pursued by managers, as well as their most difficult challenges. In continuing to take a discerning, challenging posture to marketing practice, markets, consumers, and other stakeholders in this book, we hope to foster in our students greater understanding regarding the many compromises, hard choices, and rewards dealt with by marketing managers.

Have we kept an edge in editing this book? We hope so. We believe the cultural approach offers distinct advantages and challenges as it is more fully leveraged in business school classrooms. In questioning basic assumptions and perspectives, we revise fundamental concepts and techniques, such as relations between marketers and consumers, processes of organization and market development, and ways of conceptualizing and implementing marketing strategies and actions. In doing so, we provide a robust toolkit with which to

develop greater understandings of consumers and managers in the homes, neighborhoods, and organizations which they inhabit, and to appreciate how each of them impacts on and is impacted by market development. At the same time, we strive to consolidate and make more accessible cultural, interpretive approaches, concepts, and insights. We strive for writing styles featuring a minimum of academic jargon, and include concise illustrative diagrams and tables, and colorful photographs and rich excerpts from field study. Hopefully this format will help enable readers—students, professors, practitioners, and others—to realize new possibilities in together envisioning and enacting a truly sustainable cultural marketing management.

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Introduction

This second edition was put together by marketing professors—who are also marketing researchers, students, and practitioners—to develop reading materials that make the cultural approach to market development more accessible. Our interest is to incorporate cultural skills and understandings into the canon of pedagogical material available for MBA and undergraduate classes in marketing management and strategy. We do this now, 30 years after rich and edgy interpretive studies first appeared in the top consumer behavior and marketing journals, to help managers make sense of, and adapt to, the unrelenting pace of local and global competition, financial market pressures, and technological developments in production, distribution, services, and social media. Such technological, sociocultural, and market developments in consumption and marketing practice and in the corporate and media landscape require that we revise our basic marketing concepts and techniques. Such basic concepts as product development, pricing, distribution, and promotion made a lot of sense when markets were dominated by the production and distribution of material products by firms for consumption by consumers. And yet, each of these basic concepts requires radical rethinking when services, experiences and conversations dominate and when market development consists of the *joint production of consumers, marketers, and other stakeholders*. Even such core concepts as the marketing concept require revision when consumer satisfaction is viewed as a *collective, enacted accomplishment*.

This second edition remains distinct among marketing management texts in teaching the cultural approach in business schools and marketing departments, advertising agencies, and consulting firms worldwide. To elaborate, most conventional marketing texts treat culture as an *influence on* consumption and marketing practice. The established cross-cultural marketing approach posits that cultural differences in perception, attitudes, or values are to be used to explain differences in consumption and marketing decisions or choices. These perceptions, attitudes, or values are characterized as the essential basis for culture and understood as fairly universal qualities that determine consumption behavior and marketing practice, even as they vary somewhat across peoples and places. Teaching students cultural variations in consumption and marketing phenomena across nations is both fascinating and entertaining. Yet doing so disseminates the misleading views that consumption and marketing activity are best comprehended as an *effect* of culture, and that culture is something that exists prior to, and apart from, consumption and marketing practice. Following from these views are the directives to catalog cultural values and attitudes and profile consumers as the best way of understanding consumer behavior in order to develop "pure" forms of marketing strategy devoid of these cultural *variations*. The consequences of this traditional canon to managers are doubly serious in undermining the significance of cultural knowledge and capabilities in consumption and marketing practice.

In contrast, the essays in this book proceed from the view that culture pervades consumption and marketing phenomena, to include the development and implementation of marketing research and strategy. From this perspective it makes no sense to speak of cultural *influences on* consumption and marketing, as culture cannot be separated from either activity. These writings document the cultural forms inherent in what consumers and marketers say and do, and provide guidance enabling marketing students and managers to better appreciate the joint cultural production by consumers and firms that comprises market activity. In sum, this book is meant to foster readers' cultural IQ, which Grant McCracken (2011) describes as one of the rising assets for today's successful marketing management.

Cultural marketing management operates as an assemblage of marketing techniques—product/service offerings, pricing, distribution, and promotion/communication—that are finely honed to specific cultural categories. Among the chief tasks for managers is to understand these cultural categories and the relational principles organizing them, with attention to how these cultural categories and relational principles are accorded economic valuation by consumers and marketers in tandem. Thus, these cultural categories and the relational principles organizing them become fundamental to consumption and to marketing practice as they come together in the development of markets.

This revised cultural marketing management text emphasizes the symbolic character of consumption and marketing. Culture is evident in consumers' use of foods, in celebrating holidays, and in colors in home décor and national flags. For marketers, cultural conventions are recognizable in the words selected for brand names and the symbols comprising brand logos. A key concept is culture, a term which we use to encompass the system of shared signs, meanings, activities, social relationships, and forms of organization of a group of people. In Chapter 1, Russell Belk uses the category of food to review the basic characteristics of culture. Such characteristics of culture include its shared and transmitted qualities and dynamism. Culture in this sense serves as a template for living and a lens through which people experience and make sense of their lives and the world around them. In Chapter 7, Laura Oswald explains cultural terms and processes useful in understanding literacy as a fundamental process in consumption and marketing. Key in such literacy is the knowledge and grammar of signs as the basic building blocks of the cultural systems sustaining consumption and marketing practice. Thus, attention is directed to how consumption and marketing signs convey meaning by referring to objects, ideas, persons, even other signs, and how they are interpreted as a relational system of conventions, practices, and rules.

The text also emphasizes *the constitutive properties of culture*. As we will see in the chapters that follow, consumers use cultural signs in the form of products, services, and brands to convey their sense of who they are, who they want to be—or not be, what is important to them, and how they relate to others. Subtler are the ways in which such consumption practices configure consumers, in orienting and structuring their lives. In turn, marketers use signs in developing products, advertisements, packages, places, and logistics of distribution, etc., to appeal to consumers in providing them important resources for living and to distinguish themselves from others. Such marketing practices narrow the field of what is available and possible for consumers. Together, consumers and marketers draw from and reproduce the cultural conventions and material that form the larger marketplace. By emphasizing symbols and meanings, does it mean that the cultural approach to marketing management is opposed to function? Absolutely not; from a cultural perspective, function is regarded as a symbolic activity. Knowing what products, services, or brands serve for what purpose, in managing identity and social relations or competing with other firms, falls well within the scope of this book.

One of the pioneers in recognizing the cultural nature of the marketplace was Sidney Levy in his classic article, "Symbols for Sale" (1959). Another important contribution to this work was Dennis Rook (1985), who pointed out the importance to marketing managers of appreciating the ritualistic character of such consumption activities as grooming, preparing meals, and celebrating special occasions. Douglas B. Holt (2004) has also contributed to the toolkit of marketing managers, in detailing the cultural work in advertising to unveil how brands tap into and articulate the myths and stories of cultural groups in ways that resonate with consumers by expressing their priorities, relations with others, and sense of being in the world. In another foundational work, McCracken (2005) posits to marketing managers the necessity of understanding culture, encapsulating *meaning management* as an increasingly important part of product development, pricing, promotion, distribution, and more.

Yet, while important, meaning-making by consumers and marketers does not in itself make markets. Emerging work is drawing attention to transpositions between cultural meaning and economic valuation as the basis of markets (Applbaum, 2003; Cochoy, 2008; du Gay & Pryke, 2002; Cayla & Zwick 2011). For marketers, understanding the transpositions between cultural meaning and economic valuation must be seen as an essential strategic skill in developing markets.

Finally, we note agency and power, as much as their limits in such transpositions. We assert the importance to managers of developing marketing strategies more sensitive to personal, social, organizational, and environmental challenges in assigning an economic valuing to the most joyful and troubling life experiences, as well as those most mundane. Only by understanding how cultural meanings are valued economically and how economic value intervenes in cultural meaning-making as it becomes institutionalized in markets will we understand the intended and unintended "effects" of market development.

Extending from this emphasis on culture, the chapters in this book review fundamental marketing topics and strategic directives and modify them as appropriate to the cross-fertilization of cultural meanings and economic values by consumers and marketers together, with attention to how these cultural meanings and economic values are negotiated and produced with various other stakeholders. Such modifications are carried through in ways of conceptualizing and implementing marketing strategies, in matters of organizational leadership, in processes of market development, and in the role of business schools in marketing pedagogy. Tackling a distinct marketing topic, each chapter contrasts traditional marketing wisdom on said topic—in line with a behaviorist, cognitive perspective on consumption, markets, and marketing practice—with the cultural way of interpreting it. This is meant to more clearly illuminate what the cultural tradition brings to our collective understanding of marketing and to activate a conversation with scholars from other traditions.

Another contribution of this book is to bring to the fore the importance of qualitative research methods. These methods, and the ways of thinking they are based upon, are valuable additions to the skill sets of managers in developing and implementing strategic marketing insights, because they access fundamental cultural aspects of market phenomena less accessible with quantitative methods that form the predominant foundation for most other MBA and undergraduate marketing textbooks. While this seems innocuous, the reliance on quantitative research becomes a problem when students steadfastly proceed to deal with cultural differences in consumption and marketing activity as primarily a matter of *cognition*. Reducing culture to a cognitive attitude, value, or choice, in turn reduces the strategic imagination and toolkit of managers. Instead, the chapters in this volume assert that *developing culturally attuned marketing strategy requires understanding that culture operates in discourse and practice and forms the conditions upon which such cognitive*

concepts as attitudes, values, and choices are based. In other words, quantitative research aims to *measure* ***culture and its effects***, whereas qualitative research is directed to provide a deeper understanding of *how culture is made and works* in contemporary markets.

The qualitative research that forms the basis of the cultural approach utilized in these pages treats the marketplace as a collective system and gives emphasis to the cultural discourses and practices that stabilize and destabilize that system. In examining the elements and logic structuring the conditions of possibility for consumption and marketing discourse and practice, this approach illuminates the ways these logics produce consuming and marketing subjects, not as autonomous individuals, but rather as entities subject to these logics. This approach further highlights the ways in which relations between consumers, marketers, competitors, and other stakeholders are forged and modified in the negotiation of cultural meaning and economic value in markets. Because interpretive work examines explicitly the intricate weavings of market agents and activities within global and local cultural domains, it is adeptly suited to contribute valuable understandings of how marketing managers and organizations develop effective courses of action as members of firms and industries, with consideration to pressing cultural concerns, such as social relations among groups, distribution of resources, and personal and environmental wellbeing.

Each day managers are challenged in learning about and adapting to consumers and markets in developing appropriate marketing strategies. Cultural insights regarding market offerings, co-creation of value by consumers and marketers, consumer and organization identity, brand community, sustainable development, ethics, and market justice, to name a few, are invaluable in the development of practical tools and insights in meeting these challenges.

In their orientation to practical marketing strategy, the cultural tools and insights in the chapters that follow are innovative in questioning assumptions and perspectives long accepted in the field regarding basic separations between consumers and marketers, and in revising such fundamental marketing topics such as the 4Ps of product, price, promotion, and distribution (place). Such basic marketing functional activities as segmentation, targeting, positioning, and consumer satisfaction are usefully revised in the increasingly interactive, service-dominated marketplace. While this book may not in itself change the climate of undergraduate and MBA classes and business schools steeped so heavily in traditional ways of thinking, its chapters do offer the critical views and concepts so badly needed by managers globally in dealing with economic uncertainty, cultural volatility, consumer vulnerability, and political flux.

Scope and organization of the book

The title, *Marketing Management: A Cultural Perspective*, encapsulates our goals to educate students and managers of the importance of culture in marketing management and what the interpretive approach to managing market development entails. Regarding format, in each essay authors draw from their work in questioning definitions of seminal topics, strategic directives, and characteristics of marketers, firms, consumers, competitors, and their activities to help foster more culturally attuned understandings of market development.

The book is organized into five sections: Global-local cultural domains; consumer and marketer identity and community politics; researching consumers, marketers, and markets; refashioning marketing practices; and institutional issues in the marketing organization and academy.

The first section provides an overview of the characteristics and processes of a selected subset of global and local cultural domains inhabited by consumers, marketers, and market organizations. In particular, the chapters by Russell Belk; Güliz Ger, Olga Kravets, and Özlem Sandıkcı; and Delphine Dion and Lionel Sitz frame the overarching scenario for cultural marketing. By exploring the intricacy between global and local market cultures, they attribute new meanings and potentialities to marketing management. The chapters by Natasha Tolstikova; Benet DeBerry-Spence, Sammy Bonsu, and Eric Arnould; Judith Cavazos-Arroyo and Silvia González-García and Laura Oswald contextualize cultural marketing to given geographical basins, including Latin America, Africa, and the post-communist economies of China and Russia.

In the first chapter, Belk provides an insightful overview explaining the importance of the cultural approach in understanding the breadth and depth of cultural differences in consumption and marketing practices by focusing on the food industry. He elaborates the relevance of the cultural approach to marketing strategy in multiple cases across a range of daily, holiday, and restaurant domains. He further tracks cultural dimensions of social class, age, gender, religion, and ethnicity distinguishing food consumption and shows how they unite and divide people as morality, health, safety, pleasure, profit, and politics intersect in highly charged ways.

In applying the cultural approach to international marketing strategy in chapter two, Ger, Kravets, and Sandıkcı challenge the oppositional logic between *globalization*— directing standardized strategies to homogeneous cultures, and *localization*— prescribing adaptive strategies for heterogeneous cultures. Noting the limited appreciation of culture and the over-emphasis on similarities and differences animating this logic, these authors instead show that both local and transnational companies can be better off when integrating globalization with localism instead of framing them as alternative, oppositional strategies. In elaborating the case studies of Green Mama cosmetics in Russia and Cola Turka in Turkey, and in providing other examples, the authors show the important insights to be gained in utilizing the cultural distance of the outsider and the intimate knowledge of insiders to better leverage aspects of both the alluring foreign and the comforting local as they play out in status, community affiliation, nostalgia, and authenticity for consumers as they negotiate domestic and international products and services.

Following the opposition between global and local culture illustrated by Ger and colleagues, chapter three focuses on infra-national cultures—namely, French regional cultures including those of Alsace, Brittany, and Savoie—to document how regional affiliations matter to both identity politics and brands' competitive advantage. Notably, Dion and Sitz show that regional affiliations have gained momentum as a form of consumer *and* brand resistance to globalization. In doing so, the authors highlight the creative and dynamic interactions of consumers and marketers not explained in terms of nationality or national origin, but rather more clearly understood in terms of joint learning and adaptation processes.

The other chapters of this first section apply the cultural approach to specific geographical areas by focusing on both national cultures (e.g., Russia and China) and pan-ethnic cultures (e.g., Africa and Latin America). All of them emphasize emergent and post-communist markets and consumer cultures to be contrasted to the Western way of interpreting and living consumption, which is at the center of chapters from part II to part V of the book.

In chapter four, the essay by Tolstikova builds cultural understandings of contemporary advertising practices by contrasting essentialist and constructivist conceptualizations of how culture "works" in advertising. In presenting the "Real Beauty" campaign by Dove soap in Russia, Tolstikova invites students to explain and remedy its failure by applying the two

approaches. In contrast to profiling national characteristics as guided by the work of Geert Hofstede, Tolstikova situates consumers' reception of the campaign in tracing the development of ideals of women's beauty from the Bolshevik revolution, through the Stalinist Era, to present post-Soviet commercial developments.

Chapter five by DeBerry-Spence, Bonsu, and Arnould applies the cultural approach to market development in Africa and further acknowledges the legacy of colonialism in the region. The authors contrast its cooperation, small-scale, and loosely coupled social networks characterizing vibrant market activity in this oldest of human civilizations with the privatization, economies of scale, and vertically integrated organization forms endorsed by liberal economic policies. DeBerry-Spence, Bonsu, and Arnould demonstrate the importance of cultural understanding for the simultaneous development of consumer tastes and market infrastructure in several mini-cases, and encourage managers to direct attention to the particular patterning of consumption and production in leveraging local resources in the interest of both companies and social formations.

In chapter six, Cavazos-Arroyo and González-García emphasize that cultural insights and approaches are imperative for organizations and managers in developing appropriate and effective marketing strategies in the Latin American region. The authors overview some of the particularities of Latin American market development, with attention to its blend of tradition, modernity, and postmodernity, and of informal and formal distribution, and the reality of corruption in market infrastructure. Their discussion of consumer identity, agency, and community offers strategic directives related to distribution, market segmentation and targeting, and ethics.

Finally, chapter seven by Oswald highlights the ways consumers in China read and manipulate cultural signs and meanings for luxury products, which remains one of the consumption domains where the allure of the West is still evident. She explains key concepts from semiotics regarding the structure and workings of cultural symbolism and contrasts this particular cultural approach to more conventional approaches emphasizing brand equity and value-added. The author proceeds to develop cultural marketing strategies using a *brand audit* in comparing the meanings Chinese and French assign to luxury products. Using these comparisons, Oswald provides guidance to managers in gaining and applying cultural insights in advertisements and social media in facilitating consumers' brand literacy.

The second section focuses on the complex interrelations forged by consumers and marketers in identity and community politics. This section features essays by Jill Avery; Antonella Carù and Bernard Cova; Hope Jensen Schau and Alexander Schau; Bernard Cova and Avi Shankar; Marius K. Luedicke; and Søren Askegaard and Simon Møberg Torp.

The section opens with chapter eight by Jill Avery that provides an excellent overview of the cultural approach to the relationships consumers form with brands. The author explains the way consumers use brand meanings in forging their identities and their relationships with family and friends, and contrasts this cultural approach to brand relationships with the traditional focus in loyalty programs of evaluating consumers based on the economic profit they generate for firms. Rather than "managing" customer relationships as dictated in consumer relationship management programs (CRM), Avery counsels managers to become more conscientious of the different types of relationships consumers establish with brands and of the evolving rules governing such relationships, to foster and negotiate specific relationship types, and to adhere to culturally appropriate rules over the course of the consumer-brand relationship.

By reviewing the pervasiveness and complexity of experiences consumers are confronted with on a daily basis, in chapter nine Carù and Cova review distinct models of experience

marketing. The authors document how traditional models tend to focus mostly on the sensorial dimension of experience—and thus on atmospherics—as much as on its exceptionality, and rarity. These models also assume that consumers can easily plunge into an experience, once marketers have secured, thematized, and enclavized the experiential setting. In contrast to these models, Carù and Cova illustrate how a cultural perspective on consumer experience posits that experiences are far more frequent and ordinary than usually assumed. Also, they observe that consumers cannot easily be immersed into an experience, since appropriating an experience implies competences and psycho-emotional skills that must be matured over time. In line with these conclusions, the authors revisit marketers' role in experience design and propose three orders of activities that should be at the center of their preoccupation: Provision of support systems, support for collective actions, and sustain to consumers' self-determination.

Chapter ten by Schau and Schau takes us into the workings of brand communities, by focusing on those that have formed around the *Twilight* book and film series in drawing important cultural marketing lessons for managers. The authors emphasize the strategic marketing activity of developing resonant cultural themes that provide consumers with ample means to reflect upon key issues in their lives and discuss them with others. For the *Twilight* communities, themes of romance, superhuman abilities and morality, and cultural diversity in such content and discussion constitute a culture by tapping and resonating with members' ideology, norms, beliefs, and rituals. In closing, the authors compare the cultural approach of the *Twilight* series to the more conventional approach of the *Harry Potter* series in elaborating the advantages of cultural marketing. By providing cultural material that consumers use in dealing with such complex and intense life events as intimate relations, gender identities, and social diversity, brand communities transcend narrow economic conceptualizations of market activity.

While Schau and Schau reflect on the social links that brands and consumption provide to consumers through the formation of brand and consumption communities, in chapter 11 Cova and Shankar elaborate the phenomenon of tribes, which they derive from the work of French sociologist Maffesoli. Differently from brand/consumption communities, for which market dynamics are crucial for the activation of social links, consumer tribes are little social masses that may imply some form of shared consumption, but where consumption is never at the heart of members' sense of appurtenance (i.e., the link matters more than the "thing" tribe members consume). As such, working with tribes is more difficult and unpredictable, and implies marketers' ability in first developing a rich insight about how tribe members live their lives. As the authors show, it also implies marketers' reformulation of their segmentation strategies in ways that account for the collective, competent, and empowered subject represented by tribes. Rather than using demographic information to define and determine market segments, Cova and Shankar caution managers to instead use demographic information to facilitate media webs of collective creativity and to address the ongoing challenges of authenticity for these consuming groups in developing marketing strategies that help members deal with these challenges.

Chapter 12 by Luedicke asserts that managers must consider deeply rooted cultural meanings to brand communities in positioning brands. The author contrasts this cultural approach with the traditional, demographic measures and individualism used to profile consumers and position brands. Drawing from his field and net research on Hummer vehicles, Luedicke tracks consumers' reception of advertisements for this American icon, from the hypermasculine emphasis of the H2 on militarism, rugged security, sophistication, and individual achievement, to the H3 that targeted computer geeks, followers of club culture, and

soccer moms. Brand positioning turns bad, the author warns, when not attuned to its cultural legacy and contemporary sentiments and contradictions. In the case of Hummer, the company abandoned its successful strategic positioning that tapped into American national identity and culture, instead attempting inside humor that insulted loyal consumers' sense of strength, self-reliance, and rugged individualism, and overlooking contradictions between US exceptionalism, lack of limits, and benevolence.

Finally, in closing the section on identity and community, chapter 13 by Askegaard and Møberg Torp details the cultural challenges in corporate brand management in balancing the identity concerns of customers with those of employees and managers in the organization. The authors explore the links between corporate identity and corporate branding, to argue that the traditional separation between internal versus external communication flaws and audiences maintains a separation between the organization and its market. By tracking the transition of Kjaer, a Danish company that has made impacts worldwide in delivering transportation services in times of environmental disasters, they document how the company has selected and nurtured values that are relevant to both employees and customers. This culturally attuned approach has strengthened the links between internal and external stakeholders, reinforced the rooting of Kjaer in the marketplace, and made internal values the basis for its corporate brand image.

Part III elaborates distinct techniques of interpretive consumer and marketer research. Interpretive research methods—each of them deriving from distinct philosophies—open the way to cultural strategic marketing insights. Essays by Sofie Møller Bjerrisgaard and Dannie Kjeldgaard; Johanna Moisander, Elina Närvänen, and Anu Valtonen; Samantha Cross and Mary Gilly; and Julie Ozanne and Laurel Anderson elaborate distinct interpretive processes, with attention to how these various methods generate insights for marketing strategy.

In chapter 14, Møller Bjerrisgaard and Kjeldgaard lead this section in updating conventional understandings of the ways research informs marketing strategy by emphasizing the ways research methods structure their findings and define strategic possibilities. The authors contrast the strategic insights produced with the cultural approach and the interpretivist/constructivist philosophy guiding it with those insights produced with the functional approach and the positivist/logical empiricist philosophy guiding it. The authors guide readers through the case example of SignBank in detailing the symbolic processes, interactions, and experiences between customers and firms that result from cultural marketing research in comparison to the cognitive thoughts and decisions that characterize functionalist research findings. In so doing, they show how such cultural insights are useful in reformulating marketing strategies to enhance the ways in which consumers experience products and services in their lives.

Moisander, Närvänen and Valtonen (chapter 15) explicate the strategic marketing use of the cultural interpretive research technique of ethnography. They discuss the importance of field-based, consumer-oriented, and sensory research that taps into collective ways of thinking, feeling, and acting regarding consumption phenomena in naturally occurring settings. In detailing the conduct of such methods across case studies, the authors emphasize: the immersion of researchers into the field in bricks-and-mortar and online settings for observation and participation with those under study; attention to relevant cultural priorities and patterns of daily life regarding the consumption or market phenomena of interest; and the use of structured and unstructured interviews in deriving resonant, data-driven, and actionable marketing strategies in branding and market shaping.

Deeply informed by their own experience as researchers to provide market insights to both scholars and practitioners, Cross and Gilly detail the nature of innovative cultural research.

In chapter 16, the authors review a rich array of research methods and provide practical guidance for each in data collection, analysis, and in developing innovative marketing strategies. They also suggest that while interpretive methods have not necessarily increased in number, innovation is to be found in multi-method marketing research, whose advantages and challenges are extensively discussed.

Chapter 17 by Ozanne and Anderson closes this part and provides a useful overview of action research. This research approach traditionally has been used for social intervention, as the authors note, and its attention to social formations, such as tribes and communities, and priorities such as sustainability and wellbeing, render it useful to firms seeking to collaborate with consumers. The chapter details the action research processes of setting agendas and developing solutions with various interest groups, and the data collection and analysis techniques of oral history, collage, web, and photovoice, in generating collaborative, action-oriented consumer and marketing insights. Overall, an action research approach is likely to have stronger transformative impact on the phenomenon being researched and to shorten the relevance gap of marketing research.

Part IV explicates the use of the cultural approach all along the strategic marketing process and the marketing execution stages. Essays by Luca M. Visconti, Mine Üçok Hughes, and Michele Corengia; Domen Bajde and Carlos Díaz Ruiz; Nacima Ourahmoune; Deniz Atik and Amina Béji-Bécheur; Lorna Stevens and Jacob Ostberg; Isabelle Collin-Lachaud and Philippe Odou; Dominique Roux and Denis Guiot; Stefania Borghini, Pauline Maclaran, Gaël Bonnin, and Veronique Cova; and Detlev Zwick and Nikhilesh Dholakia bring interpretive, culturally-focused perspectives to bear in rethinking basic marketing techniques including segmentation, pricing, product design, advertising, positioning, retailing, sales promotion, and database marketing.

This part opens with chapter 18, a thoughtful essay by Visconti, Üçok Hughes, and Corengia on market segmentation and targeting. The authors first unveil and then question the traditional assumptions of market segmentation, to conclude that traditional segmentation logic does not correspond to the forces shaping today's markets. They distinguish between two distinct, and almost opposite, reconfigurations undertaken by segmentation and targeting. On the one hand, deeply rooted in a marketing science approach, segmentation is going micro—basically, at a one-to-one level—and targeting is attuned to hyper-customization. "Big data"-driven consumer knowledge (cf. chapter 26 by Zwick and Dholakia) and the power of new technologies are at the forefront of this first reconfiguration. On the other hand, anchored in the cultural tradition, the authors suggest that segmentation criteria may be co-constructed with customers and targeting should be grounded on a company's conversational abilities with its target customers (in line with established notions of communities and tribes, and with more recent notions of brand publics).

In chapter 19, Bajde and Díaz Ruiz establish the cultural foundations for prices by explaining and measuring the co-created value in market exchanges and in consumption in contrast to economic notions of utility and exchange value. The authors further question well-established truisms in the field of marketing that point to price as the only marketing mix element that produces revenue by demonstrating the limits to market development in managerial practices oriented to short-term profit maximization. Instead Bajde and Díaz Ruiz advance the holistic and sustainable development of pricing strategies that emphasizes their role in relation to other elements in the marketing mix towards the goal of enhancing the co-creation of value among consumers, marketers, and other stakeholders, and direct attention to the ways price strategies draw from and impact consumers' access to products and services, their social relations, and general resource allocation in communities and societies.

Chapter 20 by Ourahmoune discusses cultural aspects of product design, drawing on her research into HOM men's underwear, a product category that the brand was capable of radically rethinking. The author educates students and managers of the importance of balancing the dual priorities of function and meaning in pointing to distinct styles and meanings. She shows how product design is not only a matter of aesthetics or functionality, but also the company's capability to enter a cultural discussion around consumption and the brand. She argues that product design better incorporates deep cultural insights when designers and marketers collaborate with consumers.

Moving from the foundational idea that any innovation impacts consumer culture and activates consumer reflexivity, in chapter 21 Atik and Béji-Bécheur generate insight into product development by taking a cultural perspective on diffusion of innovations. Drawing attention to social norms, customs, and social relations, these authors document culturally specific practices not addressed in cognitive models of trial, adoption, and attitude change. They show that interagency, that is, the collective participation of multiple actors—designers, consumers, engineers, distributors, etc., is key in innovating, and elaborate on important cultural skills in anticipating, even bringing about social change in diffusing innovations. The authors conclude that viewing innovation as culturally embedded better explains and enables successful inventions.

Stevens and Ostberg approach advertising as a cultural artifact and activity, as compared to more traditional, cognitive perspectives emphasizing the presentation and processing of information for problem-solving. Seeking to attune students and managers of the inherently cultural character of advertising, chapter 22 explains gender representations in terms of Cartesian dualistic thinking and historical patterns of specialization and division of labor in the family. It provides several examples of ad campaigns to show the pervasive social constructions of gender in images of masculinity and femininity, in portrayals of sexual desire, and in legal limits defining what is pornographic. In charting *complacent* and *subversive* strategic options for managers in proceeding from the cultural or traditional approach, the authors demonstrate that advertising is not culturally neutral. Rather, it stands as a powerful, agentic element that draws from and shapes people's sense of themselves and of others, as consumers and beyond in reproducing social relations.

In chapter 23, Collin-Lachaud and Odou provide a preliminary review of traditional sales promotion strategies and effects. While doubts about the long-term effectiveness of sales promotions have long been questioned, the authors observe that sales promotion's effectiveness in the short term has also become debatable. On the one hand, consumers have become familiar with the logic of sales promotion. On the other hand, recent technological changes, including the fragmentation of the customer journey, geo-tracking, and retargeting actions have made sales promotions a 24/7 phenomenon. Altogether, this has turned into customers' resistance to sales promotion, interpreted as an expression of marketers' pressures, and harassment. It has also ended up in consumers' exploitative use of sales promotions to outsmart marketers. The authors posit that a cultural approach to sales promotions may instead support alternative representations of the consumer to yield more dignified, intelligent relations with consumers and accomplish more trustworthy sales promotional programs.

By focusing on second-hand markets and peer-to-peer exchanges, in chapter 24 Roux and Guiot argue that traditional retailing is confronted with a severe macroeconomic change. They observe that one of the problems traditional retailing is facing derives from its lack of understanding of how consumers' needs and shopping preferences are changing; in other words, from its lack of cultural sensitivity. By delving into the success-case of Le Bon Coin, the authors account for the profound and varied meanings that second-hand shopping

has acquired (economic convenience, environmental respect, emotional values, and anti-materialism) and document the different roles played by consumers in this booming form of retailing (from sole shoppers to protailers).

Borghini, Maclaran, Bonnin, and Cova address the cultural intricacies of marketplace design. These authors trace the historical background of contemporary imagination-provoking, experience-oriented places including the Prada Epicenter in New York and Mama Shelter in Paris. Turning to contemporary marketplace design, in chapter 25 the authors emphasize the importance of adapting retail store and mall design to changes in the social landscape regarding identity and social interaction and note that these very same marketscapes alter such social relations.

In chapter 26, the last chapter in this part, Zwick and Dholakia take a cultural approach to contemporary database marketing. In tracing the evolution of database marketing practices, the authors show a complete reversal of how segmentation and targeting have been taught (cf. chapter 18 by Visconti, Üçok Hughes, and Corengia). Instead of seeking to know consumers as they are, to profile and tailor products to them, marketers use databases to shape consumer subjectivity, based on purchase patterns, lifestyle preferences, and psycho- and socio-demographic characteristics. By tracking and molding consumers' networks of relationships with people, products, services and companies, marketing managers and information providers envision and deliver dynamic, organic systems of desire.

Part V addresses institutional issues in the marketing organization and academy. Essays feature Susan Dobscha,, Pierre McDonagh, and Andrea Prothero on sustainability and retailing; Nil Toulouse and Ahmed Benmecheddal on sustainable development; Morris Holbrook on consumer orientation and experiential marketing in the business school; and Lisa Peñaloza on ethics and credit. While cultural insights are useful in understanding and developing successful marketing strategies at the level of individual consumers and for the households, organizations, and communities in which they live, students and managers benefit as well in appreciating macro, institutional perspectives on market development.

In chapter 27, Dobscha, McDonagh, and Prothero question the links between consumerism and sustainability. The authors observe that the most sustainable practice stems from just reducing consumption. Yet for all goods that are already circulating and that will be marketed, they address a relevant missing element in the retailing discussion, that is, reverse logistics. They show that traditional companies and retailers do not take into account what happens to products after their purchase. Relying on an extensive set of empirical exemplifications, they describe various forms of consumer-driven innovations in distribution and contrast emerging consumer-citizens and their politics with more traditional notions of the consumer and producer-middlemen-consumer channels. By means of the Inverted Pyramid of Sustainability (TIPS), they list and contrast several forms of product disposition that constitute a more environment friendly alternative to throwing away.

Globalized consumption processes such as international finance, mass tourism, and global trade have both direct and indirect ecological and social impacts across the planet. Chapter 28 by Toulouse and Benmecheddal document how an increasing number of environmental and social issues are not confined to limited geographic areas but are the result of worldwide anthropogenic pressures. Based on their case study of fair trade, the authors detail the cultural challenges of developing sustainable markets. The authors show first how the sustainable markets are defined in the mainstream approach. Then they analyze the institutionalization of fair trade as a sustainable market. Finally, they focus on two major actors in France, Alter Eco and Artisans du Monde to illustrate how organizations can gain legitimacy in the market.

Reflecting on a successful career as one of the most published scholars in the field after retiring from one of the nation's premier business schools, in chapter 29 Holbrook works to set the record straight regarding the adoption of, ironically, his research on consumption experience in marketing strategies that purportedly fashion a consumer orientation in education. The author cautions that the emphasis on "satisfying" students-as-customers and garnering profits in universities has resulted in a myopic focus on entertainment, camaraderie, and credentials over intellectual curiosity and excellence. This myopia potentially hampers firms' efforts as well. Holbrook's observations regarding the standardization and commercialization of education are as grave as they are timely as "edtechs" proliferate, enlarging the scope of concerns raised earlier by former US President Eisenhower and Thorsten Veblen. Because providing stimulating learning materials that challenge marketing and consumer behavior concepts and practices is the purpose of this book, we are well advised to heed Professor Holbrook's warnings in our classrooms! On a broader scale, we suggest, this chapter warns about the limitations of the customer orientation paradigm in markets where suppliers and customers differ in terms of knowledge and expertise, and where customers cannot fully understand what is best suited for them due to said knowledge unbalance (e.g., cultural domains, education, health, public policy, etc.).

Finally, Peñaloza takes a cultural approach to ethics, expanding upon the definition from the *American Marketing Association* in addressing the representations, discourses, practices, and materials in social and business activity through which we learn what is right and wrong in marketing. The author provides examples of unethical activity in key marketing elements including sales, marketing research, advertising, and pricing, and discusses ethical concerns in global marketing that include paying a fair share of taxes, production and distribution controls and remediation of environmental damage, and supplier oversight and accountability. Chapter 30 culminates in a case study of the financialization of markets through the Great Recession that features the activities of multiple and varied stakeholders including banks, media, consumers, and government programs.

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Part I

Global-local cultural domains

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1 Cultures, consumers, and corporations

Russell Belk

Overview

When a product or service marketer attempts to market in different cultures, there is inevitably the question of whether to attempt localized versions of its offerings as opposed to more standardized global offerings (see Ger, Kravets, and Sandıkcı in the chapter that follows). There is no fixed answer to this question, but it should always be based on an understanding of local cultures. This chapter uses the example of food consumption to illustrate the way in which a cultural perspective can help inform these decisions. It introduces some key concepts such as cosmopolitanism, sacrifice, and prestige, as well as some key cultural considerations such as class, gender, age, and religion to help in analyzing the effect that marketing offerings are likely to have in different cultures. And it shows how an interpretive approach to researching and understanding markets provides a more informed and complete understanding of food preferences.

In early 1999, construction began on a fast food outlet in Mutare, Zimbabwe. Local residents looked forward to the store with great anticipation. A rumor was widely circulated that it was to be Zimbabwe's first McDonald's restaurant—a possibility that was eagerly and hopefully embraced because it would mean that Zimbabwe had arrived. It was believed that McDonald's employed a formula that calculated a country's economic development and that a certain level had to be reached before McDonald's corporate headquarters would entertain selling a franchise. When it turned out that the fast food outlet was instead a Nando's—a Portuguese chicken chain from South Africa—the disappointment was palpable. This was in spite of the fact that chicken is more common in Zimbabwean diets than beef, although both were a stretch from the local staple of a white corn mash called sadza that is normally served with greens and condiments like tiny dried kapenta fish.

The would-be welcome of McDonald's in Zimbabwe contrasts sharply with the restaurant's reception in many other parts of the world. Schlosser (2002: 243–244) records some other global activity involving McDonald's during the same time period:

1995 400 Danes loot a McDonald's in downtown Copenhagen.
1996 Indian farmers ransack a McDonald's in Bangalore (Bengaluru).
1997 A McDonald's in Cali, Colombia, is destroyed by a car bomb.
1998 Bombs destroy two McDonald's in St. Petersburg, Russia, and one in Rio de Janeiro.
1999 Belgians set fire to a McDonald's in Antwerp and more than a dozen McDonald's are attacked in Beijing.
2000 Protesters destroy a McDonald's in London's Trafalgar Square and bomb a McDonald's in a small French town in Brittany.

Lest these acts seem like a millenarian anomaly, a look at more recent McDonald's incidents suggests that it continues to act as a magnet for terrorists, although they are apparently now attracted as patrons as well as bombers and shooters:

2013 Canadian police arrest a terrorist eating a meal at a Montreal McDonald's. He was charged with plotting to blow up the Toronto-New York City VIA Rail train.
2014 All Moroccan McDonald's restaurants are closed after terrorist bomb threats.
2015 Pictures are circulated of ISIS fighters eating in a Turkish McDonald's.
2016 A terrorist shooting at a McDonald's in Munich kills 10 and injures 36. The shooter lured his targets on Facebook by promising them free McDonald's food.
2017 A terrorist bomb explodes in a McDonald's in St. Petersburg, Russia, and a British court rejects the plea of a terrorist accused of having a role in the 7/7 London bombings to visit McDonald's in order to buy Happy Meals.

It is evident from these very divergent examples of embracing and rejecting the American fast food chain McDonald's that there is something very basic about global foods that precipitates such strong reactions. They are a symbol of America as well as a symbol of global capitalism. And industry leading companies are also inevitably the target of xenophobic rumors and urban legends (Fine, 1992). Nevertheless, the global reach of such corporations can conceivably be something that, like certain clothing, footwear, and music, gives us a feeling of global unity. Thomas Friedman (1999) went further and claimed that no two countries that have McDonald's restaurants will ever go to war. This claim, earlier satirized by Belk (1996) as the Pax McDonald's, has since been proven false. But the audacious claim that capitalism and McDonald's will bring peace to the world shows the symbolic power of both.

In the first edition of this book, I wrote that despite the importance of food and eating and the ways in which culture influences our food preferences and consumption, textbooks on marketing management and strategy lacked attention to these topics. This is still largely true, but more attention is now being devoted to food and beverage topics. This includes topics such as online food pornography (Kozinets, Patterson, & Ashman 2017), fair trade foods (Trentmann, 2011), regional food preferences (Dion & Sitz, 2012), the slow food movement (Cochoy, 2011), gendered food advertising (Stevens & Ostberg, 2012), and organic foods and the globalization of food preferences (Ekström, Ottosson, & Parment, 2017). Interpretive consumer research has much to say about these and other food and beverage topics of interest to management, as I suggest in the remainder of this chapter.

This chapter takes a cultural, interpretive approach and uses food as a context in which to better appreciate how considerations of the global and the local should influence strategic and tactical international marketing management (see the chapters in part III for more information on interpretive research methods). This approach differs from non-interpretive approaches to understanding culture in that rather than quantitative survey research, it uses qualitative observations, ethnography, and in-depth interviews to provide a richly textured picture of the influences of culture. An example of the alternative survey-based approach to culture and consumption is a book by Marieke de Mooij (2004) entitled *Consumer Behavior and Culture*. She attempts to understand consumption of food and beverages by correlating national consumption levels of various products with measures of four cultural variables: Power distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance, following Hofstede (1991). Thus, we are told for instance that people consume more soft drinks in masculine cultures like the US and the UK, and people drink more tea in high uncertainty avoidance cultures like Japan and China. As one evidence of the fallibility of such quantitative correlational approaches,

Sheth (2017) finds that the best predictors of soft drink consumption (specifically Coca-Cola), are the climate (specifically, high temperatures) of a place and the proportion of young people in the culture. Both factors lead to dramatic consumption differences ranging from 64 bottles of cola per year per capita to well over 400, with those from older and colder countries drinking the least. But both studies stop short of offering an understanding of what various beverages mean in a culture. The objective of this chapter is to suggest interpretive research as a richer approach to understanding how culture—including rituals, symbols, hierarchies, and norms (Geertz, 1973)—influences our everyday consumption behavior. Such knowledge can be of enormous use to marketing managers in marketing globally.

For example, the design and idea firm IDEO was hired to improve the San Francisco school lunch program (Caula, 2014; IDEO, 2013; Ozenc, 2017; San Francisco Unified School District, 2013; Stinson, 2014). The problem was that although the school system provided inexpensive (in some cases free) nutritious school lunches, the majority of students did not eat them. Using ethnographic research, IDEO redesigned cafeterias, menus, curricula, and procedures in a way that dramatically increased participation in the school lunch program while reducing costs. They recognized that different grades had different cultures and they developed different programs for these various micro-cultures. At the grade school level, they found that students were intimidated by having to queue and wait for their turn to go through the cafeteria line and ask for the foods to be placed on their trays. The symbolism of their cafeterias was not unlike that of a prison with long drab tables and benches. And the ritual of running the gauntlet of indifferent servers scared many grade school students. There was a clear hierarchal difference between servers and students and stringent norms that the students should move swiftly, quietly, and efficiently through the line. After IDEO's study, many changes were made including tying the origins of the foods to the curriculum, switching to round plates, placing round serving bowls on each table, and round tables with colorful individual chairs. The food was brought to the table and students helped themselves. A designated student was in charge of each table. There was a change in the rituals to be much more like a home or restaurant meal with food shared by those at a given table. By tying the foods to the curriculum, students found that the dining experience was interesting and fun. Where a food came from, how it came to their table, and who produced it added a multicultural atmosphere that helped transform the experience of eating.

Because food consumption is a critical component of culture and national identity, it is an important context in which to consider how marketing strategies, globalization forces, and consumers influence one another, our environment, and human wellbeing. That is, what we put on our table has a great deal to say about how culture, consumption, and corporations interact in today's world and what sorts of issues we might think about in buying, selling, and regulating trade in a global context.

1.1 Food for thought

1.1.1 Tastes, distastes, and identities

> Food and eating have become prominent topics in social research. According to a recent appraisal,
>
> One could argue that the anthropology of the second half of the twentieth century was practically founded on food studies, with Lévi-Strauss's *The Raw and the Cooked* (1969/1983) and *The Origin of Table Manners* (1978/1990) occupying pride of place.
>
> *(Farquhar, 2006, p. 147)*

Food and beverage taste preferences are not primarily biological or universal. Our tastes and distastes are instead largely a matter of culture (Belasco & Scranton, 2002; Korsmeyer, 2005; Montanari, 1994). That is, the national, ethic, and regional cultures and subcultures we live in affects what we think tastes good. We begin to learn these preferences as children and they become deeply ingrained in our notions of home, family, and personal as well as group identity (Lupton, 1996; Wilson, 2006). It is no surprise that ethnic and regional foodways have been characterized as "the performance of group identity" (Brown & Mussell, 1984; Swislocki, 2008). The foods we eat are like the language we speak in distinguishing "us" from "them." Just as we can learn another language or marry someone who speaks a different language, we can learn to like other foods or marry someone from a different food culture. But generally speaking, our initial food culture is like our mother tongue in that it feels natural and totally comfortable (Wilk, 2008). When children are adopted from another culture, their new parents often try to make them familiar with food from their culture of birth (Bergquist, 2006), as if not doing so would deprive them of a birthright. When immigrants lack the language of their birth culture, food can become the primary sign that identifies their cultural and group identity (Mankekar, 2002; Threadgold, 2000). In other words, food is not only good to eat, it is good to think with (Tambiah, 1969). It is constitutive of our identities. Sharing food forges and reinforces bonds with family, friends, and neighbors, while being excluded from such sharing, especially during ritual holiday meals, is a mark of otherness (e.g., Fiske, 1991; Shuman, 2001).

Beyond actual exclusion, food likes and hates help to distinguish group membership based on tastes. Wilk (1997, p. 185) gives four examples based on food preferences:

1. Like/inclusion—We like red beans
2. Like/exclusion—They like black beans
3. Dislike/inclusion—We hate black beans
4. Dislike/exclusion—They hate red beans

Thus, what we hate can be as powerful a basis for group boundaries as what we love. So strong can these aversions be that the thought of certain foods that are perfectly acceptable to others can provoke feelings of revulsion and disgust (Miller, 1997; Pillsbury, 1998; Rozin & Fallon, 1987). As Christopher Columbus learned in the Caribbean, in Colonial times, many groups rightly or wrongly accused their enemies of being cannibals (Brown, 2013; Visser, 1991). Moreover, it is not only cultures that have different tastes. Groups can also form as consumption communities that share food tastes and distastes. Prominent examples include vegetarians (e.g., Twigg, 1983; Fiddes, 1991), health food aficionados (e.g., Thompson & Troester, 2002; Warde, 1997), organic food lovers (Potter, 2010), and opponents of genetically modified foods (e.g., Paarlberg, 2000). Such taste cultures can also form around particular brands, as with lovers and haters of Starbucks (e.g., Roseberry, 1996; Thompson & Arsel, 2004).

1.1.2 Food symbolism and diffusion

Other symbolic meanings of food consumption encode meanings related to more structural variables like gender and class. Although there are cultural differences in what is regarded as masculine, feminine, high-class, or low-class food (e.g., Farquhar, 2002; Feirstein & Lorenz, 1982; Goody, 1996; Wu & Chee-beng, 2001), the ability of food, beverages, and eating habits to make statements about gender and class is widespread. Bourdieu's (1981) study of cultural capital in France acknowledges the role of eating in distinguishing the refined and distinguished from the common and vulgar. These traits of people are directly

reflected in food choices that are light, refined, and delicate versus heavy, fat, and coarse. Levy (1981, 1986) finds similar class-based patterns in American food and beverage choices and describes further distinctions that can be detected with regard to differing preferences according to gender and age. For example, food and beverages that are bitter rather than sweet, consumed in small quantities rather than large quantities, and that are intense in flavor rather than bland, are found in Levy's American studies to be associated with higher social class, older age, male consumers. Not only is what we eat or drink important, but where and how we consume is also significant. A gourmet restaurant signals more of these same traits in comparison to a picnic, a "greasy spoon" restaurant, or dining at home (Levy 1981). Dining out also brings with it a greater focus on refined table manners and sophisticated knowledge of menus in order to create a similar impression of sophistication and maturity (e.g., Finkelstein, 1989; Warde & Martens, 2000; Visser, 1986; 1991). Nor are these patterns of food etiquette culturally universal. China, for example, has its own banquet rituals and etiquette patterns and breaching them can mean a loss of face for self and family (e.g., Tuan, 1993; Visser, 1991; Yang, 1994). Besides regional and national differences in foods and food rituals, religion can also be significant, as with the food requirements, restrictions, and taboos of Judaism, Islam, Hinduism, Jainism, and Buddhism (e.g., Banerji, 2006; Buitelaar, 1993; Douglas, 1966; Gillette, 2000). And whether we eat with knives and forks, chopsticks, or our fingers is also culturally prescribed. Likewise, different cultural settings find us eating at a table and chair, standing up, or sitting on the floor (e.g., see Shaw, 2008). Wine has its own often esoteric-seeming rituals and codes of sophistication (e.g., Allhoff, 2008; Smith, 2007).

With such particular and local food meanings, what then is the meaning of global food offerings by multinational fast food and beverage chains and what is the impact of "the McDonaldization of Culture" (Fischler, 1999)? As Gabaccia (2002) notes, since the 19th century, "American food" has largely been processed branded food:

> Barrels of salt pork emerging from porcine disassembly plants gave way to hygienically sealed containers of preserved fruits, vegetables, condensed milk and soups, and breakfast cereals as symbols of the United States. White Wonder Bread and colorful Jell-O enjoyed iconic moments before fatty hamburgers and sugary Cokes replaced them. For better or worse, American foods have more often been products of American industry than of American kitchens.
>
> *(p. 175)*

Despite Fischler's (1999) reference to McDonaldization and a related use of the term by Ritzer (1997) to indicate the over-rationalization of food production, as Watson (1997) shows in Asia, McDonald's has had to adapt as much to local cultures as local cultures have had to adapt to McDonald's. For example, the early Beijing McDonald's restaurants featured Aunt and Uncle McDonald to entertain children, and in Hong Kong, Beijing, and Shanghai, McDonald's has had to abandon thoughts of quick table turnover as retirees, young mothers, and students turned the stores into a place to linger during different, largely non-overlapping, times of the day (Watson, 2000). McDonald's foods may also differ culturally, with Spicy Wings on the McDonald's menu in Beijing, kosher Big Macs in Jerusalem, McHuevo burgers in Montevideo, and vegetarian McMaharajah burgers in Delhi. Yan (2000) finds that even though Chinese adults report not liking the taste of McDonald's foods, they continue to flock there if they can afford it because they like the clean, safe, North American atmosphere. The same is true of Kentucky Fried Chicken whose Chinese restaurants have found it necessary to replace Colonel Sanders with Chicky (Qiqi) chicken in order to appeal to

children (Lozada, 2000). Although the taste of KFC chicken differs from traditional Chinese chicken preparations, more is being consumed in these chains than food alone. They convey a different atmosphere of a foreign culture, at least for the time being. Eventually they may become like the apocryphal story of the Japanese Boy Scouts who visited Chicago and were amazed to find that America had McDonald's too. Already in Hong Kong most students are unaware of the company's American roots (Watson, 2000). So it appears that while these restaurants' exotic American atmosphere may be a part of the initial attraction, it is not the key to long-term success.

This is not to discount the role of "otherness" and exoticism in consuming foreign cuisines (e.g., Heldke, 2003; Swislocki, 2008). But here too, what we take to be foreign (or local for that matter) is a cultural construction that may not travel well across cultures. Thus, pizza as we know it is largely an American invention (Gabaccia, 2002). "Italian" pasta came from Chinese noodles, reportedly brought back to Italy by Marco Polo. The Chinese food served in most North American restaurants is not acknowledged to be "real" Chinese food by Chinese visitors or immigrants, and dishes like chop suey, fortune cookies, egg rolls, and mooshu pork are unknown in China (Coe, 2009; Lee, 2009). But Chinese food itself is not a static entity and is evolving both within China and as Chinese cuisine diffuses throughout the world (e.g., Wu & Chee-beng, 2001; Wu & Cheung, 2002).

One good example of the global diffusion of food is the phenomenon of American sushi. Japanese consumers don't consider "American sushi," such as California rolls and Philadelphia rolls, to be "real sushi" because these dishes have strange ingredients like avocado and cream cheese. However, in recent years, American sushi restaurants have become popular in Tokyo. What started out in Japan was transformed in the US and reimported by Japan. Japan has a reputation for incorporating the foreign by making it familiar, but at the same time marking it as distinct and foreign (e.g., Bestor, 2000; Joseph Tobin, 1992; Yoko-Brannen, 1992a, 1992b). And as elsewhere in the world, the possibility of fusion foods, like the Japanese-French restaurant in Hawaii studied by Jeffrey Tobin (1992), offers an alternative model based on a hybridized, creolized, or fusion cuisine (Ger & Belk, 1996). In beverages, Japan uses both domesticating creolization and separation of the exotic foreign from the familiar local. Creolization, or the blending of cultures, is found with the transformations of once foreign tea, beer, and whiskey into a distinct Japanese meaning system (Chow & Kramer, 1990; Smith, 1983). For example, as with Japanese sake which companions always pour for one another and never for themselves, beer and whiskey are also served in this manner (Fields, 1983). This is accomplished with beer by bringing large (663 ml or 21.4 oz) bottles and small (5–6 oz) glasses to the table (Smith, 1983). In the case of whiskey, bar patrons buy a bottle which is put behind the bar with their name on it (Fields, 1983). That way they can pour for companions from their bottle. On the other hand, grape-based wines in Japan are typically only consumed with Western meals, helping to keep them distinct and foreign (Belk & Groves, 1998; Smart, 2005). The fact that the wines are inevitably from abroad, while the beers and whiskeys are mostly manufactured in Japan also shows how only the latter beverages have been fully domesticated.

1.1.3 Cooking and feasting

The foods that are eaten or drunk and the way they are eaten or drunk are only part of the cultural differences important to understanding food consumption globally. One additional element is how foods are prepared. For many Asians, rather than ovens, food is prepared in a wok or rice cooker. It is estimated that in 2006, 43 million rice cookers were sold and few

Japanese or Hong Kong homes are without one (Nakano, 2009). Emigrants from these countries often bring their rice cookers with them. When General Mills tried to introduce their cake mixes in Japan, they invested heavily. Nevertheless, sales were disappointing (Fields, 1983). Eventually the company realized that most Japanese homes did not have ovens in which to make the cakes. Realizing their mistake, General Mills regrouped and realized that the cake mixes could be reformulated to cook in the rice cookers found in every Japanese home. But what they failed to realize this time is that Japanese concern with purity meant that they would not cook rice and cakes in the same rice cooker. The food company failed again. Purity is an important cultural category in cultures like those of Japan and India. And like most food rules and taboos, it is culturally inscribed and highly salient (Douglas, 1966).

Our focus on food as an expression of culture is especially evident in holiday feasts and on other special ritual occasions. As Farb and Armelagos (1980) emphasize, the foods on such occasions should be scarce, expensive, and take time to prepare. These luxury foods are not arbitrary, but there are differences between cultures, regions, religions, and families as well as further differences according to age and gender (Wallendorf & Arnould, 1991). While drinks are a part of feasting, it is the sharing of food (in abundance and with a prescribed order of dishes) that more closely binds those at the table on these occasions. It is perhaps for this reason that beverage consumption has homogenized more within Europe than have diets (Smith & Solgaard, 2000). As Mary Douglas (1972) puts it, "Drinks are for strangers, acquaintances, workmen, and family. Meals are for family, close friends, honored guests" (p. 66). Inclusion and intimacy are strongly symbolized in holiday meals, where exclusion and distance mark the Other. According to Lévi-Strauss (1969), the sharing of food is the most significant process in human evolution after the sharing of women between families. That is, both sharing food and "sharing" women through cross-village marriage, bonds people and groups together. The two are not unrelated however, as the preparation of meals in the home, whether everyday food or holiday food, is still largely the domain of women (e.g., Wallendorf & Arnould, 1991; Warde, 1997).

So food both unites and divides us. Not only how and what we eat, but how and what we do not eat may signal our nationality, ethnicity, gender, age, class, personality, and sophistication. Because prominent foods like McDonald's hamburgers and French wines are so emblematic of culture, they can become a target for protests and boycotts that are ultimately directed at their nations' political ideologies and actions. This may not be fair to McDonald's or the French wine industry employees and owners, but food politics have become a part of global consumer culture. The cuisine of any group is never static, however. The changes in eating patterns brought about, in part, by global foods and restaurants may be resisted, but they are more often incorporated, creolized, bracketed (i.e., marked as "foreign"), and ultimately accepted. We might well ask how rising consciousness of the healthiness of food will affect future food consumption practices around the world and why, in spite of these trends, unhealthy fast food consumption continues to grow, especially in rapidly economically developing countries.

1.2 Food, pleasure, and pain

1.2.1 You are what you eat

On the surface, our indulgence in global foods, whether through culinary tourism, through the patronage of ethnic and foreign restaurants, or in our daily meals at home, can be thought of as the playful pursuit of cosmopolitanism (Cheah & Robbins, 1998; Thompson & Tambyah, 1999). When we pursue "sophisticated" French food or Belgian chocolates, this may indeed

be an apt description (e.g., Basil & Basil, 2009; Wooliscroft & Ganglmair-Wooliscroft, 2009). But when we seek out the "primitive," as with African American soul food or Ethiopian cuisine, we may be engaging in commodity racism or what bell hooks (1992) calls "eating the Other." For this and other reasons, food has a long history of being read as part of a moral discourse (Coveney, 2000; Flandrin & Montanari, 1999). As Tiger (1992) puts it:

> Surrounding food is an endless battle involving pleasure, calories, vanity, the fear of early death, lust for taste, and sociability. It has come to seem ever more theological, particularly in North America. The higher the death rate from food-induced diseases goes and the more rampant becomes the information about the extermination model of food, the more pervasive is the explicit conflict between meat and morality and between pleasure and prudence. Traditional supermarket products such as pastas irrelevantly boast that they are cholesterol- and sodium-free.
>
> *(p. 179)*

While the health and weight-related concerns in Tiger's account may be relatively recent, the emphasis on pleasure was certainly a part of ancient feasts like those of the Romans and Greeks. But even then, food was part of a moral discourse. Visser (1991) notes that between dinner and drinks at an ancient Egyptian feast, a wooden corpse in a coffin was carried around to remind diners that they were all too mortal. But like the *memento mori* (e.g., skulls, flickering candle flames) in 17th century Dutch still life paintings (see Bryson, 1990), these reminders of death may have introduced a more somber tempering of pleasures, but they did not raise nutritional issues. As Coveney (2000) documents, such health concerns did not arise until the 19th century in the West. The concern with nutrition and health arose for several reasons. People began to have more choice in what to eat. With curbing of most infectious diseases like tuberculosis in the West, attention began to turn to chronic diseases like heart disease, diabetes, and cancer. With greater affluence and more sedentary lifestyles, people started to become more obese. And with the rise in processed branded foods, diets once rich in local foods that had sustained people in "eating regimes" of the past (Giddens, 1991), began to give way to less nutritious "risky" foods in terms of health consequences.

1.2.2 Food, health, and morality

A case in point is the 20th century changes that have taken place in the diet of Mexico. Pilcher (2002) details how a combination of global food brands and local cuisine—a hybridized mix that he calls "half-baked globalization"—resulted in a diet that has wreaked havoc on the health of Mexico's poor. Originally their diet of beans and home-ground corn tortillas was an ideal combination with the amino acids each complimenting what was missing in the other. But the substitution of industrially processed tortilla flour, soft drinks, the Mexican equivalent of Wonder Bread (brand name Bimbo), and junk foods that are high in fats and sugars, have led to dramatically rising incidences of heart disease, diabetes, hypertension, cancer, and arteriosclerosis, combined with serious malnutrition and anemia. While the rich can afford to replace vegetable protein with meats, the rural poor attempt to compensate by dumping heaped spoonfuls of sugar in their weak coffee. Besides, global food consortiums like PepsiCo, the Mexican government, members of the middle class, and even the clergy have helped accelerate these trends through subsidies, giving cases of Pepsi Cola as wedding gifts, and even substituting Pepsi Cola for wine in communion ceremonies, insisting that it drives off evil spirits and cleanses the soul (Pilcher, 2002).

Nor is Mexico alone in substituting mostly unhealthy processed and branded foods for healthier local food items. Among India's urban elite, fast foods and soft drinks have been replacing local offerings since the economic liberalizations of the 1990s (Narayan, 1995). Similar changes in the diets of native Americans have led to diabetes rates as high as 50 percent among those over 35 (Joos, 1984). Equally dramatic changes have been observed in the South Pacific and among indigenous groups in Canada, Australia, and New Zealand. Ger and Belk (1996) report incidents in Turkey where mothers sell their milk-producing cow in order to afford candy for their insistent children. The latter example suggests that even the poor are not immune from the seduction of processed and branded food commodities. The sacrifice of "necessities" to afford "luxuries" is no longer unusual and has been termed "leaping luxuries" (Belk, 1999). Many other cases like these could be cited. The lure of powerful global brands like Coca-Cola can be extremely strong (see Foster, 2008). Given the lengths to which some people will go to afford these exotic and highly touted global brands, McDonald's economic calculus for determining when to enter a developing nation may be shortsighted. But on the other hand, perhaps Zimbabweans are better off in forgoing Big Macs for spicy Nando's chicken. It is partly the health consequences and partly the challenge to traditional local foods that cause protests against the introduction of some global brands. This is the case with Coca-Cola and Pepsi Cola in India, for example, where activist groups campaign to instead drink local products like *lassi*, *sherbat*, and *nimbu paani* (Varman & Belk, 2009; Wolf, 2005).

1.2.3 Discipline and indulgence

Besides direct health concerns stemming from global food brands, the other major part of the moral discourse surrounding eating involves the indirect health consequences as well as aesthetic concerns with obesity, slimness, and food (see Ostburg & Stevens, this volume). While the slim body we are obsessed with today would have been considered anemic and unhealthy a little over a hundred years ago, the massive investment in diet plans, dieting books, gym memberships, weight loss clinics, and various self-help groups all testify that we, and especially the upper-middle classes, have become obsessed with being thin rather than fat (Moisio & Beruchashvili, 2010). One vocabulary characterizes eating excessively and lacking a regular program of exercise as being evil, sinful, deviant, and transgressive (e.g., Turner, 2004; Warde, 1997). But while anorexia nervosa and bulimia were once considered a pathway to liberating the Christian soul (Bell, 1985; Turner, 2004), both are now considered deviant self-abnegation. Still, the vocabulary persists and weight loss is sometimes considered to be a secular path to salvation (Leiwica, 2000). Paralleling the methods of Alcoholics Anonymous, we give ourselves over to a higher power in order to help overcome our weakness. We seek to resist the "temptation" of fattening foods and control our "evil" impulses to indulge. Rather than external sanctions against these "sins," we self-govern our desires and learn to control our impulses toward self-gratification (Foucault, 1977). A slim body becomes a sign of self-discipline. But this internalization of responsibility for our weight may be reversing. As suggested by health-based lawsuits against McDonald's, boycotts against the chain, and exposés about what a diet of McDonald's is doing to our health (Probyn, 2000; Spurlock, 2004), we may be externalizing our concern. The challenge for McDonald's and other fast food chains has been to transform at least a portion of their menus into healthier offerings so that the presence of health-relevant choices can once again place the burden back on consumers. Some places have mandated that restaurants list the number of calories of dishes on their menus. Other places have tried to discourage soft drink

consumption by banning them from schools. And still other places are considering mandating warnings on unhealthy foods like those that appear on cigarette packages.

But it is worth noting that the whole movement toward self-denial in eating fattening, unhealthy, and sugary foods and the avoidance of chocolates, sweets, and other "treats," flies in the face of consumer culture. Consumerism is all about indulgence, pursuing pleasure, and seeking out irresistibly good things. While there are other reasons for food consumption (e.g., sustenance, sociality), food consumption is perhaps the distilled essence of consumer culture. With the partial exception of Dubai's annual Shopping Festival, most of us would be loath to explicitly advocate self-indulgence, conspicuous consumption, and unbridled hedonism. But at the same time, few of us would denigrate the ritual feasting and frequent overindulgence in eating that takes place at holidays like Christmas, New Years, Valentine's Day, White Day, Mother's Day, Halloween, Thanksgiving, Diwali, Passover, and the Eid and Iftar celebrations of Ramadan. By cloaking many of these feasts in the garb of religion and family, they take on anything but a sinful character. We relish eating out not just at fast food places, but at a wide variety of ethnic and gourmet restaurants. We revel in our cosmopolitan globalism in celebrating special occasions with exotic meals. We tell the birthday child that he or she may eat anything they wish on their special day. And we reward ourselves, our children, and even our pets with small treats of food and drink that we know deep down are not good for us.

1.3 Conclusion: Cultures of food

As we have seen in this brief tour of food, what we eat says a great deal about how we regard ourselves, our culture, and our world. What a global food item or fast food restaurant means in one culture may be completely different in another culture. Thus, hamburgers in China (Watson, 2000) and pizza in India (Eckhardt, 2003) are thought of as prestigious snacks, but are not considered to be a meal. Even though food and beverages almost always have associations with social class, gender, age, and personality, the relationships of these categories to specific foods may be markedly different between cultures, subcultures, and ethnic groups. Because food tastes and distastes mark boundaries between such groups, what we dislike may be as important as what we like in signaling our identity. Increasingly we are becoming more concerned with the health consequences of what we put in our bodies, but conflicting scientific reports and loose usage of terms like "natural," "green," and "healthy" make for a great deal of confusion in the marketplace. Nevertheless, because food is a moral discourse, we may be highly concerned with such claims. And we should be. Likewise, marketers should be increasingly concerned not only with health factors but with the extent to which they can or should localize their offerings.

This has necessarily been a quick tour of a very broad topic. It has neglected many cultural concerns with food including climate, food shopping patterns, food purity concerns, home food preservation and preparation equipment, other food classification systems like the hot and cold yin/yang medicinal system of Chinese cultures, convenience preferences, and food retailing institutions. Because we eat not just food, but socially constructed meanings, it is critical to understand not just what people eat, but what it means. This is precisely the sort of question that interpretive consumer research is good at answering.

Exercise

One suggestion for a take-away (no pun intended) from this admittedly diverse chapter is to divide a piece of paper or the electronic equivalent into two columns. In one column, list the factors by which cultural differences affecting eating might be described (e.g., class, gender,

culture and subculture, region, religion, age, nation, occasion). In the second column, list some of the concepts this chapter has brought up for understanding the impacts of such cultural variables (e.g., pleasure, prestige, health, luxury, sacrifice, cosmopolitanism, likes/dislikes, globalism/localism, need for marketing adaptation). To attempt linkages between the entries in the columns in terms of food would be too easy, so use another consumption context like clothing, transportation, homes, or sports. The challenge is to discuss how the various cultural differences impact behaviors in the chosen context, with attention to the conceptual variables as lenses for understanding these impacts. The answers may not always be self-evident, but you will then be asking the right sort of question.

Review and discussion questions

1. What does McDonald's mean? How might the answer to this question differ in different cultures?
2. Besides nourishment, why do humans eat and drink?
3. How do distastes, the things we *don't* like, help in expressing our identity and differentiating ourselves from others?
4. What do the things we eat say about our age, gender, class, and religion in different cultures? What are some examples?
5. How is holiday and festival food different from everyday food?
6. Why is Chinese food inside versus outside of China often different?
7. As the world becomes more global, how does this impact the diversity of homogeneity of our diets?
8. If consumers know that most fast food is bad for them, why do we continue to eat and drink so much of it?

Keywords

Consumer wellbeing, culture, globalism, health, holidays, localism, ritual, symbolism, food.

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2 International marketing at the interface of the alluring global, the comforting local, and the challenges of sustainable success

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Overview

This chapter highlights the poles of global/local and standardization/adaptation in international marketing and calls for a focus on the specific interaction between a local context and global forces while forming a glocalization strategy. It focuses on a key question marketing managers try to answer: What is the right positioning approach for a firm operating in international markets? The decision of if and how to tailor their offerings to global/local market dynamics is fundamental in defining the marketing strategy of both transnationals and local companies in emergent markets. We explain that emergent market companies have the potential to successfully compete with transnational giants by developing brands that help consumers to bridge various sociocultural tensions in their daily lives. We also indicate the limits of such positioning-based achievement and point to financial and managerial factors that govern the sustainability of success. We focus on one sociocultural tension: The alluring global and the comforting local. Two cases—a Russian brand of cosmetics, Green Mama, and a Turkish brand of cola, Cola Turka—demonstrate effective positioning solutions that bridge the desire for both the local and the global. These cases also underscore that the specifics of the design and implementation of glocalization as well as cultural analysis of the socio-historical context of a national market are vital for successful market entry.

2.1 Cultural positioning: Overcoming the dualities of standardization/adaptation and global/local

Firms have been grappling with the trials and tribulations of global standardization, local adaptation, and recently, glocalization. Standardization operates "as if the world was one large market" (Levitt, 1983, p. 92). The proponents of this approach note that with globalization the world becomes homogeneous; in particular, technology, media, and tourism cause the convergence of consumer tastes and preferences across geographies. Thus, companies can and should capitalize on this homogeneity to attain economies of scales, scope, and rapid diffusion of products. This approach also allows a company to establish its reputation as a global player and to build/maintain a coherent brand image across the world, thus increasing its brand equity.

The opponents of standardization point to the persistent differences in cultural, political, legal, and economic environments worldwide; and hence, advocate the adaptation of the marketing mix to suit local market conditions and characteristics. They argue that the rationale for standardization lies primarily with supply issues and lacks sufficient consideration of demand: Consumers, cultures, purchasing power, and market infrastructures.

Hence, by offering a standardized marketing program, a transnational company would lack the proximity to local cultures and consumers, and forgo opportunities that a local market presents, or face consumer resistance and fail.

Currently, glocalization is the common recommendation for global marketers. This blend of global standardization and local adaptation involves finding an optimal combinatory solution—a glocal solution—that would reflect and respond to the complex array of factors pertaining to the company, brand, consumers, and local cultures. Glocalization entails local adaptation of global strategies. For example, Coca-Cola runs special advertising campaigns aligning the beverage with local holidays, such as the Chinese New Year (https://brandinginasia.com/coca-cola-china-cny/) and Muslim Ramadan (www.youtube.com/watch?v=Q_fCqkbY01s), emphasizing their enduring presence in that country. McDonald's offers locally customized flavors in addition to its standard menu, such as the Aussie Burger in Australia, a Turkish breakfast (https://mcdonalds.com.tr/mcdonalds-lezzetleri/kahvaltilar/turk-kahvalti-tabagi) and *dürüm* (a type of wrap) https://mcdonalds.com.tr/kampanyalar/dup-durum) in Turkey, and soy burgers in South East Asia.

Glocalization is a major concern not only for transnational but also the local firms competing with them. With the influx of foreign companies and brands, managers of domestic firms need to decide how to respond to the internalization of their markets. Many "smart" local companies in emerging markets such as Brazil, Mexico, China, India, Indonesia, Thailand, Turkey, and Russia not only defend their market shares against the transnationals, but also have become market leaders. For example, in Brazil, until its recent economic crisis, the local computer manufacturer Grupo Positivo commanded more market share than global giants such as Dell and HP. Mexican hypermarket chain Grupo Elektra competes head on with Walmart. And in Turkey, the local baby shampoo brand Dalin enjoys market leadership while Johnson and Johnson and Nivea are followers.

Commonly recommended and pursued ways for local companies to compete with transnationals are to capitalize on their economic, human, and technological competitive assets and capabilities to position in the domestic industry, and to leverage their familiarity with the local infrastructure and preferences. For example, the Philippines-based fast food chain Jollibee pursued standardization by benchmarking transnational fast food chains' operations in devising their own operation system (Bartlett & Ghoshal, 2000). The company also implemented adaptation by developing a Philippino-cuisine based fast food menu. By successfully glocalizing, that is, combining standardization and adaptation, Jollibee expanded its business beyond the Philippines to South East Asia and even the US.

Overall, standardization, adaptation, and glocalization can each be effective strategies under specific market conditions. In essence, these strategic options relate to the globalization debates regarding sociocultural homogenization and heterogenization as convergence and divergence. Just as technology, media, and tourism create and promote a transnational culture of sameness, they also highlight and reify differences among nations, regions, and ethnic groups and the customs in local cultures, traditions, and lifestyles. Moreover, political swings between pro and con nationalism or localism weigh in. Many managers take international marketing to be about deciding on a degree and balance of localness and globalness in their activities. Then, the decision becomes whether and to what extent to employ a particular strategy. To that end, companies are conventionally advised to consider cultural differences and similarities. When similarities are prevalent, standardization is chosen and when differences are prevalent, adaptation seem to be preferred. However, rather than being opposites, homogenization and heterogenization coexist, react to, and shape each other. Globalization is about the coexistence and interpenetration of the global and the local

(Appadurai, 1990). That interpenetration unfolds in a specific manner in different times and spaces.

The cultural perspective considers the coexistence and interpenetration of the global and the local, and hence it goes beyond viewing culture as a set of differences and similarities. As such, it attends to cultural resources, forces, and tensions and negotiations thereof. Adopting a cultural perspective enriches the arsenal of managers by making apparent the not-so-easily seen opportunities. Cemex México's *Patrimonio Hoy* program illustrates this business logic. As part of the program, Cemex, a building material producer, sets clubs to organize self-financing of home building and improvement projects for low-income families (Leteller, Flores, & Spinosa, 2003; see also chapter 6 by Cavazos-Arroyo and Gonzáles García). These clubs are modeled after the long-existing *tanda* groups, where each member contributes money weekly and a different member receives the yield of the week in cash. In Cemex's clubs, members receive building materials instead of cash. Thus, Cemex uses the *tanda* group practice as a cultural resource to create a market for its products among low-income consumers. Cemex's marketing draws on a situated understanding of cultural values. It addresses the tension between the local value of a community spirit and the global desire for improved living conditions for an individual family. Mexicans want a social identity as respected members of their community by, for example, contributing financially to communal celebrations. They also want to be individuals who provide well for their own households. These opposing cultural forces create a tension for low-income consumers. Cemex helps them negotiate and resolve that tension. The company enables community affiliations by, for example, sponsoring communal celebrations of family achievements in building their house and the meetings of *Patrimonio Hoy* clubs. It also enables an individual family to own a house by organizing affordable financing and providing technical advice, delivery, and warehousing services. Thus, Cemex created a unique customer value by identifying and mobilizing cultural resources, forces, and tensions. Cemex leveraged its cultural capital[1] in a product category where foreign companies lacked such capital and was able to differentiate cement—a prototypical commodity—and become one of the world's key players in the cement industry. The success of Cemex provides one example of the merit of the mobilization of cultural resources in generating customer value (Ger, 1999).

Attending to cultural resources, forces, and tensions often requires a reflexive distance to the local culture, in taking an outsider's perspective as well as an insider's perspective to question taken-for-granted understandings. A reflexive distance may well be easier to realize for foreigners or persons acculturated to a different culture than for locals. Consider the reinvention of traditional root dyes in Turkey after their disappearance in the early 20th century from traditional carpets. They were rediscovered in the 1970s by foreigners and Turks educated abroad. Another example is Inca Kola in Peru, which is based on an ancestral concoction, yet reinvented by an immigrant British family. It has been so successful that in the 1980s it commanded a 35 percent share of the soft drink market, followed by Coca-Cola's 21 percent. When Coca Cola saw that it could not beat Inca Kola, it purchased 50 percent of Inca Kola's shares in 1999. While outsiders can envision the value of localized cultural resources, local entrepreneurs may be limited in doing so, because they either take for granted or do not fully respect or leverage their local cultural resources due to habituation or a colonial past. Regardless, reflexive distance is of great use in enhancing the ability to detect and capitalize the potential market value of a particular resource as necessary for cultural entrepreneurship.

Understanding cultural resources, forces, and tensions also requires that managers get closer to consumers than is possible when using cross-cultural surveys. While these surveys

magnify and over-generalize differences and similarities, they overlook cultural tensions and negotiations. However, in their daily lives, consumers encounter the coexistence and interpenetration of the local and the global, and often have to deal with the related tensions and contradictions, which can be revealed by ethnography (see chapter 15 by Moisander, Närvänen and Valtonen). Marketing solutions that help negotiate such tensions are likely to succeed. Among these tensions, we now focus on a specific one experienced by consumers who encounter the global within a particular local.

2.2 The allure of the global and the comfort of the local

Consumers relate to global products in diverse ways. They can embrace global(ized) goods for the sake of modernity or status, or reject them in pursuit of nostalgia and authenticity, or connect global products to local consumption practices and give them local meanings (Ger & Belk, 1996). Underlying such consumer strategies in emergent markets is the co-presence of two seemingly opposing desires—the desire for the seductive foreign and the desire for the authentic and familiar local (Wilk, 1999). On the one hand, consumers enjoy an intimate connection to local goods. The familiarity with local products provides a sense of comfort and security; their history assures a sense of continuity and tradition (Ger, 2005), perhaps poignantly illustrated by enduring preference for Russian-made vodka in Russia. On the other hand, consumers are attracted to the foreign—as they drink Starbucks coffee or walk the streets with iPhones, they feel a part of a global community and of modernity. Even if they cannot afford iPhones, poorer consumers feel closer to the rest of the world when enjoying the little luxury of drinking Coke or eating a Mars Bar.

The "allure of the foreign" (Orlove, 1997) is prominent globally. There is widespread enthusiasm for Western/Northern goods across all classes in Latin America, Africa, and Asia. Compared to consumers in developed countries, consumers in developing countries have more favorable attitudes toward foreign products. European or North American goods signify quality and mark status, modernity, and global commonality. In addition, the preference for the foreign over local equivalents is driven by the desire to know more about the world, to become more sophisticated, and to create a "local identity on a global stage" (Wilk, 1999, p. 253). Such mimetic learning about the world is steeped in an ambivalence about the Western Other, rooted in the history of relations with dominant others (Bhabha, 1994), and perpetuated by marketplace discourses. The domination and affiliation relationships between the local and global become manifest in consumer desires (Ger, 2017).

Such consumer preference for the foreign in developing countries is also reflected in the adoption of foreign or foreign-sounding names for domestic products. For example, two major Turkish snack producers, Ülker and Eti, often use foreign languages (Finger, Petit Beurre, Rio Black) and foreign-sounding/looking names (Haylayf—"high life" in Turkish phonetics; Alpella—reminiscent of the Alp mountains) in branding. Similarly, middle-class neighborhoods in Turkey and Russia frequently feature stores with foreignized names.

However, such glocalization, in the form of international associations, can work against a firm due to political incidents. For example, the allusion to Italian style and culture exercised by Bellona, a furniture manufacturer and retailer in Turkey, backfired when a political crisis broke out between Turkey and Italy in 1998. At the time, the leader of Kurdish terrorists was in hiding in Italy. Hostile reaction against Italy arose in Turkey and many Turkish consumers boycotted Italian brands. In response, Italian firms in Turkey made various declarations. While not an Italian firm, Bellona also ran an advertising campaign during the period stating that 100 percent of its capital was Turkish and that its products were not made in

Italy. Thus, while the allure of the foreign is strong, it necessarily plays out in the delicate scene of international politics and, hence, can go amiss, even if temporarily. In addition to cultural forces and tensions, broader political, economic, and social events also set the frame and impact the success of glocalization. Socio-historical conditions, long-standing or recent, shape the meanings attributed to "foreign" and Western versus domestic brands and motivate choices in a specific market. A set of particular historical political and economic relations between one developing country and the "West" plays a crucial role in shaping the opposing desires for the local and the global in that country. So, standardization, adaptation, or glocalization decisions pertain to and thus should consider not only a desired cultural fit based on differences and similarities, but also the specific international interactions.

Regardless of and in addition to particular short-lived or long-standing international interactions, there is the "eternal struggle" between and the "dance" of "seductive globalism," and "authentic localism" (Wilk, 1999). The tension between seductive globalism and authentic localism relates to issues of social identity. Individual consumers use the global consumer culture together with the local culture to navigate and position themselves in local social hierarchies. Rather than merely clashing, the seemingly opposing desires talk to each other, interact, and transform each other. The companies that find a way to ease the tension between the two desires by mingling the global and the local win. Implementation of glocalization will be effective to the extent that a particular design of the marketing mix and positioning help different consumer segments carry out their own identity projects.

The cultural perspective offers various advantages over conventional approaches to international marketing. By focusing on cultural resources, forces, and tensions, it reveals innovative marketing solutions, from new product development to creating new markets, financing systems, and distribution networks. This is in contrast to the conventional approaches which view cultures in terms of similarities and differences in values, and concentrates on adjusting an existing marketing mix to a particular market depending on the extent of the cultural "fit" between home and host markets in these values. Furthermore, analysis of culture based on such similarities and differences assumes national culture to be static and translates such values into lifestyle segments, such as traditional versus modern lifestyle segments or ethnocentric versus cosmopolitan consumers. However, analysis of culture based on the cultural resources, forces, and tensions brings to the fore the coexistence and the interpenetration of the global *and* the local and the dynamism of such cultural markers as values. Attention to such overlap and dynamism enables managers to create new markets and receptive segments, rather than merely cater to existing markets and segments.

Adapting such a cultural perspective requires a new mindset and methods of market research and consumer intelligence. The conventional recommendation to international firms is that, in order to adjust their marketing mixes according to "cultural differences," they should measure the degree of difference found across countries on a standard set of cultural values such as individualism-collectivism or masculinity-femininity. In this approach, culture is treated as a factor that influences marketing decisions. As such, this approach reduces culture to a static set of stand-alone characteristics that are supposed to represent the whole country. Moreover, seeking to measure and compare cultures according to a limited set of values is too limited to uncover uses and meanings in consumption. The focus on preferred end-value states ignores the very essence of consumption: How consumers reach these end-states in particular contexts. Consumers act differently in different situations and their actions are not always consistent (Holt, 1994). Conventional comparative approaches to studying "cross-cultural behavior" have become increasingly inadequate to capture the complexity of cultural dynamics in the global world (Askegaard, Kjeldgaard, & Arnould,

2009; Nakata, 2009). Instead, the globally interconnected political, economic, and cultural forces that constitute local and global markets call for innovative forms of ethnographic research and multi-sited ethnographies.

In sum, the cultural perspective highlights that managers of transnational and domestic companies should not view global and local as opposites and strive merely for more or less localness and globalness. International marketing in general and glocalization in particular should be about enabling consumers to resolve their daily tensions with a specific global/local composition of a market offering. Companies which find ways to reflect various possible resolutions of the alluring globalism-authentic localism tension through their positioning and differentiation strategies are likely to win the hearts and minds of consumers. The sustainability of this win depends on other business and management factors and decisions.

The following cases illustrate how a Russian cosmetic and Turkish beverage company have benefited from the cultural perspective. They both tapped into complex global-local tensions in different localities and generated business successes at market entry.

2.3 Mingling the foreign and the familiar: Two cases

2.3.1 … With a scent of home

In early 1990s Russia, all things "foreign" were invariably heralded to be stylish and prestigious and of superior quality and value. After years of product shortages, long queues and what many considered poor quality products, foreign goods, previously unavailable or accessible only to a few, were embraced as tangible signs of the country's Westernization and democratization. However, the mid 1990s witnessed a shift in consumer preferences toward local products. Some interpreted this as an expression of Russian nationalism. In "The Taste of Nationalism" Caldwell (2002) suggests that Moscovites prefer local products because of the concern with national integrity, arising from market-oriented reforms and influx of foreign goods. Through the choice of local products, consumers in Russia strove to (re)assert their national cultural identity, sense of belonging, and the uniqueness of Russia in an increasingly transnational world.

Although compelling, this reasoning does not account for the differences in preferences among different categories of goods and among different social groups (Patico, 2003). The "apparent ethnocentrism" of Russian consumers is best understood when considered along the following lines of tensions. The first tension centers on consumers' concerns with quality and their experiences of the post-Soviet free market. In the 1990s transition from a socialist to a market economy, counterfeiting was rampant; an army of one-night entrepreneurs manufactured goods in garages and decorated them with foreign labels. There were many small-scale producers seeking to capitalize their homegrown know-how within the newly liberalized production system. The flood of new local goods and forged and genuine imports created a sense of a chaotic market—a space out of control where producers rule, and anything goes as long as it is profitable, while consumers are to take responsibility for not being duped or poisoned. In that context, consumers chose domestic (often former Soviet) goods because they offered shoppers a sense of familiarity, safety, and security. In the Soviet times, the state guaranteed and enforced product safety through a system of quality standards. The system implied that all goods were produced to "scientific standards" developed in research institutes independent of an individual producer's capabilities and external to its interests. In contrast, the workings of free market with its self-regulation ethos was less understood, and, given their initial market experiences, people were skeptical of a market's quality control

system. Thus, consumers often opted for the familiar guarantees of the state, choosing seemingly state-endorsed products (see e.g., Kenneth, 2003a).

The second tension centers on the country's perceived position within a global hierarchy of economic development. For many in Russia, Gorbachev's *perestroika* (reconstruction) was a promise of "finally catching up with the rest of the (Western) world" and becoming a European country, particularly in terms of lifestyle and consumption. However, due the 1990s economic instability, specifically the 1998 currency devaluation, Western goods became too expensive and out of reach for many. That exposed as a fantasy the imagery of the West as a place of abundance and comfort *for all*, which many Soviet people held. Also, in Soviet times, Western goods were believed to be superior in every way—better quality and healthier, more aesthetic and technologically-advanced, and above all, they were seen as magical—capable of making a person happy. Thus, disillusionment was inevitable. However, that disillusionment was not attributed to the unrealistic initial expectations, but to the "fact" that Western firms did not bring their best products to Russia. There was a pervasive belief that firms designated some cheap, low quality, even harmful goods for "*export to Russia*," because Russia was becoming a poor "Third World" country (Patico, 2003). The belief was corroborated by the observations that factories were closing, the economy was sustained on raw materials exports, and the feeling that "nobody wants our goods." In short, underlying the tension is the concern that the changes were transforming Russia into a "Third World" country, thus driving people further away from the desired "Western way" of living.

The third tension is the *perestroika*-induced disjuncture between economic and cultural capital experienced by some social groups in Russia. The study of teachers in St. Petersburg (Patico, 2003) found that reforms led to the economic impoverishment of these formally "respectable representatives of mass intelligentsia"—a social class of well-educated people engaged in intellectual labor directed to the development and dissemination of culture. As their incomes shrank in absolute and relative terms, teachers found themselves marginalized, unable to enjoy long-desired Western goods, or partake in shaping the newly emergent market culture. Thus, many adopted a cynical and critical stance toward market economy; notably, teachers often drew on the global discourses of ethical consumption to advance their criticism and explain their (local-oriented) consumption patterns.

How is it possible for a firm to tap into these complex global-local tensions in Russia and become a success? Let's look at one example. Green Mama broke into the Russian cosmetics market in the late 1990s. Shortly after, it was recognized as "the best Russian brand," while competing successfully in the market dominated by the former Soviet giants (e.g., Kalina & Novaya Zarya) and transnational corporations (e.g., Proctor & Gamble and L'Oréal), (Green Mama, n.d.). The company is "a family-owned corporate entity" established in 1996 by Oleg and Irina Nasobin (*Family Business Journal*, September 2007). From the start, the company promoted itself as being *international*, with operations in the Czech Republic, France, and Russia and specialist employees from Russia, France, Japan, Ukraine, and South Africa. Later, the company set up the headquarters in Grass (France) and production facilities in Russia, and presented itself as a "Russian company with a French address" (*The New York Times*, 2000). The French connection was crucial for the company's initial success, because former Soviet consumers believed that the best quality cosmetics came from France, and more generally, the allure of the foreign was still strong (*The New York Times*, 2000) Equally important for the company was to assert its Russian "roots." It did so in a powerful way—the company's positioning was based on the use of native Russian plants as active ingredients. In his interviews, Mr. Nasobin noted that a ribwort, a Russian roadside weed, or a daisy,

are "our own, close to a Russian heart" plants, hence more suitable for a Russian than foreign jojoba (*Vogue,* September 2005). In a sea of foreign-made products with attractive packaging but strange ingredients, Green Mama offered consumers what they were looking for—familiar ingredients that had a smell of childhood and/or Russian nature, in a foreign package. Similarly, the company's name—"Green Mama"—maintains a local-foreign duality: Although written in English, it is understandable to anyone with minimal knowledge of English and the word "mama" is Russian for "mother," suggesting home and care. Thus, as the *New York Times* (2000) writes, the company's winning formula was "homegrown extracts with a made-in-France label."

In a market plagued by distrust, and as a small company with an unknown name, Green Mama had to establish a reputation as a quality producer. It addressed the challenge in several ways. First, it linked itself to the geographical area, known as "the global capital of cosmetics and perfumery and the center for global research into essential oils and a venue for top scientific conferences" (Kenneth, 2003b, p. 22). Second, it set up its research laboratories in France away from the mass production facilities in Russia, thereby creating a perception of external quality standards i.e., to a degree, replicating the Soviet model (described above). Significantly, to reassure concerned consumers, the company explained that its standards differed from those of transnational corporations. For instance, the color of a cream may vary from tube to tube because, unlike many transnationals, the company produced only *natural cosmetics*; it used all-natural ingredients, characteristics of which may change depending on the season. Third, the company emphasized that it conducted research and manufacturing for some well-known foreign brands, and exported its own "Russian-made products" to 34 countries (Green Mama, n.d.).

Green Mama defined its target audience as the "representatives of intelligentsia," educated people with a "high cultural level," and someone "who pays attention to his or her health and body, and is not susceptible to direct effects of aggressive advertising … someone who knows exactly what s/he wants, or someone who thinks before buying anything" (Green Mama, n.d.). For a number of years, the company was successful in aligning its marketing strategy with the sensibilities of their target consumers. Green Mama did not advertise nationally. Instead, it used local newspapers, radio, television, and a multi-language webshop. Indeed, Mr. Nasobin insisted that he did not believe in marketing, market competition, and operational figures since the company had "a different orientation on the market." He stated: "Unlike typical U.S. companies our aim is not to control everything in the sector by absorbing or swallowing others … We are in the business of cosmetics production. Therefore, our central aim is to produce quality products, try to sell them, and whatever we get is all ours. We also don't have a goal of making all women use our products, etc." (Kenneth, 2003b, p. 22). Such rhetoric echoed the sentiments of the "representatives of intelligentsia," who at the time were the hardest hit by the political-economic reforms and were critical of "the Western market" with its predatory competition and in-your-face marketing tactics.

Consistent with the ethos of their target audience, Green Mama positioned itself as a natural, ethical, and eco-friendly producer. The company followed an intricate path to assert this "natural" image. It distanced itself from transnational, industrialized producers, while communicating that Green Mama was not a home-based operation using grandmother's pots either (Green Mama, n.d.). Green Mama claimed to use cutting-edge technologies, engage in scientific research, and employ top experts, to create superior quality recipes and produce on a modest scale. The company's publicity materials educated consumers about production processes and characteristics of active ingredients used. Furthermore, Green Mama's advertising and packaging were dominated by a soft-green pallet and drew on associations

with the local nature, and sensory experiences of native plants. Yet Green Mama echoed the global concern with ethical production. For Green Mama, "ethical" included a sustainable use of natural ingredients accompanied by a lack of animal testing, animal-derived products, preservatives, genetically modified ingredients, or chemical enhancers of color and scent. Moreover, "ethical" meant honesty (hence, the detailed product labeling) and a fair price for consumers, whose "ethical concerns is a part of the company's ethical image" (Green Mama, n.d.). Green Mama products can be viewed on their company website: http://greenmama.ru/image_show.html?url=images/2006-06/1150980465-171_big.jpg

Green Mama's mission—to be a developer of "eco-friendly & chic cosmetic products for the idealists of the world, for all those who read the label before choosing a cream" (Green Mama, n.d.)—was not particularly unique (e.g., the Body Shop). What set it apart was the way the company responded to the global-local tensions as they played out in post-socialist Russia. Green Mama used the foreign element to distance itself from the ills of the reform-era market in Russia, while endorsing the quality of its products. It used the local element to differentiate itself from foreign competitors, which had been dominating the hearts of consumers in Russia since the Soviet times, and to appeal to the sensibilities of those locals who had been disenfranchised by the market. Green Mama managed to bridge the foreign-local tension by linking the local anxieties with global concerns.

However, such distinctive positioning appears to have not been enough to carry the company through the pitfalls of growth typically encountered by entrepreneurial family businesses, namely a lack of professionalism and inability to manage growth (Terpstra & Olson, 1993). Two decades after Green Mama successfully broke into the Russian market with its novel marketing offer, the company is in court over defaulted bank loans. This development notwithstanding, Green Mama is an apt example of capitalizing on complex cultural global-local tensions.

2.3.2 … Marketing Cola Turka in Turkey

Similar to many other countries, Coca-Cola and Pepsi Cola dominated the cola market in Turkey. In the early 2000s, Coca-Cola was the market leader with a more than 65 percent share, and Pepsi Cola was in second place with a share of around 25 percent (Thompson, 2005). However, an ambitious Turkish brand, Cola Turka, was determined to change the composition of the market and became a key player. Cola Turka, which was manufactured and marketed by Ülker, a subsidiary of a giant Turkish company, Yıldız Holding, that operated in many fields including food and beverage, information technologies, logistics, packaging, and real estate, was launched in July 2003. Ülker began its operations in 1944 as a small manufacturer of biscuits. Over the years, it developed into a global firm exporting its confectionery products to over 85 countries (www.ülker.com.tr/en). The parent company, Yıldız Holding, purchased Belgian Godiva Chocolatier in 2007 and British United Biscuits in 2014. Although Ülker has never projected an Islamic image in its marketing communications, the company is well-known for its ties to Islamist politics in Turkey. The company's entry to the cola market signaled a direct attack on Coca-Cola.

All around the world there are several local brands that position themselves as "anti-Coca-Colas" and reject Coca-Cola as a symbol of American colonization and cultural imperialism. Brands such as Mecca Cola, Zam Zam Cola and Qibla Cola target Muslim consumers and attempt to position themselves as morally superior alternatives to Coca-Cola. For example, Mecca Cola communicates with its audience through the tag lines "No more drinking stupid—drink with commitment" and "Don't shake me, shake your conscience!" The

company publicizes that it donates 10 percent of its profits to charities within the Palestinian territories. Like Mecca Cola, Qibla Cola aims to offer "real alternatives to global consumer brands that support unjust policies" (Qibla Cola). In addition to Qibla Cola, the company sells Qibla Fantasy (orange and mango) and Qibla 5 (lemon and lime, named after the five pillars of Islam). There are other Muslim colas dedicated to taking shares from Coca-Cola. However, they face distribution problems and typically remain "niche" products. With their low market shares, they pose little threat to Coca-Cola.

Unlike other Muslim colas, Cola Turka did not position itself as "anti-cola" and emphasize its religious connotations. On the contrary, Cola Turka claimed to be the cola that not only Turks but also Americans would prefer to drink. The launch commercials aimed to convey the idea of "Drink Cola Turka, become Turkish." The commercials were produced by the Istanbul affiliate of Young and Rubicam and featured American actors Chevy Chase and Bob Brown. In the first commercial, Chase walks through Times Square as a car full of Turkish men, wrapped in their national flag, drive by celebrating a soccer victory. Perplexed by what he sees, Chase enters a diner only to realize that a New Yorker (Bob Brown) in a cowboy hat, sitting at the counter, speaks to him in Turkish after drinking Cola Turka. In the second commercial, Chase returns to his suburban home to discover his wife preparing a traditional Turkish meal for the children and their grandparents. At dinner everyone drinks Cola Turka and begins singing the Turkish anthem of the youth, a popular song associated with Turkish national independence. Chase can't resist any more and sips Cola Turka. In the last scene, Chase wears a bushy black moustache, a stereotypical symbol of Turkishness and finally becomes "Turkishized." The slogan "Cola is the usual coke, Turka is our Turka" appears at the end.

The commercials were an immediate success. Cola Turka reached to high brand name awareness and trial rates in a short period of time (Thompson, 2005). Among those who tried the product, some claimed that they did not like its taste and did not become repeat customers. And others, who learned that Cola Turka was produced by Ülker, a company associated with Islamist politics, did not want to purchase the brand (Sandıkcı & Ekici, 2009). Nevertheless, Cola Turka was able to capture a loyal and substantial group of consumers who believed that the product offered a strong, appealing, and ideologically correct alternative to Coca-Cola. By 2005, Cola Turka had reached 20 percent market share and toppled Pepsi Cola from its number two position (Arif, 2017). Ülker exported Cola Turka to more than 15 countries, including the USA and France, and extended the product line by offering new varieties, such as Cola Turka Light and Cola Turka Sıfır (Zero).

In order to assess Cola Turka's marketing strategy, one needs to examine the sociocultural dynamics that shaped the Turkish marketplace in the 2000s. Similar to Inca Cola, Cola Turka stayed away from an explicit "anti-cola" position. Instead, it mobilized both nationalist pride and cosmopolitan subjectivity and sought to appeal to consumers by projecting a model of "global Turkishness." It claimed to be as good as the foreign while remaining national. However, Cola Turka did not simply exploit Turkish consumers' nationalist feelings. Rather, it articulated the neoliberal nationalist discourse and offered to its consumers a way to reconcile the tension between the local and global.

Until the mid-1980s, restrictions on foreign direct investment and high import tariffs characterized the Turkish economy. As a result of this semi-controlled economic model, local companies were protected from global competition. The range of consumer goods was limited, and their quality was, in general, mediocre. Beginning in the mid-1980s, the Turkish economy went through a liberalization process. With the opening up of the country to global competition, consumers found themselves bombarded with foreign brand name products

that they either had not heard of before or could only have purchased from the black market. However, consumers' initial reactions to foreign products were mixed. On the one hand, foreign brands were regarded to be prestigious and of high quality and hence much more desirable than the local ones; but on the other hand, foreign brands lacked the familiarity and casual comfort of local products.

In the late 1990s, there was a greater variety of products available, both local and imported, along with a greater quality range for both. Along with such proliferation, there was a reinterpretation of the local and the traditional. Products that offered a sense of Turkishness but with a global awareness began to achieve significant success. For example, a show titled "Sultans of the Dance" (the title *is* indeed in English) became hugely successful. It was a Turkish version of the Irish River Dance and consisted of stylized folk dances and music from various regions of Turkey with allusions to ancient Anatolian myths. Many proud spectators commented that "it is great to see that *we* can accomplish such a professional, world class show." Products that successfully blend Turkishness with globalness, such as Ottoman-inspired luxury hotels and spas or Starbucks-like Turkish coffee chains, have begun to enjoy increasing shares and profits. That has been the case even for electronics which started to sell globally and advertise their global sales successes, depicting Western consumers using Turkish electronics. They convinced many consumers that Turkish brands are now as good as the global ones, and that "*we* can produce electronics as well as anyone else." Similarly, Cola Turka skilfully responded and took advantage of the tension between Turkishness and globalness. It sought strategically to articulate a sense of global Turkishness while distancing itself from projecting a hardcore nationalistic image. By emphasizing self-respect at the national level and seeking recognition at the global level, Cola Turka aimed to win the hearts and minds of consumers.

However, Cola Turka's early success proved to be unsustainable. Cola Turka entered the market with an aggressive advertising budget and pricing strategy. As expected, both Coca-Cola and Pepsi Cola retaliated; they increased their advertising and engaged in a price war (Arif, 2017). In order to continue with the high advertising-low pricing strategy, Cola Turka sought to lower its costs. In cola products, sugar is a key ingredient. In Turkey, sugar manufacturing had been heavily regulated and establishing new production facilities required state permission. Ülker gained permission to set up a joint venture with the US-based agricultural giant, Cargill, to produce starch milk, which could then be converted to sugar. This operation resulted in significant drops in Ülker's manufacturing costs. Yet it also resulted in an unfair competitive advantage. Both Coca-Cola and Pepsi Cola pursued legal action against Cola Turka. In 2005, Ülker was banned from producing sugar from starch milk and received a 30 million Turkish Lira (~22 million US dollar) penalty (Arif, 2017). The impact was significant. Cola Turka had to stop its aggressive low-price strategy and cut down its advertising. Its market share quickly eroded first to 10 percent and then to 7 percent. In 2010, the company announced that, rather than trying to compete with the global giants in the cola category, Ülker would focus on developing its position in the global confectionery market (Topal, 2018). This announcement signaled a loss of faith in the brand and further resulted in erosion in its market share. While global Turkishness positioning still had some resonance in the more traditional religious segments of the population, the brand had lost its luster among the growing urban, conservative, globally-oriented middle classes. Finally, in late 2015, Ülker sold Cola Turka to the Japanese beverage company DyDo Drinco. According to the CEO of Yıldız Holding, Murat Ülker, the sale of Cola Turka was integral to the consolidation of the group's business to biscuits and chocolates (Haberturk, 2015). DyDo Drinco's president, on the other hand, described their acquisition of Cola Turka as part of their entry

strategy to the Turkish market and from there to other European markets (Ülker, 2015). Today, Cola Turka exists in the Turkish beverages market as a small, niche player. Cola Turka products can be viewed on their company website: http://colaturka.com.

2.4 Managerial implications

Green Mama (Russia) and Ülker's Cola Turka (Turkey) devised unique marketing strategies in their respective internationalized markets in order to compete in industries dominated by transnational giants. Initially, both companies competed successfully by attending to complex global-local tensions and taking advantage of their cultural capital. Green Mama and Ülker's Cola Turka market entry positioning strategies can serve as models for transnational giants as well as other emergent market companies. Their market entry solutions responded to complex global dynamics within a specific market and pertained to the company's capabilities, industry structure, and competition. Also, the solutions were built on nuanced understandings of historical cultural sensibilities and the socio-political contexts that shape consumer preferences. Thus, the solutions were sensitive to the existing cultural forces and tensions and incorporated them to ease the associated consumer anxieties. Accordingly, as with Cemex México (discussed above), the key to successful glocalization was the specification of how it was to be implemented rather than solely about deciding on the extent and balance of localness and globalness in marketing activities.

However, neither Green Mama nor Cola Turka could sustain their initial success. Their distinctive positioning did not suffice for long-term triumph. In the different manifestations specified above, managerial, financial, and production-related factors prevented sustainable success. These cases illustrate 1) the usefulness of the mobilization of cultural resources in generating customer value and thus competing with transnational giants, 2) the merits of attending to the coexistence and interpenetration of the global and local forces, and 3) the interrelationships between marketing and other business functions and general executive management.

In today's interconnected world, business success lies in dialogue within the global-local encounters. The local companies are best positioned to succeed by engaging with the global as they experience it in their markets, rather than merely imitating transnationals or being anti-global. The transnational companies are likely to win by understanding and responding to the global/local cultural forces and tensions, rather than imposing a global uniformity. To do this, managers need to go beyond considering only the differences and similarities between foreign and local cultures. They need to understand the tensions and negotiations among significant cultural forces that might mistakenly appear to be poles. Transnationals and emergent market companies that attend to the interactions among apparently opposing cultural forces gain knowledge of various tensions local consumers face and deal with in their daily lives. To uncover such tensions, marketing managers should develop a reflexive distance to both local and global cultures. In other words, they must look at the local through the lens of the global and at the global through the lens of the local. Such knowledge allows companies to craft innovative marketing solutions that help consumers negotiate and solve cultural tensions. The emphasis on tensions suggests that consumers do not live on the poles of global or local, ethnocentric or cosmopolitan, or traditional or modern, but rather, navigate these dimensions. Thus, as the Green Mama and Cola Turka examples show, some consumers want to have both "the alluring global" and "the comforting local" and prefer marketing solutions that promise both. Companies, catering to this desire for both the local

and the global, stand to win the hearts and minds of consumers. However, whether this win is sustainable or not depends on taking executive managerial actions that complement their positioning strategies.

Review and discussion questions

1. Compare and contrast standardization, adaptation, and glocalization approaches.
2. Discuss the major strengths and weaknesses of the cultural perspective over conventional approaches to international marketing.
3. Explain what "the allure of the global" is.
4. Explain what "the comfort of the local" is.
5. What is the notion of "cultural tension" in marketing management from a cultural perspective?
6. Examine marketing practices of a transnational company such as McDonald's and discuss whether and to what extent the company attends to the cultural tensions in your country. Explain the tensions consumers face. Discuss the specific strategies that the company has or should devise to help consumers solve these tensions.
7. Find examples of companies that ground their international marketing strategies primarily on standardization, adaptation, or glocalization. Discuss the strengths and weaknesses of each approach.
8. Identify a cultural tension experienced by a particular consumer segment in your country (for example, the disjuncture between economic and cultural capital experienced by the intelligentsia in Russia) and discuss the implications for a transnational firm that plan to market its products to this consumer segment.

Keywords

Adaptation, allure of the global, comfort of the local, consumer ethnocentricity, cultural resource, cultural tension, glocalization, global marketing strategy, positioning, historical specificity, nationalism, local marketing strategy, religion, standardization.

Note

1 Bourdieu's (1986) concept referring to knowledge, cultural competencies and orientations, and social connections.

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3 Regional affiliations

Building a marketing strategy on regional ethnicity

Delphine Dion and Lionel Sitz

Overview

Traditionally, the frame of analysis of international marketing is the nation state. In this regard, consumers' culture is understood as nationally defined. This means that it is supposed to be uniform countrywide. Adding to this vision, this chapter focuses on infra-national cultures, e.g., regional cultures. We show that regions are not only the products' place-of-origin, but constitute identity devices that individuals use to build their identity and to show it to their social environment. In this perspective, we propose four marketing strategies based on regional affiliations: Drawing on regional cultural resources (legends, traditions, heritage) to value an offer, positioning the brand in resistance to globalization, inscribing the region in the globalization process, and allowing consumers to express their regional affiliation. These practices can allow a company to differentiate successfully its offer on the market. The chapter ends with a discussion on the conditions of applicability concerning market size and target heterogeneity issues.

3.1 From a utilitarian to a cultural consideration of the region

Dealing with international issues, the frame of analysis is generally the country as a nation state: Countries are easy to identify, with clear administrative boundaries and are believed to be quite homogeneous from a cultural and behavioral standpoint (Özçağlar-Toulouse, Béji-Bécheur, Fosse-Gomez, Herbert, & Zouaghi, 2010). This national frame of analysis can be completed by a supra-national classification (Europe, North America, South-East Asia) because of an alleged cultural homogenization, especially for some market segments (Kjeldgaard & Askegaard, 2006; Cayla & Giana, 2008). However, this nation-focused division does not enable us to consider the local heterogeneity. This chapter argues that the regional scale is a particularly relevant level of analysis.

Today, this regional level of analysis is all the more important since in recent years we have witnessed a (re)emergence of regional feelings throughout the world. This phenomenon can be explained by the rise of economic uncertainty, the globalization process, and the creation of supra-national actors such as the European Community, which have led individuals to reappropriate their local cultures in order to define more locally their identity (Dion, Sitz, & Rémy, 2012). However, regional, national, or supra-national logic is not incompatible: Usually these identities are intertwined and coexist peacefully (Thiesse, 1999). One can feel Catalan, Spanish, and European at the same time or at different moments of one's life. In this regard, the logic of various identities could be compared with the notion of role: The behaviors, beliefs, etc., are linked with the level of identification.

Table 3.1 Traditional and cultural perspectives of regionalism

	Traditional perspective	*Cultural perspective*
Definition of culture	A given set of national traits determined by nationality (e.g., the American, the Chinese, etc.) encompassing symbols, norms, and behaviors	A social construction that has a relational nature and is constantly (re-) constructed by individuals
Frame of analysis	Geographical borders (e.g., Spain, European Community, Asia, etc.) within which the given set of cultural tools is uniformly shared by individuals	Cultural affiliations through the analysis of the boundary-work of the individuals who must display, justify, and legitimize their affiliation
Marketing practices	Creating labels to signal the country-of-origin (e.g., an outstanding *savoir-faire*, a traditional recipe)	Providing cultural resources in order to allow individuals to experience their various affiliations

Facing the resurgence of regionalism, some companies have integrated this dimension into their marketing practices (Dion, Rémy, & Sitz, 2010). In traditional marketing approaches, marketers focus on products' place-of-origin (table 3.1). They use regional emblematic representations to highlight specific product characteristics in congruency with the regional heritage. Other companies develop innovative marketing strategies based on consumers' experience of their regional affiliations (table 3.1).

3.1.1 The region as a product place-of-origin

In the traditional marketing approach, the region is considered as a product's attribute highlighting specific characteristics and/or qualities of the product such as traditional craftsmanship, a particular terroir, a famous recipe, customary local commodities, and so on. This is mainly used when the region is well-known for a product category, e.g., Kentucky bourbon, Bordeaux wine, Sichuan pepper, Piedmont gorgonzola, etc.

In this perspective, regional stereotypical representations such as folkloric costumes, emblematic animals, typical landscapes, and/or official representations are used to enable a rapid identification of the origin and, possibly, the qualitative characteristics of the product. Mobilizing these symbols is the easiest way to represent a region in advertising or on packaging because of their taken-for-granted and obvious nature. Thus, these symbols are mobilized as heuristics in situations of uncertainty and, as such, reduce the cognitive effort for the individual evaluating an offer. For example, the yogurt brand Savoie Yaourt uses the white cross on red background, a symbol of Savoie and the famous mountains of that region on its packaging. It does so in order to create a link between the brand and a region known for the excellence of its milk production (https://savoie-yaourt.fr/). Another example is the brand Paysan Breton (Briton farmer) with a name directly stating the region and the *triskel*, the symbol of Brittany, on their packaging. A map of Brittany helps further the regional aspect of the brand. All these elements reinforce the authenticity of the products and build on the gastronomic heritage of Brittany, which is famous for butter (https://paysanbreton.com/fr/produits/beurres).

Similar to regional country of origin, many regional labels have been created in Europe. For instance, the label *Produit en Bretagne* (Made in Brittany) was founded in 1993 and intended to make local business more dynamic and stimulate local employment. Today,

the label covers 420 companies from various industries (food processing, retailing, engineering, culture and creation, services, etc.). These companies employ 110,000 people, in five different departments and the collective brand is known by 97 percent of the people inside Brittany. At first, the *Produit en Bretagne* label was only put on food products. Today, it appears on all the product categories (sportswear, cosmetics, banking, insurance). As the ad says, there are "5,500 products to enjoy, wear, read, and listen to."

In the exposed situations, the emphasis is placed on the origin of the products. In the first two examples (e.g., Savoie and Paysan Breton), the regional referents are used to highlight an outstanding terroir, or a traditional recipe, etc. In the example of the *Produit en Bretagne* label, regional referents are used to put the emphasis on the local production conditions. Rather than considering the region as a product place-of-origin, brands can act as cultural entrepreneurs, using and defending regional referents to enable people to claim and experience their regional affiliations (Dion, Rémy, & Sitz, 2010). The emphasis is no longer on the origin of the product itself, but on the consumers' regional identification. Thus, it is important to understand regional affiliations.

3.1.2 Regional affiliations

From a cultural perspective, culture is not a given set of fixed elements. It is not transmitted once and for all as a crystallized bundling of norms and knowledge. Rather, culture is a relational construct: It is constructed through one's experiences, social relationships, and life events. In this respect, culture becomes visible through its relationship with other cultural backgrounds. As sociologists put it, "people become aware of their culture when they stand at its boundaries" (Cohen 1982). For this reason, we have to discover the dynamics of cultures and societies *in* time as ongoing systems and *through* time as emergent sequences.

It is particularly useful to meticulously study cultural variation *both* regionally and through time. Culture is relational, historical, and constructed. Hence, one is not *born* Irish or Basque, but becomes so. Someone can be born, live, and work in one region without defining himself/herself in relation to it. Someone else can feel and express a very strong regional feeling and build his/her identity in relation to that region, even though they were not born there, but lived there. The key question is not to know if one *is* Scottish or Catalan but if one *feels* Scottish or Catalan. Beliefs and feelings become central in understanding regional affiliation whereas the actual region of birth or residence turns out to be anecdotal. Regions become sets of resources and identities through which individuals manage their personal and social identity.

Integrating regional affiliations in marketing make it possible to develop innovative and competitive marketing strategies that renew traditional marketing approaches. Rather than considering the region as a product place-of-origin, brands can become cultural entrepreneurs, using, promoting, and providing cultural resources that enable individuals to claim their regional affiliations. Although some global firms like McDonald's, Coca-Cola and Société Générale use regionalism in their marketing strategies, the transnational strategies using regional symbols are mainly conducted by regional SMEs.

Because France is symptomatic of the re-emergence of regions and because regional marketing initiatives are abundant there, this chapter focuses on two French regions: Brittany (located in the West of France, with a total population of almost 3.3 million and a land area of 27,200 km²) and Alsace (located in the east of France, with a total population of almost 1.9 million and a land area of 8,280 km²).

3.2 Regional marketing

Despite the growing importance of regional affiliation and the strength of local particularities, marketing scholars have overlooked the regional level. Considering nation states is useful but some opportunities can be found in regional marketing. The use of regional resources and symbols offers a way for consumers to symbolically resist globalization or on the contrary to link the local and the global by inscribing the region in globalization (cf. chapter 2 by Ger, Kravets, & Sandıkcı). Also, regional marketing can help consumers to display their regional affiliation.

3.2.1 Drawing on regional cultural resources

France has a long tradition of regional particularism. In many regions, people talk a distinct regional idiom and regional customs are quite different, from the way to properly greet someone to the way to cook.[1] Also, French regions generally have some distinguishable monuments or landscapes that crystallize their image. Most of them also have some culinary and historical customs that people value. For these reasons, every region has a specific cultural heritage made of heterogeneous elements.

The beer brand Pietra heavily uses Corsican cultural resources. In its brand presentation, the brewery specifically mentions its Corsican origin and specificity (http://brasseriepietra.corsica): "Corsica, it's 'brocciu' [a Corsican cheese], fritters, wine … and beer also! The Island of Beauty has its beer with Pietra, a specialty beer … An amber beer, refreshing with a lingering taste, born out of a strong sense of identity, a beer of pleasure, tradition and heritage … Jacques Gantié – Nice Matin" ("La Corse, c'est le brocciu, les beignets, les vins … mais la bière! l'île de Beauté possède sa bière, avec la Pietra, bière de spécialité … Une bière ambrée, rafraîchissante et longue en bouche, née dans un fort esprit identitaire, bière de plaisir, de tradition, et de patrimoine … Jacques Gantié – Nice Matin.").

It is always possible to uncover or to revive a forgotten element to rejuvenate an aspect of the regional image. This is the case of the Lancelot Brewery which sells a range of beers inspired by Breton history and Celtic legends. Created in 1990, the Lancelot brewery manufactures and markets a range of traditionally brewed beers. The brewery tries to immerse consumers in the magical universe of Celtic legends and historical events of Brittany (2017 brand's figures: Production of 50,000 hectolitres; a turnover of €25 million with an increase of 30 percent; distributed in 80 percent of supermarkets in Brittany). The company exploits various Breton stories, mythical heroes, and stereotyped representations of the region (http://brasserie-lancelot.bzh/). It is interesting to note that some of them are popular among the Breton, the French, and even the European population while others are not very well known, or unpopular. For instance, they labeled one product "Bonnets Rouges" which referred to a peasants' rebellion in 1675 against the central power of the French crown which had tried to raise new taxes on the notarial acts. This mutiny was overlooked and almost forgotten for many years until the launch of the beer. The bottle is decorated by a drawing representing a group of peasants armed with hawks in front of a typical Breton church; a short description of the event enables the brand to revive its memory and the text of the first article of the peasant code that caused the rebellion (in Breton and in French) that shed a light on the reasons for the rebellion.

The Lancelot Brewery also exploits forgotten rituals dating from the Celtic period. One beer refers to the Samhain Night, an ancient feast that preceded Halloween. This dark, strong beer (11.1 percent alcohol) is called "XI.I – The beer of the Samhain Night" referring to the

first day of the eleventh month. During the Celtic period, the Samhain Night was a feast during which local communities gathered together and brewed a special beer. Today, the Lancelot Brewery organizes a brand festival around this event in order to revitalize this Celtic symbol and to create a brand aura. Brewed at sunset on 31 October, the beer is available after six weeks of fermentation, for the winter solstice. The Lancelot Brewery combines regional narratives and local events in order to legitimize the regional character of the brand. For example, it created the Bogue d'Or, a chestnut-flour flavored beer celebrating Teillouse day (a celebration of the chestnut occurring in the Redon county in October). Through these actions, the Lancelot Brewery revives old legends and positions its brands at the heart of old and current rituals.

This is resonant of a movement of micro-brewery openings that started around the 1990s and gave rise to many artisanal breweries throughout Brittany. Although the production of beer in Brittany is a new industry, one producer even defined Brittany in one commercial as "beer's second home." Breton beers are becoming important challengers for the national and international brands on the Breton market. As the Lancelot Brewery example demonstrated, marketers are not only ideological parasites, using existing cultural symbols (Holt, 2006), but are also cultural entrepreneurs that can literally create cultural symbols through branding strategies and communication.

3.2.2 Resisting globalization

Through the globalization of media and brands, individuals have come to be in constant contact with faraway information, discovering new ways of life and new consumption practices. Anthropologists have documented how regional affiliations have become a way for individuals to deal with globalization: Regional particularism resurfaces as a side effect of globalization.

Facing this change, many regional brands position themselves as symbols of resistance to globalization. This regional resistance is based on the protection and rejuvenation of the region's cultural specificities. Carola, a water brand, is a good example. Bottled water is a very competitive market in which brands strive to find exploitable and durable points of differentiation. Carola underlines its regional personality on its website (https://carola.fr/). As it says, "Carola, is THE preferred brand of Alsatians, from all ages. The brand resembles the Alsatians and vice versa. Our water accompanies a number of them since their tender childhood and shares strong values and characteristics from the region. Fun, nature, gastronomy, family … all those values that differentiate Alsace ("Carola, c'est LA marque préférée des Alsaciens, quel que soit leur âge. Elle leur ressemble et les Alsaciens lui ressemblent. Notre eau accompagne nombre d'entre eux depuis leur plus tendre enfance et partage des valeurs fortes et caractéristiques de la région. La fête, la nature, la gastronomie, la famille … autant de valeurs qui font la singularité de l'Alsace).

This emphasis on the identity is a way for Carola to distinguish itself from the various brands acting on the market. Alsatian people are deeply committed to their idioms and appreciate the brand for its dedication to the dialect. This regional commitment is an efficient way of positioning the brand as an alternative to those with a more national-based image.

Another example can be found in the positioning of the brand Ttilika (https://ttilika.com/fr/), a clothing brand from the Basque country. It insists strongly on its Basque origin and heavily uses the regional symbols to promote itself. Its slogan is voluntarily in Basque tongue: "TTILIKA, Euskal Herrian Asmaturik" (Ttilika, originated in Basque country). Its presentation insists on the attachment to the Basque country: It forms beads on the

forehead of pelotaris and Fandango dancers. It appears, like the witches, at the bottom of the Sugarramurdi caves. It shows the sparkles of a thousand colors on the silver façade of the Guggenheim and surges on the waves from Mundaka to la Barre. It drips on the Baso Berro of the Pampelune festaures and travels on the Bidassoa before joining the Gascogne gulf. It is the brand refreshing the amorous hikers from the Rhûne. "It" is Ttilika, the small water drop. And, like our inspiration, it originates in the Basque country.

The resistance to globalization can also appear through the misappropriation of global iconic brands. The objective is to come away from global brands that are symbols of globalization, such as McDonald's or Nike by creating resistant regional brands: Chtilà Cola, Auvergnat Cola, Breizhella, etc. For instance, the company Phare Ouest launched Breizh Cola (2002), a Breton cola (Breizh means Brittany in the Breton language) and Breizh Thé (2015), a Breton iced tea (http://breizhcola.fr/breizh-the-glace/). The company currently sells over 30 million bottles of Breizh Cola per year and has a 15 percent market share in Brittany (number two after Coca-Cola). Two years after its launch, Breizh Thé has a 50 percent market share in cafés and bars in Brittany (facing Nestea, the Coca-Cola company, ANS Lipton Ice Tea and PepsiCo). Breizh Thé also has a 25 percent market share in supermarkets in Brittany. The brand resistant positioning is explicitly stated on their website: "For quite some years, the significance of cultural diversity has increased. Don't we talk, for instance, about the necessity to save regional languages? And in the environmental domain, no one questions the absolute necessity to maintain the diversity (the bio-diversity) of animal and vegetal species; only the solution to think of sustainable development. Yet there is a cultural model that is imposed on everything. And there are products, which planetary dissemination leads to a unique consumption model. Thus, here and there, some individuals gather, without any vehemence, and react in order not to lose their identity. Some are irreducible declaring "we will re-empower ourselves, let's take a universally known product … the cola, and appropriate it. We decided without any complex to manufacture and market in Brittany: Breizh Cola, Le cola du Phare Ouest" (www.breizh-cola.fr).

3.2.3 Inscribing the region in globalization

Regional affiliations are not necessarily challenging globalization. Rather than resisting globalization, brands can try to make regional representations part of global icons. This strategy requires the brand to position itself as part of a somewhat global culture (Kjelgaard & Askegaard, 2006) while remaining authentic to its regional affiliation. Hence, this is another way of drawing attention to cultural diversity and the emergent nature of cultural arrangements. This is for instance, the strategy of Breizh Punisher's, a Breton sportswear brand. T-shirt designs convert regional representations into national and international referents. For instance, the Clint Eastwood t-shirt mixes regional symbols (e.g., the flag used as a cape, the traditional Breton hat and jacket), with national references (e.g., the message is a wordplay derived from a popular French proverb) and American symbols (e.g., Clint Eastwood, Western-style writing, English brand name). This design inscribes the regional culture in the globalization movement and thus regenerates the culture.

This is often the case in the food industry where the notion of world food has become valued by consumers. The restaurant chain Flam's, offering *flammekueche* (a traditional Alsatian meal consisting of a pie with cream, onions, and diced bacon) positions itself as "the N°1 flammekuesche restaurant." It explains the Alsatian origins of the meal, underlying its cultural value and authenticity. In order to establish restaurants outside Alsace and to widen

its target, Flam's proposes some "Flam's creations" such as a New Yorker *flammekuesche* or an Indian *flammekuesche*, which are quite successful with consumers outside Alsace but break from the Alsatian tradition. This culinary DIY that mixes Alsatian and international gastronomy enables the restaurant chains to offer new tastes and to export themselves outside of their original regions.

Similar practices are also used by non-French companies that try to appear more local by including regional representations in their offer. For instance, in order to counter Breizh Cola in Brittany, Coca-Cola tried to inscribe its brand in the region by adapting its national communication to the region using emblematic regional representations (e.g., waves, the Breton flag, seagulls, lighthouses, traditional Breton hats, Celtic triskeles). This is emphasized by a welcoming sentence in Breton ("Degemer mat!") and a sentence in French, "Coca-Cola vous rafraichit en Bretagne" (Coca-Cola refreshes you in Brittany). Coca-Cola does not want to be considered as local, which would not be truthful, but a way of enjoying Brittany and the Breton culture. The brand is presented as a facilitator to enjoy Brittany and the Breton culture.

3.2.4 Allowing regional ostentation

People are proud to have a singular, rich, and valued identity. Coming from a pleasant and culturally rich region is a good way for people to feel appreciated and valued. Sometimes, this feeling can be very personal and intimate, but it can be expressed conspicuously. Some individuals cannot stop themselves from claiming their regional affiliations, talking about it with their circle, and exhibiting their regional origin. Regional affiliation is carried as a banner of one's identity. In this perspective, brands can position themselves as regional exposure vectors. Products are designed to show one's identity, or roots. The product becomes the medium for expressing one's regional identity.

This strategy of regional ostentation is very visible in the example of the brand Ch'ti. Beer is a traditional product from the northern region of France. The brand's name, symbols, and communication all anchor the brand in its region of origin. This strategy led the brand to participate in the movie *Bienvenue chez les ch'tis*, which promoted the northern region.

The public dimension of clothing makes it a pertinent industry for regional ostentation. Unsowiso is an Alsatian brand which offers humorous clothes with Alsatian symbols such as a stork or a traditional Alsatian house. Regional brands also offer badges or stickers with regional slogans to reinforce their regional touch. For instance, numerous Alsatian brands offer stuffed storks or Strasbourg cathedral figurines which allow their consumers to display their regional affiliation.

3.3 Conditions of applicability

From the cultural viewpoint, brands are not adapting their offer to local cultures; they are part of the cultural system. As cultural agents, they participate in the expansion of regional cultures. They enrich cultures by creating new rituals and by exhuming forgotten elements (historic events or illustrations, legends, etc.). They make regional culture fashionable. Through their consumption, individuals can become part of their culture and express their regional affiliation. However, drawing on regional affiliations can lead to various pitfalls: 1) it confines itself to too narrow a target, and 2) one has to know how to handle cultural codes according to the target and the goals of the firm in terms of its development.

3.3.1 Market size

The danger is to target a niche market that doesn't bring in a lot of turnover and to find oneself in a difficult position. In order to expand their possible targets, firms should try to use well-known cultural symbols that can easily been understood by a lot of people. For this, they have to extend their expertise either to other products and services or to other regions.

Extension of cultural expertise to other products and services

The typical products of a region are generally quite numerous. Hence a firm that has an established legitimacy on regionalism could extend its product and service range in order to benefit from its legitimacy, and leverage it in order to develop. Stoeffler, an Alsatian delicatessen trade brand, is a good example of this strategy. The firm started in 1946 in a small Alsatian village. At that time, it was a pork butcher's shop and delicatessen. It then started to sell delicatessen products in supermarkets throughout Alsace. In the 1980s, the brand started to produce sauerkraut, then *flammekuesche*, etc. The brand exploits its regional legitimacy by slowly expanding its product range to other regional products. To show its regional legitimacy while targeting consumers outside the region, the brand launched advertising showing a consumer from another region talking about its product and describing its authenticity.

Export of the cultural expertise to other regions

Once a company has developed a specific regional expertise, it can try to develop a similar business model in other regions. The challenge is to construct a legitimacy not in one region but in a regional-oriented authenticity. For instance, Ouest-France publishing began its activity in Brittany and published books about Brittany, for Breton consumers. Created in 1975, Ouest-France publishers, currently an independent subsidiary, occupies an important position in the French publisher landscape. With 150 new products a year and a 1,800 title catalogue, it generates a €17 million turnover. The Ouest-France publishers define themselves as "the publisher of the regions." Far from confining itself to Brittany, it is now multi-regional:

> Ouest-France actively participates in the development of the local, regional and national inheritance. The aim is to give a large audience access to a region through its various dimensions, a range of quality books at affordable prices (from 2 to 15 euros, except art books) and translated in several languages.
>
> *(www.edilarge.fr)*

Ouest-France publishers offer for each French region numerous books organized in thematic collections: Regional cooking, memoirs, discovery itineraries, history, atlas, literature, monographs, and regional languages. For instance, the firm sells a book on the fairy tales and legends of Lorraine (North-Eastern France), a teaching book of the Breton language (Western France) and a book of recipes from Savoy (Eastern France).

This example clearly shows the mechanism of expanding its legitimacy to other regions. A brand that has a genuine legitimacy in one region can position itself as a specialist of regional heritage. This relies on the capacity to defend more general cultural elements: Regional languages (rather than one specific regional language), regional heritage (rather than the heritage of a region), regional *savoir-faire* (and not the traditional practices of a region).

Going beyond the region

A third strategy is to change the scope of the regional references. A company can focus on very local culture linked to a small part of a region or can search for common roots with other regions. Sociologists have long demonstrated how localities are linked together by particular cultural traditions. Brittany has regional traditions and a strong culture, but also shares many common elements with Ireland, Galicia, etc., through the Celtic culture. This is also true for Alsace which shares many cultural traits with other parts of the Rhine Valley (Switzerland, Germany). Hence, marketers could leverage their regional positioning by addressing the cultural heritage shared by various regions.

3.3.2 Target heterogeneity

The target can be quite heterogeneous in terms of regional affiliation. Three relevant segments of consumers can be distinguished: The locals, the cowbirds and the wannabees.

Locals are consumers who live in their region of origin. For them, regional affiliation is lived on a daily basis and as such appears natural and ordinary. They generally don't question their regional affiliation and look for taken-for-granted elements. For these consumers, it is important to position the brand on traditional elements to ensure its legitimacy. The brand and its products must be part of a taken-for-granted regional background. The brands targeting these consumers should highlight not only regional culture but also their taken-for-granted dimension. Melfor, an Alsatian vinegar brand, is a good example of such a strategy. Long forbidden outside of Alsace, the brand seems like a natural product in the regional landscape while unknown outside the region.

Cowbirds are consumers living in a different region from their birth region but have a strong regional affiliation. They are emotionally involved with their chosen region. They are actively engaged in showing and legitimizing their regional affiliation. These people are eager to enrich their regional cultural capital and look for regional traditions and *savoir-faire*. For these consumers, the (re)discovery of regional traditions is something important. Hence, they look for brands that revive and/or rejuvenate them.

Wannabees are consumers that strive to be part of the region but do not have an important regional cultural capital. Contrary to *cowbirds*, their regional affiliation is not necessarily long-lasting. On the contrary, their affiliation is generally unsettled and changes over time. These consumers wish to have a taste of the region through their consumption. Brands targeting these consumers should mobilize regional stereotypes that can be understood by people with a weak regional cultural capital. Using well-known regional stereotypes is a way of targeting people that have only a vague idea of the regional culture. For instance, Momo le Homard, a Breton company, sells t-shirts with simple messages such as *Petite Bretonne* (Little Breton) or *Papa Breton* (Breton Dad).

Ability to decode the symbolic representations

Because these three types of consumers do not have the same cultural background, some symbolic representations may not make any sense for some of them or may not have the same meaning. Contrary to official representations (flag, anthems) representing regional institutional frameworks, picturesque spots (culinary, architectural elements) and mythical representations (legendary characters and places) are not imposed. If these symbolic representations are to make sense for consumers, they have to be known about and

appropriated. In other words, the significance of regional cultural capital structures the consumers' interpretation process: The comprehension of the deployed meaning depends on consumers' regional cultural capital. It is necessary to know how to handle symbolic representations of the region according to the target in order to adapt the level of generality according to one's knowledge. Thus it is important to adapt symbolic and cultural representations according to the level of the collective representations of the target. The broader the target, the less specific its regional cultural capital and the greater the need to use simple, widely-shared stereotypes. The more expert the target, the greater the need to refine the representation elements used in order to avoid appearing non-authentic and made for tourists. A few years ago, the beer brand Kronenbourg decided to use a folkloric vision of Alsace to promote its beer in England. The ad displayed famous soccer player Eric Cantona explaining that in Alsace, farmers were "like footballers in England" because they grew great hop for the beer (https://youtube.com/watch?v=2lVlozV5nPM). The ad was well-received in England but considered as offensive in Alsace.

Managing authenticity

The three segments of consumers presented look for different things and do not share the same cultural codes. The regional culture is generally lived as a natural thing and taken for granted. Nonetheless, it can appear folkloric and unappealing to outsiders. This highlights a fine line between authenticity and folklorization which distinguishes "real" and "fake." Marketers using regional affiliations have to manage the perceived authenticity of their strategy. In so doing, they have to carefully choose the symbols and cultural resources they use: They have to be comprehensible by a large number of consumers (i.e., the national audience) and should meanwhile appear specific enough to target the regional consumers. This leads to complex authentication strategies that legitimate the regionalist aspect of the brand (Dion, Sitz, & Rémy, 2012). Since authenticity is a social and cultural construction (Hobsbawm & Ranger, 1983), it is important that marketers constantly display the authenticity of their brand and comprehend people's interpretations. In so doing, they should use the regional symbols cautiously and be aware of the importance of the context in which they use them.

Review and discussion questions

Synthesis

This chapter traces the possible use of regional affiliation in a marketing strategy: Regional marketing. It underlines the interpretive flexibility of regional symbols and the various ways consumers can link up with these symbols. Regional positioning can be an effective strategy. First, it resonates emotionally with local consumers' expectations and can thus be more effective than nation-based positioning. Second, regional marketing can present itself as a way of resisting hegemonic global brands. Third, it weaves the region with globalization by presenting it in comparison with global brands. Fourth, regional marketing helps consumers to exhibit their regional affiliation publicly. In order to expand their business, companies using regional marketing could extend their product ranges. Entrepreneurs could also draw on other regions in order to multiply their positioning strategies. Businesses exploiting regional affiliations also have the possibility of going beyond the region by linking the regional culture with broader cultures. Because of consumer targets' heterogeneity, managers

should develop a special ability in decoding cultural codes and understanding the subtleties of regional culture and its links with national culture. A key issue for companies is to manage authenticity by legitimizing their regional genuineness.

Questions

1 Is this use of identity symbols possible in other domains of life?
2 The process outlined here changes the work of marketers and the place of marketing. In what respect? What knowledge and tools do marketers need to adapt?

Class discussion

1 Class discussion could revolve around the sociocultural construction of the regional imaginaries. It would be interesting to draw the genealogy of regional particularities by historicizing them and by showing what role marketing plays in this process. After debating the ethical dimension of the use of regional affiliation, the class could discuss the heterogeneity of individuals' tactics toward identity symbols, especially those provided by marketers.

Exercise

1 Choose a region with cultural specificities and define the cultural resources (the great figures of its history, famous landscapes and monuments, etc) a marketing strategy could use to position its offer.
2 Imagine a foreign product and create a marketing strategy that could bring this product into regional culture (i.e., indigenize it).

Keywords

Ethnicity, regionalism, globalization, culture, communication, packaging, brand.

Note

1 For instance, people from southern regions of France use olive oil to cook while in the northern parts, they prefer butter.

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Online resources

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http://brasserie-lancelot.com/
http://produitenbretagne.com/
http://amersommer.com/sommer.htm

4 Dove in Russia

The role of culture in advertising success

Natalia Tolstikova

Overview

> *Since I've tried the new Dove, my skin has become younger and softer. The pores opened up. I felt a surge of energy. … I was surprised, because it tasted like regular soap.*
>
> *(Russian advertising humor)*

This chapter analyzes the Russian version of Dove's Campaign for Real Beauty and the audience's reactions to it. It explores reasons for the failure of Dove's entry in to Russia by examining factors that have influenced Russian perceptions, such as cultural history, attitudes, gender norms, and cultural expectations, among others. It demonstrates the versatility and richness of cultural approaches to marketing problems.

4.1 Introduction

4.1.1 Introduction: The attractiveness of Russia

Recently, a number of new lucrative players emerged in the world market. Some established economic leaders, such as the United States and Japan, are being challenged, in particular, by four countries: Brazil, Russia, India, and China (BRIC). Despite the global financial crisis at the time, markets developed with such speed and fervor that they are predicted to become the world's most dominant economies by 2050 (O'Leary, 2008). The four countries differ from each other in history, economic orientation, religion, and political systems. Their cultural makeup could not be more distinctive. What unites them, however, is brisk economic growth and robust consumer demand. A more detailed look into the Russian economic history and its realities will help to set a background for the Dove advertising case.

After the fall of communism and the switch from a production economy to an economy of consumption, there have been dramatic changes in the Russian ideological orientation. For 70 years the population was deprived of the ability to do "casual" shopping: Choices were very limited, brand names were absent, and retail outlets were finite. Since the fall of communism, Russians have become overwhelmed with consumer goods, such as the 50 different brands of yogurt now always available for purchase. After being the country of supposed equals, Russia is now a home to almost 90,000 hard currency millionaires. Russia is now among the world's top luxury markets as the new rich signal their affluence (O'Leary, 2008). The bulk of the new market, however, is occupied by the developing middle class who have smaller incomes and less ostentatious buying habits. Nevertheless, it is estimated

that Russians spend almost three-quarters of their wages in retail (O'Leary, 2008). Yet about one-fifth of Russians can barely afford basic goods (O'Leary, 2008); the difference in lifestyle and opportunities between very rich and very poor is drastic.

For Russia, the status of an emerging market means that the country's economy has not yet reached the so-called "first world" status, but the growth in consumption has outpaced many developed countries. As such, Russia represents a lucrative potential for foreign brands, especially in the FMCG (fast moving consumer goods) category with high competition and fast sales. Above all, a successful entry into a market depends on marketing communication through which the company reaches its audiences and stakeholders and engages them in a meaningful conversation.

4.1.2 Introduction: Importance of advertising in winning the new markets

Marketing communication professionals know that advertising is one of the critical marketing communication tools in global competition. It makes the brand visible and distinct through carefully designed brand identity. Textbooks on international marketing advise that there are two main approaches to advertising in foreign countries: Standardization or adaptation. For obvious reasons of limitation and risks of misunderstanding, few companies choose a standardized message to disseminate unchanged to each market. The majority select the adaptation approach where the message is transformed to various degrees, conforming to the norms of the country where it is distributed. Advertising operates in languages, images, and sounds, and so in order to be understood, campaigns have to be based on social behavior and cultural symbols. Cultural comprehension becomes crucial when a company decides to advertise in a foreign country. Understanding the cultural makeup is the key for market success through intelligent adaptation to local contexts.

There are several schools of thought regarding the way advertising works; in particular, there is a Strong Theory and a Weak Theory. According to the Strong Theory, advertising's primary aim is to generate profits so there is a direct connection between advertising and sales. Advertising is seen as capable of changing attitudes, beliefs, and behavior, thus influencing audiences through persuasion. Weak Theory, on the other hand, postulates that advertising works by frequent exposure and reassurance, creating favorable impressions on consumers over time. According to this framework, consumers are active participants in communication who, together with the advertiser, co-create meanings attributed to the brand. These meanings are driven by internalized brand values combined with individual past experiences. This meaning is personal but it is shaped by broader sociocultural influences and contexts (Hackley, 2010). Advertising is seen as a complex cultural text. The way a text such as advertising is encoded by the sender and decoded by the receiver is guided by culture and involves individual negotiations and interpretations (Hall, 1973). Members of a culture must share a common key for interpreting their social surroundings in order to participate in working communication. The verbal, visual, and acoustic language of advertising has to be understood by its intended target in order to be persuasive. In the context of the weak theory, "understanding" means getting personal relevant meanings out of a text, which might more or less overlap with the intended meanings of the advertiser; however, sometimes, in more postmodern advertising, there is no intended meaning, but the process of subjectively making meanings becomes even more relevant in the Weak Theory.

Traditional marketing management philosophy subscribes to the Strong Theory. Cultural interpretative approach shares the perspective of the Weak Theory.

4.1.3 Introduction: Research tools for the appraising of international cultures

For a brand to succeed, marketing managers need to access, learn, and adequately respond to the local culture and conditions, incorporating appropriate elements of culture into marketing communication. Culture is a lens through which the world is perceived and is a blueprint for behavior; factors such as language, history, geography, and time influence it. So, there are immaterial dimensions of culture, but there is also a material aspect of culture. Materially manifested cultural symbols, such as shamrock in Ireland or an apple pie in the United States help to establish rules and patterns. Learning this enormously complicated material requires time that a marketing manager usually does not have. There are, however, shortcuts. To ensure advertising success, marketing textbooks, among other steps, recommend determining cultural motivations and drivers, as well as broader cultural values relevant to the product marketed internationally (i.e., Doole & Lowe, 2008). Traditional research tools suggested in the textbooks are the cultural dimensions developed by the Dutch sociologist Geert Hofstede.

The foundation for Hofstede's cultural dimensions construct (1980) was the study in work-related values across countries. Through surveys and questionnaires Hofstede identified four universal binary dimensions of culture: Individualism, power distance, uncertainty avoidance, and masculinity/femininity. He argued that the dimensions explain cross-cultural differentiations in people's behavior and beliefs. Although it was a revolutionary approach in his discipline, sociology and organizational behavior, its direct application to marketing and consumer behavior presents some problems. One problem is that Hofstede equates culture with a nation-state, which might be useful in cross-cultural research, but becomes problematic in studying a single country with its multiple subcultures. Another issue is Hofstede's primary research tool—a questionnaire with structured and pre-arranged questions—which prohibits any deviations from the research scenario and also averages individual responses. Hofstede has a different concept of culture, seeing it as the collective programming that distinguishes members of one group from those of another (Hofstede, 1980). It is an essentialist position where a specific phenomenon possesses a number of properties which each entity of this kind possesses, so such phenomenon has only one definition or meaning. However, culture itself is a complex living phenomenon that is constantly changing so it is difficult to access it through measurements. Cultural manifestations also depend on their context, so culturally driven interpretations will depend on contextual environment.

To appraise the successes and failures of marketing communication efforts, a different methodological approach is needed. A cultural approach combines a number of non-essentialist interpretive approaches to view culture as broader varied phenomena where multiple cultural groups overlap and produce complexity in interaction, action, and meaning (Arnould & Thompson, 2005). Unlike traditional essentialist and realist perspectives, cultural research design lacks the grand overarching theory, seeing culture as fragmented, fluid, and intermingling manifestations of ways of life (see chapter 15). Adopting the interpretive position allows for analysis of the phenomenon in question from a historical perspective and a consideration of contextual settings (see chapter 14). Cultural research studies analyze the phenomenon using in-depth interviews or open-end questionnaires attempting to comprehend contextually bound complexities. The cultural research agenda does not reject traditional approaches but complements them by opening up new ways for exploration (see chapter 16 for examples of cultural research approaches). Thus, if we are to analyze the successes and failures of the Dove advertising presence in Russia we have to consider not only traditional statistical performance data but also look at the factors that are likely to influence the perception of the Dove advertising campaign, such as history of,

an attitudes to, advertising in Russia, gender relations, consumer culture, and other elements, as well as to explore these factors in a qualitative research setting (see Table 4.1).

Table 4.1 Essentialist versus interpretive research on consumer culture

Assumptions	*Essentialist approach*	*Interpretivist approach*
Culture	A set of rules that govern consumer behavior	Dynamic and complex phenomenon that can be understood in context
Categories	Clear set of independent categories	Fragmentation and fluidity
Goal	To identify dimensions common across cultures to predict consumer behavior	To analyze various manifestations in the socio-historical context in order to understand consumer behavior
Research tools	Statistical surveys, Likert scale questionnaires	In-depth interviews, observations, textual analysis
Knowledge generated	Time-free Context-independent	Time-bound Context-dependent
View of causality	Causal-effect logic	Multiple, simultaneous shaping events

Source: Adapted from Solomon, Bamossy, Askegaard, and Hogg (2007), *Consumer Behaviour: A European Perspective*, p. 26.

This chapter illustrates the advantages of the cultural approach in the case of an advertising campaign for a global FMCG company, Dove. It demonstrates the importance of analyzing the complex cultural reality in emerging market countries, such as Russia, when attempting to communicate with the local target market. It also suggests that if Dove had employed a cultural approach it might have created a more favorable reception for its Campaign for Real Beauty in Russia.

4.2 Advertising case: Dove in Russia

The personal care brand Dove, owned by Unilever, is the third-largest brand in their portfolio after Lipton and Knorr. Reportedly, Dove's core product, moisturizing soap with added cream, was developed in the US during the Second World War to help burn patients with their affected skin. After the war, it found its application in cosmetics and the core advertising image for Dove, at the time, depicted cream being poured into the beauty bar. In 2004, Dove launched a new advertising campaign nicknamed the "Campaign for Real Beauty" aimed at women 18–64. Reportedly, it was created in response to research commissioned by Unilever from Harvard Business School and the London School of Economics about women's attitudes toward body image which found that only 2 percent of women consider themselves beautiful; the attitude was thought to be influenced by mass media images of standardized beauty ideals. In collaboration with Ogilvy & Mather, in this campaign, traditional airbrushed thin models were replaced with "real women" presented without airbrushing (Maksimova, 2006). Spreading globally, the campaign caused a significant public reaction and has been extensively analyzed both in popular media and in academic studies (i.e., Fournier & Lee, 2009).

In Russia, the campaign began in May 2006. Similar to its launch in Arab countries, it attempted to reduce clashes with religious and cultural traditions and beliefs by altering its images. In Russia's case, in order to reduce cultural shock, at implementation, it had to significantly curtail its core message: Breaking female stereotypes. Unlike Europe and

the US, the older population in Russia did not appeal to Dove as a lucrative target market (Maksimova, 2006). Thus, Irene Sinclair, at 96, the oldest model in the global campaign, was replaced by Larisa Sysoeva, 57, the oldest model in the Russian campaign. Originally, images of a woman with mastectomy scars and a woman with an abnormally large nose as beauty ideals were omitted as too shocking to Russian women. Only images of a redhead with freckles, and a slightly plump but conventionally attractive woman—images deviating slightly from traditional glossy beauty standards—found their way into Russia. Mass media advertisements were supported by the Russian version of Dove's internet site, print articles from specialists, an exhibition by famous female photographers titled "Beauty through women's eyes" and round tables with experts and regular consumers on the essence of beauty (Maksimova, 2006).

In Europe, the positive reaction to the "Campaign for Real Beauty" was matched by profits: Dove's sales grew by 20 percent (Euromonitor cited in Maksimova, 2006). In Russia, sales numbers and market share, traditional marketing indicators of advertising success, remained low. Dove's market share in 2006 was less than 1 percent (Provotorova, 2006). According to one Russian marketer, in 2007, Dove's profits fell despite extensive marketing efforts (Tamberg, 2010).

4.2.1 Public reaction to the campaign: Findings

At the time ofwriting this chapter, the central event was already a historical entity. In order to access the reactions of the audiences which occurred after the launch of Dove's advertising campaign, I used the internet, as historically-bound reactions have been captured in this medium.

The data below is taken from several Russian internet forums and articles describing the public perception and reception of the Dove marketing effort. Generally, there was a positive welcome to Dove's creative concept to introduce "normal-looking" female images into advertising. As reported by the Russian journal *Advertising Industry* (Beauty, the Russian Style, 2007), female Russian consumers were mostly sympathetic to the images of "regular" females as necessary for self-esteem, allowing women not to feel embarrassed about cellulite or a modest stomach bulge. If women were happy to see typical females as advertising models, men wanted to admire idealized women akin to those in the regular glossy magazines (sostav.ru, 2006). A (male?) discussant (Tamberg, 2010) mistook freckles for pimples and was repulsed by the model; he also thought that the plump model had a "horrible" figure. A (female) user pointed out the mistake about the freckles and asserted her admiration for the campaign. But reactions were not so simplistic and clear-cut along the gender divide. A female web forum participant somewhat negatively reacted to the Dove campaign saying than she did not want to look at average, common people in the adverts; instead, she needs to aspire to an ideal that adverts represent (Responses, 2006). For her, the phrase, "I am beautiful even with a pot belly, my husband loves me anyway," is the death of all principles; she believed that a woman should never stop trying otherwise she will stop being a woman. Another female discussant admitted to liking the campaign but not having intentions to try the brand (Responses, 2006).

On a forum specializing in marketing, participants discussed and analyzed the Dove campaign from a professional position (Tamberg, 2010). One of them pointed out that the purpose of anti-aging products is to postpone old age, so choosing old models for these products is silly because there is no ad motivation in such strategy. He added that advertising should create ideals and concluded that the Dove campaign was not a success.

Continuing the same sentiment, a Russian creative director from Leo Burnett, Moscow, did not consider Dove's "Campaign for Real Beauty" creative concept as globally applicable (Danilina, 2006). He unfavorably compared it with the creative concept for Axe deodorants which has a universal appeal: "If you smell good, women will like you."

The Russian office of Unilever attempted to place a Dove advertising billboard showing a slightly plump model on a building in St. Petersburg, Russia and the owner of the building strongly rejected it, saying that the image was "anti-aesthetic" (Provotorova, 2006).

Thus, both females and males questioned the effectiveness and appropriateness of the Dove Campaign for Real Beauty images, sometimes unable to see them as advertising normative inspiration for audiences.

4.3 Secondary research considerations

The images of real beauty for Russian women were embodied by representations of a freckled woman, a moderately corpulent young woman and an older woman, which slightly deviated from standardized glossy beauty images. Dove appealed to women's values of naturalness, equating beauty with charisma. Because of the marketing buzz and mass media discussions, the unintended male market was also exposed to the campaign. The Russian response to the message and the images was strong and unexpected. In order to understand and appreciate the reaction to the campaign we need to outline factors that influenced the Russian cultural perception, such as attitudes to advertising, the nature of consumer and consumption, perception of beauty, and gender relations. Since the female target selected by Dove comprised both the older generation—whose views were formed by Soviet conditions—and younger women, some of whom were born after 1991, two different perspectives, Soviet and post-Soviet, have to be taken into account.

4.3.1 Attitudes toward advertising

As in many other industrialized nations, professional advertising has existed in Russia since at least the 18th century. Although its steady development was interrupted by the 1917 Communist Revolution, the new regime promptly adopted advertising as one more tool in the building of a new society. But even though advertising, in some form, was present throughout the whole of Soviet history, its role was mainly as an ideological and political tool rather than a business one. For instance, after the Second World War, when the economy had to be rebuilt, advertising was used to placate the public by propagating the myth of already existing consumer abundance as an argument in the ideological war with the West. Mainly, advertising techniques were employed to bring forth the messages of furthering the construction of Communist society and used as propaganda weapons during the Cold War. To assist the trade, advertising was utilized when a particular product needed to be sold quickly, such as sewing machines or double-breasted suits, which had been overproduced due to incorrect centralized planning. The population regarded Soviet advertising with suspicion and cynicism, realizing its deceptive goals (Humphrey, 1995). Perhaps due to the absence of Western goods on the Soviet consumer market, Western advertisements were absent as well as maligned by the party as tools of capitalist ideology.

After Gorbachev's *perestroika*, advertising exploded. Foreign companies rushed to win the new market and at first it created havoc. In the 1990s, when marketing techniques such as targeting and positioning were absent, the new advertising created a lot of confusion in the population. Often it promoted specialized niche products to mass consumers. On a typical

day in the early 1990s, state television was "dizzyingly" showing a commercial for German dialysis machines followed by adverts for banks, cat food, and even weapons (Kelly, 1998). Mostly Western-made early post-Soviet advertisements were not adapted to the Russian realities and consumers could not help but draw parallels of new advertising with Soviet propaganda. Historically, the unfavorable attitudes were already predetermined; in Russian, the word "advertising" has a negative connotation: To advertise means "to praise without shame" (Tolstikova, 1994).

Nevertheless, marketing communication continued to expand in Russia. The increased volume of advertisements in mass media and outdoors was initially met with animosity. Russians were often annoyed and distracted by advertising, especially when it interrupted TV programming. However, their attitudes toward advertising have been complex and are perpetually evolving. A study by Savel'eva (2007) found that Russians started to feel mostly neutral or positive towards advertising, with the majority of respondents wanting advertising to stay. This means that they have accepted advertising as a part of their culture. Russians have absorbed advertising-speak into daily language; they discuss striking and poor advertising examples, critically analyzing them and exchanging anecdotes like that taken as an epigraph to this chapter. Not surprisingly, the same study discovered that younger Russians are the most adapted to the new social conditions and therefore have more positive attitudes towards advertising. The reasons for this are complex and probably include factors such as a growing availability of goods advertised, adverts more precisely targeting audiences, the audiences learning to "read" ads, and changing generational influence in public media infrastructure.

Along with Western advertising, post-Soviet marketing communication is gaining ground. Contemporary Russian advertising illustrates a chaos in value systems: Soviet values have been discredited and post-Soviet ones are still in a formative stage, while Western values are intensely debated in the Russian discourse (Sal'nikova, 2001). In the mid-1990s, when Russian-made advertisements first appeared on the scene, culturally they were hybrids that combined the symbols of the romanticized West and the emblems of imperial Russia (Boym, 1994). According to social surveys, after the disintegration of the Soviet Union, Russians primarily favored spiritual values, while power and success represented negative values (Salmi & Sharafutdinova, 2008). In the mid-1990s, there was an apparent shift in favor of material values. In 2002, the top preferential value was to be well-off (Salmi & Sharafutdinova, 2008). Thus, in Russia, advertising is deemed to be aspirational so that consumers can attempt to emulate a certain image and lifestyle. Understanding this sociocultural factor is relevant to advertising and its creative message. If your approach to culture is founded on essentialist premises (see table 4.1), you could easily misinterpret or avoid the factors described above; the result could lead to problems with advertising communication as happened with Dove: An essentialist cultural conception does not work due to cultural complexity and fluidity.

4.3.2 Attitudes toward consumption in Russia

The economy of the Soviet Union was driven by production, not consumption, though consumption per se in the Soviet Union was not evil—the consumption of spiritual and culture-enhancing artifacts (books, museums, and such) was greatly encouraged. Consumerism equated with the irrational acquisition of "things" was, however, considered to be immoral (Pilkington, 1996). In Soviet times, shopping was a chore rather than a pleasure. The goal of shopping was to obtain as much as possible of what limited goods were available. Brand

products were virtually unknown. Shopping was mostly done by women and often included visits to several stores to procure basic items. The consumer had to be prepared to spend considerable time, to meet a number of challenges, and in the end might not even be able to find the goods in question. Retailing methods were cumbersome and inefficient; a customer had to stand in several lines to examine, pay for, and finally receive the merchandise (Tolstikova, 2001).

After the collapse of the Soviet Union, Russians had to learn about conspicuous consumption and became expert shoppers fast. In the 21st century, Russians are sophisticated shoppers familiar with most global brands. A trip to the store became a pleasure rather than a chore (although it may still be painful due to the high prices). Russian men rarely do everyday shopping, but wealthier men now enjoy buying luxury products themselves. Yet the old Soviet habits remained. Soviet consumers bought consumer goods—non-perishable food or shoes—in multiple quantities, "just in case." Less wealthy Russians still hoard goods like in the times of the distributive economy (Shevchenko, 2002). This strategy has proved to be useful in the unsettling continuous financial crisis that Russians endure.

Thus, the situation has evolved and, although attitudes toward the West are still complex, consumption is now perceived as a new everyday norm. Moreover, there is even a tendency to overconsume. This trend can be explained by the uncertainty and instability of the country, but also by Russian generosity as one of their basic character traits, ready to give gifts on any occasion (Salmi & Sharafutdinova, 2008). New consumption realities meet at the intersection of "old" expectations, "new" contextual environment, and traditional gender roles.

4.3.3 Attitudes toward gender

Pre-revolutionary Russia was patriarchal; the public sphere belonged to males, while the private was the female realm. Soviets wanted to construct a different set of gender relations where both genders served the state and, additionally, women served men. Women were expected to perform the roles of worker, mother, and housekeeper while men were expected to be workers and soldiers. Despite Soviet attempts, the society remained patriarchal in reinforcing traditional gender roles and male supremacy. The woman was always a suspect for flirty behavior, with a propensity for displaying petty interests and personal values, which clashed with Communist foundations.

Although in post-Soviet times, women gained more economic power and often occupied the role of breadwinner, the cultural idea that the man should be in control is still prevalent (Ashwin, 2000). Hence, the new (old) cultural "norm" is that women are expected to look their best to please a man and men are expected to pay for everything, even if a woman earns more. Russian females make intensive and extensive efforts to look glamorous. Reportedly, in 2006, about 80 percent of Russian women used decorative cosmetics (compared to 68 percent in other countries), and a manicure was the norm for 70 percent (compared to the world average of 46 percent) (Provotorova, 2006). Complex and driven by contradictions, the Russian gender sensibilities must be considered especially when designing a marketing communication campaign involving gender considerations.

4.3.4 Attitudes toward beauty

Traditionally, beauty in Russia has been associated with physical attractiveness, so it is firmly based in gender. Russian attitudes toward beauty are closely connected with historical and economic changes. Immediately after the revolution, the state proclaimed equality

Figure 4.1 The December 1939 cover of the Soviet women's magazine *Rabotnitsa* [Working woman]

between the sexes. Attempts in gender differentiation, such as the use of cosmetics in fashion were frowned upon. The Soviet woman, the "tough equal of the man" (figure 4.1) was even expected to look like him, with a short haircut and practical clothes. In the spirit of the party ideology, the notion of beauty was equated with naturalness, physical sport, and health, not with cosmetic embellishment (Tolstikova, 2001).

From the 1950s on, the party position on beauty held that beauty is in the eye of the beholder but conventionally, women were encouraged to look attractive and to use cosmetics. Soviet women's magazines promoted beauty parlors, cosmetics, and even cosmetic surgery, thus suggesting that attractiveness requires some additional efforts (Tolstikova, 2001). Russian beauty standards were not restrictive to any particular body type, hair color, or specific features, but general pleasantness (outside) and "solid character" (inside). Still, the images in those magazines were of low quality and lacked glossy retouched glamour. With the appearance of Western glossy women's magazines, the population joined the rest of the world and became exposed to thin models with unnaturally long legs and flawless faces.

4.3.5 Glossy women's magazines

In the 1990s, the new Western product that proved to have a great influence on women's lives—and, more importantly, brought with it new norms and values—was the glossy magazine. Unlike traditional Soviet-style women's magazines which were printed on yellowing paper with bland illustrations and homely content, the new publications were awash with

a different ideology and high-definition photos of stylish models. It signaled the departure from mostly verbal culture to visual. Through reading, but mostly through looking, Russian women joined other females around the world, buying into the allure of the material world assembled through advertisements and editorials (Stephenson, 2007).

The product transposed directly from the West functions as a "disseminator of fantasy and aspirational 'ideals' for women" (Ballaster, Ballaster, & Beetham, 1991, p. 173). As a "fantasy machine," women's magazines put an ideological lens on the female perception of reality and created a need to emulate the ideals presented on their pages.

Arguably, for some females, glossy women's magazines have been the largest factor influencing their cultural norms. The old Soviet norm of a patriotic mother and a hard worker was becoming replaced with a glamorous domestic goddess and a fashion plate. Not all women could afford pricey glossies, but they were still exposed to them in public places and at girlfriends' houses. Dozens of titles catered to different types of females, constructing ideal lifestyles and plowing the ground for marketers.

4.3.6 Globalization

The foreign brands widely available in Russia are not the only results of globalization. Brands like Gucci and Bentley arrived accompanied by specific values and ideologies. From the essentialist point of view, the process of globalization is often equated with cultural imperialism and the dominance of Western cultural values. The cultural perspective suggests looking into the contextual base and specific configurations of the global and local. In early post-Soviet Russia, there was a feeling that Western consumption norms were somehow "contaminating" the culture (Humphrey, 1995). The first apparent sign was "foreignisation" of the Russian language with 10,000 English words "invading" the speech (Ustinova, 2006). It became especially noticeable in advertising language with slogans often translated verbatim and seldom making much sense to a Russian. However, a cultural researcher sees culture as dynamic and always evolving and a complex result of a varied set of influences, rather than assuming a pure, clean, natural, local culture with something bad or foreign attacking its "authentic" values. Russian advertising language utilized English or even English-sounding words to signal prestige, novelty, and high quality (Ustinova, 2006). The attitude to the foreign influence on the Russian language is complex and contradictory. Some call it vulgarization. Others hail it as an enrichment, and others consider it a natural process (Ustinova, 2006). Understandably, some Russians equate the process of language change with the change in norms, but the norms are perpetually evolving, and cultures mutually influence each other.

Dove's products produced and promoted by Western companies bear the mark of "foreignness" which might be appealing to some Russians and perceived negatively by others. The marketing managers should be aware of such complex attitudes toward the West and design the promotional message with that in mind.

4.4 Primary research considerations

From the cultural perspective, Dove's main research instrument—the questionnaire—should be enhanced with interpretive research such as in-depth interviews; this will allow for more complex results and rich data. Primary research for Dove's campaign is beyond the scope of this chapter for the reason that several years have passed since its launch, and historical context has changed, so the results obtained through primary research at this point in time

would have been biased. However, considering research methods is crucial for a marketing manager. Preparing the Russian "Campaign for Real Beauty," in addition to collecting and analyzing secondary sources, Dove would have benefited from qualitative primary research. It would have helped to "unpack" statistical data and understand the meaning of the numbers. In a setting of in-depth interviews or a focus group, researchers are able to access the participant's own perspective. Also, qualitative research methods used by cultural approach allow researchers to ask additional questions to clarify the meanings of the responses. Therefore, Russian women would have shared their own meaning of beauty, the importance of consumption in their lives, or their feelings about globalization.

4.5 Discussion and managerial implications

In the reality of global marketing, there is always a temptation to replicate successful branding effort onto another culture, unchanged. Dove's Campaign for Real Beauty had been exemplified as an almost perfect communication message in Western markets. However, in order to make an impact in other culturally different markets, marketing managers must fight this temptation and approach the process from the fundamentals, trying to appraise and comprehend the local history, beliefs, expectations, and norms. The brand might be well-established elsewhere, but it is important to communicate the message so that it will be understood and interpreted appropriately by local audiences.

The cultural approach illustrated in the Dove advertising case above is a creative research tool to investigate marketing problems. Cultural approach philosophy provides a good managerial support system but also helps to better understand the phenomenon of the Dove ad campaign and the responses to it. The factors selected for secondary research sources were chosen due to cultural considerations: Beliefs are crucial cultural components, and glossy magazines and globalization are recent phenomena that greatly influence Russian everyday life. However, these factors are not exclusive and may be expanded to reflect a different cultural research design.

Dove based its marketing strategy on the survey that found only 2 percent of women consider themselves beautiful. However, the reasons for this number are probably different in different countries. Statistical numbers of the Dove survey in Russia and other countries might look similar but, as the secondary research of factors suggest, the meaning of beauty and relationship between genders is more conservative than in other countries. Russia has undergone dramatic external changes that affect its cultural makeup. Only a decade ago, consumers needed to adapt from the shortage economy to the abundance economy. With the availability of unlimited global brands, the ideology of shopping had to undergo a speedy change. This process involved developing different attitudes towards consumption driven more by economic factors then by ideology. However, gender and understanding of beauty, and more deep-seated cultural components, remained more or less unchanged. If in the West glossy beauty standards put a strain on ordinary women, Russian women consider them aspirational (Provotorova, 2006). In Russia, every woman wants to be Claudia Schiffer. The country is still in the process of building the new ideals and is not ready to break the conventional beauty stereotypes, partially because Western mass media beauty ideals are still being exalted.

Armed with the secondary study results, a cultural researcher will be able to develop discerning questions for primary research. In-depth interviews with Russian women would have helped to understand the meaning they associate with the core marketing communication message of the Dove Campaign for Real Beauty. Cultural research philosophy enriches

not only academic but managerial advertising research. With the cultural perspective you can access and analyze dynamics and the complexity of various cultural phenomena that can only be understood in context, both contemporary and historical, in issues like beauty, the portrayal of women in mass media, or looking flawless with the help of airbrushing.

Review and discussion questions

1. Identify the types of research that Dove performed in order to create the Campaign for Real Beauty in Russia.
2. What are some ways of retaining the core message of the campaign and reaching the Russian target market?
3. What are the implications for Dove for the entry into the Russian market of *not* launching the campaign in Russia?
4. What do you think Dove should have done differently in order to create a favorable reception of the core marketing communication message?
5. You are a marketing manager for Mountain Dew and you are in charge of entering the Russian soft drink market in 2011. How will you approach this task using cultural research methods?

Keywords

Cultural approach, research methods, Russian market, beauty, gender.

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5 Market development in the African context

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Overview

Africa has moved from the periphery of interest to global business to the center as Euro-American concerns re-evaluate its potential and emerging market actors in China and India continue to expand their presence. African "market development" contains a two-part dynamic. The first involves transforming markets into effective avenues for the economic empowerment of African businesses and consumers to purchase both foreign and domestic products. The second revolves around export market development intended to generate revenues for African exporters and to support an economically robust consumer base on the continent. Africa has a long history of participation in global markets as well as some unique commercial forms and structures. Africa contends with a legacy of colonial extraction-based economic policies, and a post-colonial legacy of ineffective commercial policies. Commercial infrastructure is underdeveloped generally, but this provides many new opportunities for market development as our cases suggest. Entrepreneurship is alive and well on the African continent. Many African consumers are quite poor, but this does not mean that they are unattractive markets given the right mix of products, prices, and distribution strategies. Opportunities exist to participate in a renaissance of African marketing systems in both the so-called informal sector, as well as the formal sector of the economy for multinational firms, local firms, and NGOs.

5.1 Cultural positioning

Pundits and scholars alike have taken a recent interest in Africa, proclaiming the continent as a potential global commercial center: A diamond-in-the-rough that could be polished for the simultaneous benefits of financial profits and poverty alleviation. This is a dramatic shift from the 1980s and 1990s, when strategists actively advocated neglect of the world's second-largest continent because they perceived African markets as offering little or no value to firms' bottom line. At that time, Africa's market value was perceived to lie only in the meager potential of its wealthy minority. Global firms developed this wealthy segment at the expense of other local markets. The resulting niche market's appeal was considered comparable to other segments in the world in tastes and financial resources and thus required no extra marketing design for success. This perspective was grounded in an economic analysis that understated the marketing implications for the neglected 900 million-plus population. Such analysis also failed to consider the latent implications of the often-tenuous engagement among markets, marketing, and society.

In the face of contemporary globalization, the status quo that gave Euro-America priority in African trade is being challenged by China, India, and other countries, forcing all

parties to consider new ways of approaching African markets and marketing. Progress toward transforming Africa into a commercial center requires a more holistic approach that recognizes African markets as sites for socioeconomic development. An emerging consensus toward such an approach revolves around Hart's model that perceives tripartite benefits by way of firm profitability, environmental sustainability, and poverty alleviation. Evidence from the field, however, suggests that business emphasis in African markets remains on financial profits without much reference to local culture, poverty alleviation, and environmental sustainability. Developing such an approach suggests the need for an enterprise-driven market structure in contemporary Africa; one that also recognizes the ideological implications of related strategic actions.

Toward this end, this chapter proposes an approach to African market development premised on the view that globalization—that which affords enhanced free mobility of resources around the world—portends an increasing role for Africa and its markets in the future world economy. To be an effective agent of change for the benefit of Africa, however, the market should close the income gap that perpetuates poverty by realizing the latent value of local economic and cultural resources (Stiglitz, 2002). That is, the much-emphasized focus on demand (Africans as *consumers* of global products, e.g., Prahalad, 2004) should be supplemented by the supply side (Africans as *producers* for global markets).

From this perspective, African "market development" may be seen as a two-part dynamic. The first element involves transforming markets into effective avenues for the economic empowerment of African businesses and consumers to purchase both foreign and domestic products. The second revolves around export market development intended to generate revenues for African exporters and to support an economically robust consumer base on the continent. Thus, our view of market development in Africa highlights the need to understand how local resources, such as market structures, sociocultural bonds outside the market, and latent domestic knowledge, combine with global tools to provide opportunities for crafting African-relevant strategies for long-term socioeconomic sustainability.

In this chapter, we stress the need for understanding local conditions within historical and contemporary developments of African business. Africa is by no means a homogeneous continent. It is a diverse set of peoples and cultures that do not respond similarly to market stimuli. Indeed, this is one major reason why a cultural approach to African markets and marketing is necessary. We recognize that our attempt to paint a general picture of African market development is oversimplified, but we offer a common set of market features that can be adapted for use in any specific African community.

5.2 African markets: Then and now

Evidence of African business enterprises predates the arrival of the first Europeans (Takyi-Asiedu, 1993), and commerce extends deeply into the historical record (e.g., Lovejoy, 1986/2002). Most African economies today contain market systems that correspond to different historical epochs in their development, often organized around discrepant economic principles. For example, contemporary markets seem to have supplemented old forms of market relationships that relied on neighborly, kin, and ethnically-rooted trust with the contract-based form introduced by European colonizers (i.e., Portuguese, Dutch, English, and French) who long ago established themselves along the West African Coast to trade in gold, ivory, pepper and, later, slaves (Osae, Nwabra, & Odunsi, 1973).

Colonial-era African markets were specialized and of limited access to ordinary Africans; later, under cosmopolitan influence, they opened up to the exchange of all manner of goods

and services (Meillassoux, 1971). On the abolition of slave trade in the 1850s, local markets reverted to trading in foods and other essentials, expanding to embrace the exports of raw materials and the trading of increasingly diverse imports. To support the export market for local raw materials (e.g., cocoa, coffee, diamonds, bauxite, gold), most of Africa's colonial-era railroads were built to transport raw materials from the interior to the coasts, where they were exported to Europe and other areas. The architecture and direction of growth of the Kumasi Central Market in Ghana, for example, and the network of transportation infrastructure in the country are testaments to these colonial developments.

The colonial strategy was designed to maximize benefits to the colonizer, with little concern about the wellbeing of the locals. The structural dynamics of colonial control and its systematic stripping away of legitimate access to markets for locals, especially export markets, ensured that colonial expatriates were the primary owners of most market and marketing resources (Rodney, 1981). It is no accident then that colonial-era companies, such as Unilever and Barclays Bank, are still key business players on the continent. Post-independence Africa is colored by its colonial legacy.

Government policies for market development in much of Africa have also been modeled on the colonial system that favored the establishment of centralized marketing boards that controlled the movements of goods and services. Although most of these state monopolies have disappeared in the wake of World Bank structural adjustment reforms in the 1980s and 1990s, some trading relationships remain. For example, in Ghana, the Cocoa Marketing Board (CMB) was rebranded COCOBOD and allowed to compete for farmers' harvest along with a few private firms. By reason of its pioneering and other structural advantages, COCOBOD remains the dominant force in the trading of cocoa in the country (Amoah, 1995). Similarly, the Tanzania Telecommunications Company, a privatized offspring of the state-owned version, inherited the political power of its predecessor and uses this leverage to control the market (Maddy, 2000).

The colonial market development strategy brought about significant local mistrust of foreigners, especially in its effort to dispossess locals of wealth and opportunities. The mistrust seemed mutual as colonial powers encouraged an increasing role for Indian commercial actors in East Africa and Lebanese traders on the West Coast at the expense of locals. Good commercial relationships with Indian and Middle Eastern merchants facilitated African colonizers' access to a network of commercial interests that extended beyond Africa and Europe (Rodney, 1981).

In sharp contrast to the colonial practice of defining market relationships by written contracts, traditional African markets relied more on cultural networks (e.g., kinship, friendships) for performance. Market systems such as the extended household commercial enterprise (Yusuf, 1975) still exist along with various others that encourage long-term commercial partnering between actors. Rules in this market are akin to the structure and organization of the prevailing sociocultural order that makes non-commercial relationships a significant undercurrent for market dynamics. These domestic market relationships were reproduced in cross-cultural marketing when merchants from North Africa presented their wares (e.g., salt, dates) in sub-Saharan markets and returned home with other items (e.g., cereal crops). Many branches of indigenous marketing were managed by geographically dispersed ethnic trading diaspora (Lovejoy, 1986/2002).

More recent market development in Africa has been influenced by increased globalization and the presence of Chinese businesses that, unlike earlier foreign investors, actively encourage local input into marketing practices. Wary of the status quo that privileged Euro-American ideals, Africans have responded favorably to Chinese views of the market

that offer flexibilities for local engagement and mutual benefits, without political interference. Although China's involvement, especially its continued engagement with Sudan and Zimbabwe, has caused some concern in Euro-America, African traders have welcomed China's approach, perceiving it as a cheaper alternative and as a possible opposite to the colonial engagement. Chinese personnel often attempt to learn the local African languages and cultures, and study the local market to develop products specifically for them (see Brautigam, 2009).

The historical and contemporary influences on African markets have resulted in hybrid market systems that try to preserve the cultural components while adopting the benefits of markets afforded by global capitalism. Still, there is a high level of trust among actors in traditional markets: Formal contracts are rare and informal credit (social and pecuniary) is still abundant. This trust is not easily extended to foreign merchants who operate on a system of contracts. The dual system (traditional versus contemporary) and its related hybrid can pose barriers to market development, but it also provides a rich resource (e.g., market intelligence, local skills and knowledge) for improving market efficiency and offering socio-economic benefits to the parties involved.

In what may be regarded from a Western perspective as unsuitable or unstable economic environmental conditions, African entrepreneurs survive by drawing on available local resources. The driver behind most business start-ups is "enforced entrepreneurship," rather than the "pull of market opportunities" (Rogerson, 2001, p. 117). The challenge for many African enterprises is "to turn the miracle of survival into the miracle of growth" (Steel, 1994, p. 4). A major hurdle for firms, especially foreign firms, is overcoming the preconceived notion that the continent lacks the necessary infra- and supra-structures for effective marketing. This line of reasoning implies that Africa should follow the same path to marketing as the West, suggesting superiority undertones that are reminiscent of the imperialist argument that places the foreign business in a position of power over the African (Bonsu, 2009). Overcoming this notion requires a keen eye for the African market and a willingness to abandon conventional indicators in assessing market opportunities (Arnould, 2001; Arnould & Mohr, 2005). Then, the marketer can seek local knowledge and other resources that can serve as a foundation for marketing success. It is this foundation that should direct market development in contemporary Africa.

5.3 Market development in Africa

Developing African markets begins with understanding the role of local small and medium sized businesses in the market. The significance of entrepreneurship, indigenous private enterprise, and micro- and small-scale enterprises (MSEs) to both economic and social development in Africa is well established. Less than 3 per cent of all African businesses have ten or more employees (Spring & McDade, 1998), and those with one to three employees constitute the majority (Daniels, Mead, & Musinga, 1995). The presence of small enterprise economies contributes to areas of employment creation and to poverty alleviation (Rogerson, 2001); thus, continued market development in Africa must involve African entrepreneurs as important agents of change and growth. However, these businesses together will not support market development if the barriers to entry are not addressed.

Local manufacturers and exporters in many sub-Saharan countries face other issues, including limited foreign market knowledge, product quality and production capacity problems, and government and exogenous economic export problems. The small size of economic units, the dependence on market exchanges for most resource allocation, and the fragmented nature

of transactions all impede market development in Africa (Fafchamps, 1997). Perhaps the most important impediment is the failure to recognize the cultural underpinnings of African markets as a valuable resource. African markets are often perceived as "informal" and thus inefficient. However, the realities that African market actors and institutions face are similar to those faced by their Western counterparts, including supply, demand, and the allocation of resources to address market needs, even if the mechanisms employed in the African context are less formal (Fafchamps, 1997). African market development efforts are more likely to succeed if they capitalize on the strengths of existing market forms and structures, rather than attempting to transform local markets to fit Western forms and function.

Informal business networks encourage collaboration and collective action, a necessary strategy in Africa where market fragmentation is the norm, and individual initiative does not ensure efficiency (Fafchamps, 1997). Through collective action, micro-business entrepreneurs are able to meet both social and economic needs (DeBerry-Spence, 2010). Working with people linked by sociocultural background provides entrepreneurs with access to resources and complementary investments (Helmsing, 2003). For example, the benefits from a peasant farmer's limited investment in an innovative production facility toward meeting market requirements may be stifled without complementary investments from others in support services areas, such as packaging and transportation. The degree of specialization of investment in African markets—due to limited resources—suggests the need for cooperative efforts among specialized players in the entire value chain (Arnould & Mohr, 2005). Marketing under this condition calls for unique adaptive strategies on both domestic and export market fronts.

5.4 Adaptive strategies for domestic market development

Africa's domestic market base has over 900 million potential customers. As markets in Europe, Japan, and North America become saturated, businesses are turning their attention to poorer regions such as Africa with an eye toward building them up as possible new markets (Prahalad, 2004). Approximately 3 per cent of the African population (about 24 million people) is wealthy enough to afford all the luxuries a consumer culture offers (Burgess, Harris, & Mattes, 2002), and multinational consumer product companies have often targeted this group. However, because the vast majority of people in Africa are poor, strategies for developing the African market must necessarily focus on the poor. We anchor our discussion of how this might be done in the experiences of MTN, a telecommunications company with operations in 16 African countries.

5.4.1 Case 1: MTN

Mobile phones have single-handedly redefined the ways consumers and businesses around the world communicate with each other. According to AfricaFocus (2004), Africa has the highest annual growth rate in mobile subscribers: An estimated one in three Africans has access to a mobile phone. This is in sharp contrast with the landline telephone, which remained rare in Africa at the end of the 20th century (de Bruijn, Nyamnjoh, & Brinkman, 2009). At the heart of Africa's mobile exchanges are companies such as the MTN Group, a South African–based telecommunications company started in 1994 with 2009 reported revenues of R111.9 billion, or US$16.159 billion (MTN Group, 2009). With licenses across 16 African countries and a subscriber base exceeding 115 million, MTN is the leading telecommunications company in Africa.

Driving market growth in Africa

Several factors have contributed to the MTN's rapid market presence. Some pertain to market dynamics, such as drops in the cost of cellular technology, the affordability of mobile phone usage, and the development of mobile phone cottage industries, which has led to growth in jobs and incomes. Other factors are more directly linked with MTN company initiatives, one of which is the strategic acquisitions of both existing cellular businesses and local/domestic fixed-line operators. The latter was particularly effective because it afforded quick expansion in tightly regulated markets.

MTN also redefined the market. MTN accomplished this in Uganda by emphasizing that: 1) subscriber lines were technology insensitive, and the technology choice was a market competition strategy, 2) all peoples, including the affluent and the poor, had the right to access cellular service, and 3) cellular service was a business tool similar to the existing fixed lines (Mureithi, 2003). This strategy enabled MTN to alter market dynamics and to begin a paradigm shift in the mindset of both consumers and governments regarding the rights of all people to have access to cellular communications and its potential technology uses.

To extend voice services to underserved markets (e.g., the poor), MTN used existing distribution outlets where many Africans get their everyday products. As with foods, toiletries, and clothing, consumers purchase MTN products from vendors selling in large open markets, along roadsides, in traffic, in kiosks, at neighbors' houses, and so on (table 5.1). Becoming an MTN retailer requires a mere purchase of MTN products (i.e., pre-paid phone cards) from a wholesaler, while becoming an MTN wholesaler and/or selling "transfer credits" (i.e., mobile to mobile pre-paid units) is only slightly more complex. If the entrepreneur sets up a kiosk/shop, MTN usually provides promotional support with posters, decal stickers, umbrellas, and vendor jackets. The cost of the MTN start-up is so low and relatively easy that many retailers add the firm's products to their lines, a diversification strategy of sorts for many African micro-business operators. This distribution strategy's low barriers to entry are well suited to Africa's micro-business entrepreneurial landscape.

Challenges to continued growth

MTN reports that significant growth opportunities remain in African markets, with mobile penetration below 50 per cent in the 16 markets in which it operates. However, there are several challenges to the firm's future growth. First, the success of African telecommunications markets has attracted significant foreign investment that has driven both industry growth and consolidation (Mureithi, 2003). Market consolidation has also led to more intense competition from fewer but large players, making the brand and brand loyalty critical. Consolidation can be problematic since rapid growth in its mobile cellular consumer base has resulted in network congestion and recurrence of poor customer service. The MTN brand continues to hold cachet, but many consumers have become less patient and are no longer willing to rely solely on one carrier for their cellular services. With the cost of SIM cards often less than US$1 in most markets, brand switching is inexpensive, and consumers often own more

Table 5.1 MTN distribution outlets

A: Streetside: Tabletop	C: In traffic: Vendor
B: Neighbors: Mobile to mobile	D: Roadside: Kiosk

than one SIM card brand to avoid service interruptions or to take advantage of promotions. Here, they can choose to use MTN or one of its competitors, such as Vodafone, Glo, or Tigo, depending on which firm has the best promotional pricing on a particular day or week.

Second, in addition to an increasingly competitive marketplace, MTN and other telecommunications companies must deal with challenges posed by continued environmental hostilities (e.g., unreliable power, lack of infrastructure, security threats) common to many Africans. For example, frequent power outages pose significant problems for MTN wholesale distributors who rely on money counters to execute sales transactions. Money counters are essential for MTN wholesalers operating in Africa, which are primarily cash based, because the low-value currency makes counting large volumes of money necessary on a daily basis. In addition, money counters own a counterfeit currency detection feature, which is critical to the MTN wholesaler's profitability because of the low profit margins associated with phone cards/credit transfers. The impact of environmental hostilities on a business such as MTN helps emphasize that technology is often still an expectation rather than a reality (de Bruijn et al., 2009).

Lessons from the MTN case study

The MTN case illustrates the need for adaptability of strategy based on local market conditions to develop African markets. MTN recognized that the poor are sophisticated and demanding in their market choices. This is contrary to the prevailing belief that the poor are too focused on the pursuit of basic necessities that they will not spend on seeming luxuries like cell phones. Although encumbered by finances, African consumers manage to get their communications needs met, with the help of MTN who designed products and matching prices to appeal to these targets. Notice the seeming democratization of mobile phone use that does not discriminate on the basis of wealth. MTN's offer is a matter of scale, as the rich too buy more of the same services provided for the poor.

Like MTN and other private enterprises seeking to meet the needs of the poor in Africa, governments will do well to consider innovative means of serving consumers. Consider the government of Uganda's effort to address the portable water needs of low-income residents in small towns. The government brings several communities together and coordinates activities such as site location, borehole drilling, and community land purchasing. A private operator is hired to distribute water and ensure safety of supply. A community water board sets tariffs and policies. This collaborative model has brought portable water to 490,000 people in 57 communities through coin-operated water kiosks. In 2006, the 18,944 water connections yielded a turnover of 2 billion Ugandan shillings ($1.2 million) (UNDP, 2008, p. 109).

One of the most ingenious market development strategies is finding alternative uses for existing products. Confronted with new technologies, African consumers often adapt them to their own purposes. For example, banks and mobile phone users were quick to transfer the phone into a banking tool. *Sente* is the informal practice of sending and receiving money that leverages public phone kiosks and trusted networks in Uganda. Instead of sending money directly from phone to phone, anyone with phone access can send airtime credit to a kiosk operator over the cellular network. The kiosk operator then converts the credit into cash and gives the cash to the recipient who lacks access to a phone or a bank account. In effect, the kiosk operator and the phone take the place of an automated teller machine. This example highlights how business and grassroots adaptation can build on each other to develop new domestic markets (UNDP, 2008, p. 48). It would seem then that the need for education for

developing African markets really means marketers educating themselves about grassroots innovativeness.

5.4.2 Other adaptive strategies

Adapting communications

Communicating marketing information requires adaptation to the means and modes that will readily reach the targeted audience. Radio is an important channel all over the continent. The innovative multi-use of products can be transferred to communication strategies. Consider MTN's modes of communication: Clothing, umbrellas, kiosk painting, and other things of pragmatic value to their retailers and customers. The company's advertising is strongly connecting to providing some of the locals' necessities.

In other contexts, marketing promotions and communications can be coupled with consumer education, as was the case in Botswana where advertising and other traditional communication tools were used to foster awareness of basic consumer rights and responsibilities (Makela & Peters, 2004). However, lack of access to media in many African communities calls for innovative avenues. In Ghana, Nigeria, Tanzania, and other countries, religious organizations are the ultimate source of practical life. Pastors and Imams are directly involved in the everyday lives of their congregations. Some have become exemplars of business leadership, spreading the word of capitalism and entrepreneurship from their pulpits (Bonsu & Belk, 2010). Their roles also accord them significant authority as opinion leaders whose choices are emulated by adherents. Firms may consider working with religious leaders. This was the case when, in Madagascar, the firm Bionexx partnered with a local religious radio station to spread information about its *artemisia annua,* a medicinal plant used in malaria treatments. (UNDP, 2008, p. 81). The ubiquity of religious movies in many African countries (Ukah, 2003) provides an opportunity for tapping this medium as an effective avenue for communicating market and other information.

Adapting prices

It is indisputable that prices must be reduced in low-income markets through innovative product formulation and packaging systems. However, businesses must be cautious in their approach. Most Africans are farmers and thus purchasing power fluctuates dramatically from season to season. Much creative work to adapt prices and consumer credit schemes to the seasonal availability of cash is needed. Further, remittances from migrants are an important source of cash for many Africans. Developing three-way payment plans between local consumers, wage earning migrants, and local firms remains an untapped element of local pricing strategy. In addition, resource pooling among extended family members to support significant expenditures is not uncommon, thereby significantly increasing the purchasing power of family network agents.

Finally, many firms assume that the poor will buy only if products are cheap. As the MTN case suggests, this is not always the case although consumers prefer lower priced options if the perceived quality across alternative products is the same. Some commentators have argued that the poor are more likely to buy expensive items not only because they last longer but also because conspicuous expenditure conveys prestige on the consumer or the recipient of a gifted item. That is, the poor sometimes buy global products because of their reputational value in local social systems. Therefore, adapting prices to local markets may

have a negative impact on that reputation as well as a declining impact on the market/sales. If reduced prices were always provided, no distinction could be made between those who use expensive cars, expensive homes, imported materials, and so on, in local systems of prestige, and those who are unconcerned with the image expensive items accord them.

Adapting distribution

As the MTN case suggests, recognizing actual resources available for distributive activities (e.g., informality, social ties, trust) and accounting for these realities can be productive in African markets (Arnould, 1985). Adding to that, consider that approximately 70 per cent of Africa's population is rural and spread over a vast geographical area. This can create distribution challenges for Western firms serving this market if local relevance is overlooked. To deal with this problem, Barclays Bank embraced the traditional "susu" system and worked with the Ghana Susu Collectors Association to benefit all parties involved. Susu is a centuries-old traditional system in many African countries in which collectors pick up savings from participating households and individuals. The susu associations offer small, short-term loans that rotate among members of the group. Ghana has about 4,000 susu collectors, each serving between 200 and 850 clients daily. Overcoming its neglect of local knowledge to adopt what had long been deemed inefficient, Barclays can now reach clients who were previously out of reach. Collectors also benefit by keeping their collections safely at Barclays branches, where they and their clients may earn interest on their deposits (UNDP, 2008, p. 82). The mutual benefit derived from this cooperation contributes to market efficiency and makes more local financial resources available for investments.

Another example of successful adaptive distribution is one that relied on technological leapfrogging to deliver services through innovative marketing channels. Celtel International entered the Democratic Republic of Congo in 2000, when the civil war was still raging. It faced a market with widespread insecurity, poverty, depleted human capacity, and political uncertainty. There was little or no infrastructure, no regulatory framework, and no banking network. The potential customer base seemed very small, with few ways to reach them. Despite these obstacles, Celtel has gained more than two million customers in the country, allowing communities previously isolated by war and poor infrastructure to exchange information. Celtel also established Celpay (previously part of Celtel and now owned by FirstRand Banking Group) as a mobile banking system to compensate for the lack of a national banking network. Celpay proved so efficient that the government is now using it to pay its soldiers. Moreover, many women have gained financial autonomy by reselling Celtel mobile phone airtime (UNDP, 2008, p. 45, 93, 111).

5.5 Developing export markets

Developing export market opportunities for Africa is an essential component of long-term economic sustainability, especially because the level of economic growth needed in these developing countries cannot be achieved from serving domestic demand alone. The lack of exports and growth in exporting markets is associated with the poor economic performance of many African countries. For example, between 1974 and 1998, only two sub-Saharan countries, Mauritius and South Africa, experienced substantial growth in manufacturing exports (Söderbom & Teal, 2001). In contrast, Botswana experienced significant growth from exporting natural resources.

The Kenya cut flower export industry is considered one of globalization's success stories: An export growth market that leverages Kenya's climatic advantages and provides a remedy for low incomes bringing thousands of employment opportunities to poor rural women. Kenya enjoys 5 per cent of the global cut flower market that generates £130 million of export earnings a year. Ethiopia's cut flower industry export sales are now reaching half of Kenya's. Over the last few years, however, the industry has been the target of NGO campaigns and media exposés for poor labor practices (Dolan & Opondo, 2005; Orton-Jones, 2008). Starbucks, the nation of Ethiopia, and OXFAM, the NGO, waged a recent battle over the right to trademark regional coffee varietal names, Yirgacheffe, Harrar, and Sidamo. The struggle concerned the right to extract a greater share of the retail value of these regionally branded coffees either for Ethiopian subsistence producers or Starbucks, respectively. A court and public relations battle eventuated in a "win" for OXFAM activists and the Ethiopian side that may now retain the lucrative branding rights (Faris, 2007).

The export of natural resources has been identified as a cause of economic impoverishment in some African countries because resource extraction industries are vulnerable to boom and bust cycles, they have a limited multiplier effect, and royalty payments to governments often do not trickle down to the benefit of local populations. In some cases, these problems have led to serious civil strife as in Congo. In the Niger Delta of Nigeria, governmental misallocation of oil extraction money and serious pollution has fueled a local guerrilla movement.

The case of the Ideal Providence Farms exemplifies the movement from survival to growth and shows how local products can be developed to economically empower the very poor while providing a profitable export business for the entrepreneur.

5.5.1 Case 2: Ideal Providence Farms (shea butter)

Georgina Koomson, a young entrepreneur with experience in the US chemical and pharmaceutical industry, established Ideal Providence Farms in 1998. The ultimate goal of this venture was to alleviate poverty through business and market development. Koomson's choice of location was ideal for this goal. The Upper West Region of Ghana is one of the poorest regions in the country. Agriculture is the region's major economic activity and is often operated on a subsistence scale. The region faces staggering levels of poverty and unemployment, and women are two to three times more likely to be unemployed than men. These challenges, coupled with the long dry season, cause many people to leave the area to find work in other parts of Ghana and even in the bordering country of Burkina Faso. However, the region is rich in at least one renewable natural resource—shea nut (Vitellaria paradoxa). This resource is popular in pharmaceutical production, medicines, and cosmetics in particular.

Valuing local resources

Koomson saw an opportunity to market shea butter from the shea nut, which grew wild in the area. With a low population and a large number of unemployed women, this region provided a base level of local resources from which Koomson could convert this seemingly unmarketable product. Now, shea butter is an important and versatile product that the locals use in several ways, from cooking oil, to body lotion, to skin moisturizer. Ideal Providence mobilized local women to collect and organize the shea nut and then process the nuts as shea butter for export. The resulting product was packaged and readied for shipping to overseas markets. Knowing the value of the product in the overseas pharmaceutical market, Koomson

sought buyers for her products in North America and Europe. She found willing partners in Canada and Germany that paid market prices for the shea butter. Because the shea nut grew in the wild, Koomson could label her brand as "organic," which became a competitive advantage over other sources of the product. By developing a market for this natural product, Koomson was able to mobilize the local population to support her business, and in doing so, she improved their incomes and skills. In turn, these should support domestic market development in the future.

The core business idea for Ideal Providence Farms is local production of high-quality organic shea butter for foreign cosmetics companies. However, although the local population had experience with shea butter, they still needed to be trained to appreciate the requirements of target markets in Europe and North America. Therefore, local inhabitants are trained in all aspects of the production process, from collecting the nuts to producing high-quality shea butter for export. They are encouraged to be creative and to propose solutions as operational problems arise. Through this initiative, local innovators developed packaging material for the finished products that mobilized the skills of traditional handicraft producers. Various other businesses have emerged to serve the needs of those who live and work around Ideal Providence Farms. A complete system of goods and services has emerged to support the needs of the company and its workers. Koomson can now leave some of the women in charge of the production facility when she travels abroad for extended periods to find new buyers for the shea butter.

Working with local culture

A Ghanaian of southern ethnic extraction, Koomson is by all appearances a "foreigner" in the Upper West Region. Developing her product in the region required a delicate balance of marketing and political skill. She has demonstrated respect for the local culture while working to influence it, and through her firm's employment of mostly community women, she has empowered them beyond their dependence upon their fathers, brothers, and husbands. Women in the community have little self-worth, and it is generally considered a bad investment to send a female child to school. Thus, most of the women working at Ideal are illiterate with little or no confidence in their abilities, and with minimal support from their male counterparts. With the cooperation of local leaders, Koomson secured land and other facilities to set up a place where the women could be trained to convert their domestic expertise into marketable skills. The women are trained in marketing, production, and financial management. They are allowed to contribute to a savings plan for their children's education and send their daughters to school. Koomson's success in the market and community has enhanced her local reputation. This example demonstrates the value of mobilizing local resources for market.

One of the strategic objectives of Ideal Providence Farms is to alleviate poverty, especially among women. The informal sector, which is the driving force in most African economies, relies on 40–65 per cent female participation. There is a long history of women as primary sources of income for their families (e.g., Clark, 1994). Although these women engage in what is often considered mere extensions of domestic activities (e.g., cooked foods, textiles, and household goods), their roles in developing export markets, as the Ideal Providence Farms case suggests, should not be overlooked. Women constitute a major part of the labor force and should be tapped for transforming markets.

Companies seeking to develop export markets may do well to seek alliances with such powerful, local women who have extensive trading contacts, local knowledge, and other

skills. Their strategic networks and other intangible resources can support the export and domestic markets. Often, firms overlook these women as resources because they do not fit into the formal practice of marketing. In addition, women are deemed to lack the general set of requirements that foreign multinational companies use to assess market opportunities (e.g., limited formal education, infrastructural shortcomings in their locations). Through the use of woman as female role models, firms can tap into Africa's strong kinship-based business network structures to enhance their marketing outcomes.

Most local African producers are so small that they cannot derive economies of scale. The uniqueness of Ideal Farms makes its volume less of a factor, but for many others, production volume is important for market performance. The highlighted short case about the Integrated Tamale Fruit Factory exemplifies a way to address this problem. This firm brings together farmers and supports them in several ways to help maintain supply of raw materials. Here, too, the market is better served when the firm works with local producers to improve the socioeconomic wellbeing of all involved.

5.5.2 Case 3: Export marketing: Integrated Tamale Fruit Company

The Integrated Tamale Fruit Company—operating in the Savelugu-Nanton District in Ghana's Northern Region, an area of widespread poverty—cultivates certified organic mangoes for local and export markets. To boost its power in the export market with higher production volumes, the company established a scalable business model that includes local farmers. Instead of acquiring a large piece of land, which is physically and financially impractical, the company produces high volumes through an outgrower scheme, which began in 2001 and today includes 1,300 outgrower farmers. Each has a farm of about one acre, with 100 mango trees that supplement the nucleus farm of 160 acres. The company provides an interest-free loan to the outgrowers through farm inputs and technical services, and farmers begin paying for the loan from selling mangos only after the trees yield fruit. The cost of the loaned inputs is repaid, without interest, beginning in the fifth year. Approximately 30 per cent of sales go toward repayment.

The company also provides education to the outgrowers, whose ability to repay the loans depends on their ability to produce good crops. Because illiteracy makes it difficult for the farmers to meet international standards, the company began training the farmers in best practices.

This arrangement allows the company to reliably source a large volume of quality organic mangoes, and the farmers can enter mango production with long-term income prospects. The nucleus farm's profits are on track to reach $1 million a year by 2010. The case examines the key challenges of the outgrower scheme and its implications for the company's business (UNDP, 2008).

Other examples of this cooperative approach are found in the shea butter export business of Ghana's Tungteeya Shea Butter and Honey Care Africa, which develops honey for European and American markets. Honey Care Africa is a noteworthy example because it conforms to the Sustainable Local Enterprise Network model of development, which combines a financial anchor firm (usually a foreign firm or non-governmental organizations) with a social mission for local investments in stakeholder wellbeing.

In African domestic markets, small enterprise success relates to business proximity to growing markets (McPherson, 1995), suggesting that export market efforts include expanded intra-African trade (see case 4). The difficulties associated with expanding global social networks make consideration of intra-continental markets a necessary component of African

market development. This is especially pertinent given that most sub-Saharan African countries (excluding Nigeria, South Africa, and Ethiopia) have relatively small populations and, thus, limited customer bases (McDade & Spring, 2005). There are tremendous export market development opportunities within Africa. With a population of over 900 million and free trade agreement among its countries, African producers can target other African producers with their goods and services. Case 4 provides an example of how Niger used this approach. As incomes among African consumers improve and technology allows for improvements in banking facilities across the continent, intra-Africa export markets are likely to grow.

5.5.3 Case 4: Intra-African onion export marketing

An indigenous agricultural export industry has emerged in the Niger Republic that suggests the potential for intra-continental export growth. More than 10,000 people were directly involved in this business, in which onion exports increased by one-third in the five years between 1989 and 1993 alone. This business was organized in a variety of ways. A network of producers, small-scale traders, and bulking agents funnel product to Nigerian export wholesalers, foreign importers' agents, and foreign exporters. Ivoirian and the smaller-scale Burkinabé, Togolese, and Béninoise women wholesalers send agents to buy from the bulking agents or small traders. In the consuming countries, the channel structure is essentially the inverse of this.

Profitability in this business is limited primarily by five factors: Limited storage and withholding capacity for onions, a perishable crop; the physical length of the channel of distribution; poor telecommunications facilities; a lack of short-term credit to invest in buying and marketing; and illicit rent-seeking by government agents. Though lucrative for both producers and channel intermediaries at the wholesale level, like many entrepreneurial initiatives, the study identified disincentives for expanded investment. Insurance is not available. Local bank credit is not available. Fear of exposure to illicit rent-seeking by government agents induces successful market participants to minimize investments in storage, other commercial infrastructure, and improved packaging. Since this research was conducted, the cell phone revolution has probably resolved the issue of telecommunications. Banking facilities have also improved in some countries, such as Ghana (Arnould, 2001).

5.6 Concluding remarks

Marketing and international business strategists commonly assume that markets in Africa are constrained by factors that thwart efforts to build these markets. Although the lack of infrastructure, low levels of education, high levels of corruption, and other negative factors are indeed present in the African context, poor market development by firms appears to be grounded more in neo-colonial misconceptions than the realities of business operations in Africa (Bonsu, 2009). What is important is that people find effective ways to circumvent or control these problems in their business dealings. For example, there are many successful multinational corporations with long histories in African markets (e.g., Barclays Bank, Unilever, Guinness). These firms have found ways to succeed and have been well rewarded financially for their investments. Developing African markets has become an important future for firms as developed market potential stagnates. Firms that try to understand the continent and overcome negative perceptions and roadblocks stand to gain in diverse ways.

This chapter suggests that the development of export markets for African products is a necessary ingredient for sustaining local markets for foreign goods and services. In the

absence of such development, local capacity to generate income through domestic productive ventures can be stifled. If Stiglitz (2002) is correct in arguing that the "income gap" is the most significant contributor to business and socioeconomic development, the lack of effective income-generating activities in Africa—regardless of what else may be done for the purposes of human development—may count for nothing. Creating local capabilities and support for both export and domestic markets development requires a careful understanding of African market structures, as well as cultural and other resources that can be tapped for efficiency. The cases in this chapter offer examples of how this can be done and done well.

Traditionally, Western economics have identified the informal market sector in Africa as an impediment to market efficiency. However, this sector employs the vast majority of people and has survived in the face of significant threats over a long time. Therefore, the informal sector it seems is a repository of market knowledge into which firms can tap. Indeed, the informal sector market is important because of its ability to employ local knowledge systems to increase market dynamics and efficiency. These systems provide a strong sociocultural basis for trust and relationships among partners, dimensions that in most "developed" markets depend more on contractual agreements. International companies attempting to develop their domestic African markets would do well to abandon their traditional prejudices and plug into the informal market system, if only to gain access to the wealth of relationships and knowledge it provides. In other words, firms trying to develop African markets should employ adaptive strategies that recognize the specific nature of the African continent and the unique resources it offers—the social, cultural, political, and economic factors that contribute to creating conditions for market efficiency.

Review and discussion questions

1. Outline briefly some of the elements of African culture referenced in the chapter. Why are these and other aspects of culture important in African markets?
2. What are some of the local resources in Africa (tangible and intangible) that the global firm might tap for market development? How might these resources be used?
3. Compare and contrast the nature of markets in your home country to the African environment described in the chapter. To what extent do the differences and similarities inform global market development?
4. You have been asked by the president of your company to investigate and advise on the best ways to break into the African market with your product. Focusing on one African country, develop a plan for your boss. What are your primary considerations?

Keywords

Development, poverty, Africa, strategic adaptation, exports, domestic markets.

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6 Market development in the Latin American context

Judith Cavazos-Arroyo and Silvia González-García

Overview

This chapter develops an overview of how cultural marketing strategic insights and approaches are now an imperative for organizations and individuals who require efficient tools and better understandings of Latin American context.

6.1 Introduction

Latin America is a region of great contrasts, as it possesses multiple resources and at the same time, faces immense differences. Cultural identities in the region are the result of the confrontation, penetration, and integration of different world cultures, mainly indigenous, European, African and, to a lesser degree, Asian cultures, with repercussions that have permeated regional economic, political, legal, cultural, and social spheres (Chang-Rodríguez, 2008; Invernon & Lube, 2014). Therefore, in order to understand cultural dynamics in the Latin American region, it is necessary to comprehend culture in ways that go beyond the uniform representations of the continent and beyond bipolar conceptions, as these singular and oppositional differences are limited in encompassing the multiculturalism that results from its many changing and interactive hybrid forces (Morales, 2008; Villavicencio, 2008).

While most Latin American countries share linguistic, religious, economic, philosophical, and political ties, in cultural terms they each present regional, class, and ethnic nuances which distinguish them (Chang-Rodríguez, 2008; García-Canclini, 2004) and which should be taken into consideration by experts wishing to develop trade strategies in the region. It is not enough to acknowledge these differences; it is also necessary to understand what they consist of and how they are implicated in consumption, as stated by Bartra (2002, p. 27):

> We still partially hold the illusion that the institutions which are good in some countries will also be good in our own, without making them undergo any modifications; and sometimes, out of insufficient research, we candidly believe that foreign organizations can be copied and placed over a national organization in a perfect manner, when we know that a simple suit which fits a Saxon cannot be donned by a Mexican without being altered considerably.

6.2 Evolution of market development and consumer culture

Markets were created by humans and many factors interact to influence various institutions and facets of life (Grossbart, 2002). When the Spaniards reached the so-called New World,

they modified several pre-Hispanic cultural traditions and socioeconomic institutions, resulting in new hybrid cultural forms. The traditional market comprised of stands, *tianguis,* and street vendors, *tianquiztli* (in Náhuatl) which were pre-Hispanic institutions that transformed in response to new food requirements, and to ethnic and commercial movements (Mosquera, 2005). In the pre-Conquest era, the market was a site for social and religious interactions involving the exchange of precious stones, such as jade, and copal incense, as well as idols used in rituals. In supplying these artifacts, street vendors played an important role in the reconfiguration of cultural, social, economic, and political conventions according to Christian social principles and standards. Importantly, market exchanges served as mechanisms for deritualization. For example, indigenous people were limited to buying food and forbidden to sell pre-Hispanic religious articles, and the schedule in these urban central markets was modified from every five days, as was the custom in the indigenous calendar, to every seven days according to the Christian calendar. In addition, there were modifications in the supervision, production, and transportation of material goods (Hassig, 2013). Through the sumptuary laws regulating consumption in these markets (Hunt, 1996), Christian cultural capital imposed on pre-Conquest cultural capital. In colonial times, the marketplace was mostly a social space where indigenous and non-indigenous peoples made contact and interacted. The traditional market supplied goods, knowledge, and technologies and their regulation gave greater emphasis to Catholic objects and practices (Mosquera, 2005). Thus, most of the colonies of Latin America developed a culture of consumption that mixed indigenous culture with the cultures of Spanish and Portuguese colonizers.

Up until the first decades of the 20th century, consumer culture in the Latin American region was predominantly characterized by small retail establishments and the beginning of catalog sales. Upon their arrival, European immigrants opened retail establishments offering European and American products which appealed to the elite classes and stimulated consumption (Buchenau, 2004). This "consumer revolution" reached several countries within the region after the Second World War, and with it, the "American way of life" which featured a variety of products, practices, and messages consumed by the elites, and emphasized consumption and material prosperity (Moreno, 2003; Volpi, 2007). In addition, the consumption of imported and domestic products and services has played a key role in Latin American history in conveying class, race, civilization, citizenship, and modern distinctions, even as the growth in consumption retains localized aspects through the retention of indigenous traditions (Bunker, 2009).

Academically, the study of consumption in Latin American societies began at the end of the 1990s, due to the economic focus on exports, and there is scarce research on domestic markets and imported goods (Bunker, 2009). In many regards, Latin America is still undergoing truncated and mixed cultural times (Calderón, 1987) which center on modern production, with some postmodern tendencies that emphasize the formation of identity and community in consumption (García-Canclini, 1995; Bauman, 2000). As stated by Brunner:

> In their contemporary development, Latin American cultures do not express an order—as a nation, or class, or religion, or state or charisma, or tradition, or of any other sort—but rather reflect in their organization, the contradictory and heterogeneous processes of a belated modernity, built on conditions of accelerated internationalization of symbolic markets worldwide.
>
> *(1995, p. 276)*

6.3 Cultural diversity in consumer culture

Cultural diversity is a socio-historical construction which values the coexistence of multiple groups, societies, or peoples, and at the same time appreciates their distinct symbols and traditions (Briones, 2007; Sarrazin, 2018). In consumption, such cultural diversity is characterized by ethnic pluralities which are differentiated based on their own sociocultural characteristics, yet simultaneously converge in time and space. An example is the coexistence of contemporary Mexican culture and the indigenous Tzotzil culture in a town called San Juan Chamula, where in a church in the southern state of Chiapas, Coca-Cola is believed to have curative properties. In that church, it is common to see bottles of the product at the feet of the saints as an offering. Within the town, several locals practice a ritual where they drink the soda to purify themselves, and when they drink it, if they begin to belch, it is considered that "the disease is coming out of the body." The bottles are opened with great care when they are used to cure, because if the liquid spills, then the drink cannot be consumed, because the "soul" of the soda is lost and no longer serves the ritual purpose (Moscoso, 1990; Olivares, 2018). This act of consumption thus displays different forms of logic that are motivated and justified in this particular context (Sassatelli, 2007).

Beyond ethnic background, other ways of analyzing the diversity in Latin America are found in distinctions between what is one's "own" and what is "foreign," and between "us" and the "others." These distinctions recreate asymmetric relations between those who have access to the array of products and services, and capital and material and immaterial exchanges available on the market, and those who do not have such access. There may be many alternatives, yet they are not available to all consumers. Those who are excluded from such consumption by their income, religion, ethnic background, education, shared values, and gender may be seen to coexist in a subaltern cultural world (Seabrook, 1988; Bauman, 2000). Due to the growth in urbanization and the emergence of megacities such as Sao Paulo, Mexico City, Buenos Aires, Río de Janeiro, Bogotá, Lima, and Santiago, there has been an accentuation of social exclusion and urban segregation, and variations in type of household and neighborhood, access to security, shopping centers, and transportation further affect work, leisure, and consumption (Tironi, 2003). Localization and mobility further differentiate access to consumption. One example is the migration of families from the countryside to the cities. The hopes of acquiring better jobs, and with them, more and better food, as well as access to a house and home furnishings, healthcare, education, potable water, transportation, information technology, and electricity fuel such migration. Further, urban mobility increases the likelihood of acquiring a refrigerator and a television, despite living in a *favela,* an unplanned urban settlement in a Latin American capital city (Guesalaga & Marshall, 2008).

In some countries such as Mexico or Brazil, approximately 20 percent of the population possesses many material possessions. Even so, intensive consumption is noted among low-income consumers living in urban areas. Further, expanding trade for several companies in Latin American countries, such as Brazil, involves diffusing sales to low-income families, which generates a certain inclusion by means of consumption.

There are dramatic differences in the consumption of urban and rural residents in Latin America. Many inhabitants of urban areas receive a salary, make their purchases in supermarkets and shopping centers, are able to plan their purchases, and have more options for comparing products and prices; whereas rural consumers are faced with poor distribution systems, a limited supply of products and services, and complications in mobility. For example, Möller (1995) describes consumption in the Agua Blanca *ejido* in the Mexican state

of Chiapas, which is located in the jungle and is a hot and humid area in the southern part of the country. Due to the topographical conditions of the place, there is poor communications reception. The income of the population is low and comes from work mainly in agricultural activities and fishing. There is only one store in the *ejido,* which offers products transported from the state capital by truck and motorboat. The merchant only supplies products that he believes will sell, and they generally are packaged items, and not less expensive goods sold by weight. The results of the study indicated that what makes an impact is not only the efficiency of distribution to remote areas, but also the image and strength of brands, as well as their perceived quality, prestige, and performance. In Agua Blanca, as elsewhere, the purchasing decisions for what is consumed in the household are the women's responsibility and account for up to 70 percent of household income. Thus, the woman derives power in provisioning for the family.

Differences do not prevent us from recognizing and directly or indirectly interacting with others, particularly if the others are nearby (Bauman, 2008). However, some companies prefer to exclude certain groups from their marketing programs either because they are a minority (Cui & Choudhury, 2002), because they comprise markets that are not very profitable, or because the market in question is located in areas considered to be dangerous or "tough." At the same time, some organizations have found lucrative opportunities in developing strategies that are sufficiently creative and differentiated to access and satisfy these segments. For instance, in the 1980s, the distributors of Coca-Cola and PepsiCo had stopped distributing their products in several provinces in the Peruvian Andes due to the threats and risks from the guerrilla group "Sendero Luminoso." However, five Peruvian brothers founded the soft drink company AJE (https://ajegroup.com/) in Ayacucho. They developed a cola drink called "Big Cola," and used larger bottles, an affordable price, and an alternative distribution system. Years later, the company has successfully expanded to other emerging countries in Latin America and Asia (Fajardo, 2015).

Despite the accomplishments of these and other companies, the reality is that both establishing and penetrating markets in different locations among the region requires consideration of aspects that go well beyond just offering jobs, being able to find cheap labor, and massively penetrating low-income markets. The socially responsible firm needs to consider health risks, environmental issues, and possible human right abuses related to the production, distribution, consumption, and disposal of the product as well. For example, in the floriculture industry where countries such as Colombia, Ecuador, and Mexico stand out as producers, there have been reports about serious adverse effects on human health and the environment, and inadequate levels of reinvested profits in local economies by the multinational corporations which distribute the flowers around the world (Donohoe, 2007).

Also regarding health, obesity and diabetes are on the rise in Latin America, and it is the second largest region in the world of alcohol consumers (Pan American Health Organization, 2015). This excess of alcohol consumption within the region is associated with the increase of physical and emotional violence towards women and children (Cano & Rojido, 2017). In 1995, the proportion of the population with diabetes in Latin America was 5.7 percent, by 2025, it is expected to reach 8.1 percent, which translates to 39 million people, and 50 percent of those afflicted will be concentrated in Brazil and Mexico (Andrade, 2009; Bello-Chavolla & Aguilar-Salinas, 2017). Being overweight is a related public health issue in Mexico, where seven out of ten adults and four out of ten children aged 5–11 in Mexico are implicated. In response, the Mexican government has given priority to the development of public campaigns concerning weight control. Also of concern regarding the public health system is cardiovascular illness. The rise of fast food outlets and the high consumption of

sugary carbonated beverages, coupled with the decrease in physical activities due to the high crime rate in the streets, the popularity of video game entertainment, and the absence of regulations on the commercialization of junk food, have left a trail of obesity and malnourishment. Dealing with these problems requires urgent changes in consumption, in the social responsibility of the companies involved, and in government regulations regarding the food industry (Durán, 2010; Bello-Chavolla & Aguilar-Salinas, 2017).

6.4 Cultural diversity in market segmentation

Consumer societies continue to expand, and in them, complex cultural reconfigurations are restructuring everyday activities in Latin American cultures. It is, however, possible to identify strategic marketing tendencies in response to it, to shape the future of consumption. Although there are undoubtedly many more, we consider five of these consequences.

6.4.1 Consumer identity combines traditional, modern and postmodern features

The transition from traditional ways of life that have depended primarily on agriculture for consumption, to modern economic development, has had considerable effects on social structures and traditional values. With the expansion and industrialization of science and technology, the promotion of capitalist institutions, and urbanization, a modern identity of individualism and self-reliance emerges, and with it the representation of the consumer as a rational, self-interested agent (Featherstone, 1991; Fırat & Venkatesh, 1995). Postmodernity questions these modern changes affecting modes of production and consumption, to include the cultural sphere in the circulation of symbolic goods and their regimes of significance, as well as the means of orientation and identity structures of different subcultural groups in their everyday practices and experiences (Featherstone, 1991; Miller, 2005).

Postmodernity is characterized by accelerated change, complexity, and uncertainty, and the social spaces in which market agents interact become more than physical territory; their dynamism is open, changing, flexible, multilinear, and historical. The postmodern consumer never completes his/her construction process, but rather, becomes a participant in production of the self in transcultural coexistence (Fırat & Venkatesh, 1995; Arnould, 2007).

As stated previously, most Latin American countries are cultural mosaics separated mainly by enormous inequalities in which collective identities are built and distinguished and distanced by social status, conflicting values, education, lifestyle, and world vision (Almeida, 2007). Understanding these differences involves changing forms of perception to be able to comprehend these cultural differences, to include the manner in which meanings and everyday living practices interact, and their reproduction in popular culture and consumption (Featherstone, 1991).

Many inhabitants of Latin America live in conditions of unequal modernity, rather than postmodernity (Vargas-Hernández, 2005), which means that economic and cultural development is uneven. Modernization in these societies has produced popular anxiety due to increases in consumption not tied to local levels of productivity. As a result, while market niches participate in modern consumption, other areas lack certain products and basic forms of consumption. The Latin American migratory phenomenon reflects and reproduces this uneven growth. As the material prosperity of those who have left exerts pressure on those who remain behind to desire access to goods and services, this modifies consumer habits and lifestyles and forms transnational social and consumer networks (Lawson, 1998; Durand & Massey, 2010).

6.4.2 Cultural diversity in market segmentation

Organizations need to respond more efficiently to changing market conditions (Yankelovich & Meer, 2006), especially those characterized by uneven market development. It is important to use research methods that allow the researcher to immerse themselves in the social constructions of markets and their development and take the time to identify the peculiarities of the consumer groups, and understand the meanings and relations among the cultures and subcultures (Peñaloza & Venkatesh, 2006). In-depth understanding of systems of symbols, the spatial organization of communities, and the relations between marketers and consumers is instrumental in developing insights and strategies.

Important in Latin American market segmentation are demographic and psychographic cultural differences, as well as ethnic and class characteristics linked to consumption. For example, the multiplicity of ethnic groups are differentiated by skin color, gender, relationship, and birth context, and such differences may be noted in certain forms of art (Zolfagharian, 2010). Lifestyle, language, conduct, and value differences tied to the acquisition and use of products also vary between segments. For example, the highest levels in the Latin American social hierarchy tend to purchase health and education insurance plans for their children. Regarding health specifically, the quality of service of public health is highly variable. The Brazilian market leads the private insurance sector, followed by Mexico (Datamonitor, 2008; Navarro & Wahren, 2017), as a means of avoiding this uncertainty. Among the lower classes it is common for children not to complete their education. Also common is self-medication, using natural medicine, and visiting government health infirmaries and health clinics.

6.4.3 Cultural tension and corruption

Corruption is a major topic in the legal, political, philosophical, and economic academic disciplines, and its social and cultural aspects are part of everyday life, institutional relations, and of public-private interaction. Several studies of the social mechanisms of corruption have pointed to its legitimization from the players' point of view, to feature how value systems and cultural codes justify practices of corruption in everyday life (Olivier de Sardan, 1999).

Societies have different moral, political, and administrative visions regarding what constitutes corrupt practices. A corrupt practice generally involves a public agent and a private agent; however, it may also exist among private agents. Corrupt acts include outright theft, the inappropriate allocation of state funds or property, nepotism, the abuse of public authority, and payment for personal benefit (Harch, 1993). Over the years, several Latin American governments have adopted plans and programs to combat corruption. Three major problems put economic development and quality of life at risk: Insecurity, unemployment, and corruption, which combine with citizens' distrust of police, government, and political parties (Latinobarómetro, 2018). However, in practice, there is a culture of corruption such that many of the legal precepts are confusing and ambiguous, and people tend to ignore formal rules and favor informal relations and traditions instead (Husted, 2002). A common concern is that favor and punishment is administered based on people's place in the social hierarchy and the merits they have achieved in relation to those in power. As such, corruption and bribery become a cultural way of life (Sarquis, 2008).

Corruption operates based on complex meanings, such that it is veiled, concealing its presence and extent from the average spectator (Etkin, 1993). While certain corrupt

practices are illegal, often they are supported and legitimated culturally in systems of relations and forms of exchange that exert continuous pressure on those involved (Olivier de Sardan, 1999). Thus, in some Latin American spheres, it is common for the agents involved, both corruptor and corrupted, to produce exchanges in order to obtain what one of the parties considers to be a greater value, and even to use highly valued relations such as friendship, family solidarity, and trust (Lomnitz, 1992). The manner in which corruption operates is through forms of exchange and reciprocity based on networks of personal contacts and local practices of corruption. Examples include: The "*mordida*" (bribe), which facilitates favors in public administration through payment; "*compadrazgo*" (cronyism), which utilizes a tacit system of connections and personal relations in order to obtain a favor or mutual help by ongoing unpaid exchange; and "*jeitinho*" (way/solution), which obtains favors by breaking the rules and using emotional, social, or economic resources (Lomnitz, 1988; Almeida, 2007). As these localized practices take place in Latin American cultural systems, they create tensions among subjects and between the subject and the institution, and are resolved by means of different forms of negotiation, which results in difficulties in legally gaining access to services, justice, education, and health (Huber, 2008).

6.4.4 Formal and informal trade

In the complexity of purchasing and consumption practices in Latin America, there are confrontations, combinations, and even complementarity among formal and informal modalities of trade, which are strengthened by their spatial dissemination and meanings in urban and semi-urban areas and overcome social differences (figure 6.1 & figure 6.2).

Macro and micro informal trade has gradually adapted to the mobility of consumers. Established and semi-established retailers, stands, and street vendors offer products for daily consumption by individuals and households in areas in urban cities and small towns where there is a lot of pedestrian and vehicular traffic. Formal and informal trade practices come together in large, central physical spaces, such as *Tepito* in Mexico City, *San Andresitos* in Colombia, and *Ciudad del Este* in Paraguay. Other examples include *Centros de Compras, Popular Shopping Centers* or *Camelódromos* in different cities in Brazil, such as *Rua 25 de Março* in Sao Paulo, where over a million shoppers gather on holidays (figure 6.3).

Organized formal trade also takes place in large malls and supermarket chains. These shopping centers catered to the middle and upper classes in the 1960s and 1970s, and now have evolved to target lower-income consumers (Duhau & Giglia, 2007; Da Silva, Da Silva & Divino, 2015). These areas combine consumption activities and rituals expressing affection and lifestyle, combining family ties with entertainment (García-Canclini, 1995; Aristizábal, 2017).

Understanding consumption in informal markets requires consideration beyond their legal and political dimensions. Systems of illicit trade, such as drug trafficking, share certain characteristics, such as the importance of trust and reciprocity, with informal market exchange (Lomnitz, 1988). However, illicit trade stands out because it often involves violence and implicates public agents in corruption (Lins, 2006, 2008). On the other hand, trust and reciprocity prevail in informal market exchanges between the supplier, the merchant, and the client. As expressed by a woman interviewed by Duhau and Giglia (2007, p. 38), regarding her consumption practices in informal trade in Mexico City:

Figure 6.1 Public market in Mexico City
Source*:* Photo credits: Cavazos & González-Garcia

> Coca-Cola and Pepsi offer covers for them (the street vendors); they give them the tarps … the tables and everything: they make their life easier and they feel protected … in this city there have always been *tianguis* (farmers' markets), it is a tradition that is in our blood, we like to buy things on the street, that's the way we are … [The only thing is that] we need to make it more orderly. There's no way of avoiding it. And the people who work in this entire area don't have the means to walk into a restaurant, or pay for a fixed menu meal, because the prices are extremely high, because of the rent, because costs have increased a lot. Well, we are going to eat there in peace, right? In an orderly way.
>
> *(Woman, approximately 40 years old, civil servant, Antigua shopping plaza, Santa Fe, Cuajimalpa, Mexico)*

Figure 6.2 Mall in Ecuador
Source*:* Photo credits: Cavazos & González-Garcia

Figure 6.3 San Andresito in Bogotá, Colombia
Source: Photo credits: Cavazos & González-Garcia

Figure 6.4 Informal trade in Mexico
Source: Photo credits: Cavazos & González-Garcia

Although informal sales typically are outside the accounting standards and legal regulations established by formal authorities, suppliers, intermediaries, and consumers engage in transactions that are valuable and legitimate in society and of necessity for certain population groups, especially the poor (Heyman & Smart, 1999; Abraham & van Schendel, 2005). At the same time, there are numerous examples of sales of counterfeit products, such as movies, music, shoes, and clothing, by street vendors who are unlicensed to carry out commercial activity (figure 6.4). In Ciudad del Este, located on the border of Paraguay, Brazil, and Argentina, consumers predominantly from Brazil and Argentina purchase cigarettes, beauty products, electrical appliances, medication, toys, and other products, some of which is counterfeit, in shopping centers, galleries, and on the street for personal use and for resale (Pinheiro, 2004).

6.4.5 Consumer agency

There have been many debates and theories in the social sciences regarding consumer agency, which pertains to a consumer's capacity to act in his/her sociocultural context. Through the globalization process in emerging markets, the consumer has gradually turned into an active participant in selecting products and services among local, transnational, and government entities and organizations (Eckhardt & Mahi, 2004; 2012). The way in which consumers interact with agents in Latin American markets is somewhat similar to other locals in which consumer agency involves negotiating consumption processes and constructing localized meaning in transforming products and services into symbols of modernity and status (Ger & Belk, 1996). The reasons behind such consumption are many and their coherence may be incomprehensible in terms of the impact on local consumers and on companies and brands.

Figure 6.5 Self-constructed house in rural Mexico
Source: Photo credits: Cavazos & González-Garcia

Despite the fact that the variety and supply of local products are relatively more limited in Latin America than in other contexts, and that most suppliers of imported products have tailored them for consumers in other places, it is common for consumers to accept the products and services and transform their meaning transformation or to reject the goods outright. On the other hand, the co-creation of meaning and value between the company and consumers generates benefits for both sets of agents. Examples of business models that have developed markets at the base of the pyramid (Prahalad, 2005) in Latin America include: *Casas Bahia* (www.casasbahia.com.br) in Brazil, and *Cemex* (www.cemex.com) in Mexico, Colombia, Costa Rica, Dominican Republic, and Nicaragua. *Casas Bahia* became the largest retail furniture and electrical appliance chain in Brazil by selling at low prices and creating an innovative financing system that considers consumers' payment history rather than their formal income. The company sells in *favelas* with populations of over 80,000 people and with over 20,000 homes (Exame, 2008, 2012).

Cemex, the ninth largest cement company in the world, has developed two innovative programs that promote community development and are increasingly significant both for the organization and for program participants. "*Patrimonio Hoy"* (Heritage Today) is a micro-financing program for construction materials and services that targets low-income urban families. The company believes that families generate value by obtaining specialized technical assistance and access to the supply of construction material (figure 6.6). The second program, "*Centros Productivos de Autoempleo*" (Self-employment Productive Centers) is an initiative for low-income families to produce basic material for construction or renovations of their homes. The company provides a plot of land approved by the community, a cement mixer, and a cement block maker. After training a group of workers from the community, the company provides the raw material and begins production. The community then owns

Figure 6.6 Self-constructed house in rural Mexico with *Patrimonio Hoy* program
Source: Photo credits: Cavazos & González-Garcia

half of the materials these workers produce and the company's self-employment center sells the remainder, with the proceeds going to the company (CEMEX, 2019). The innovations of these business models include the processes of production, sales, and ownership, as low-income clients gain value by generating inclusive solutions providing access to materials and meanings of home and achievement, by means of productive labor and consumption from the purchase and use of the products.

6.5 Strategic cultural marketing implications

To design strategies oriented to the development of markets in the Latin American region requires cultural awareness and understanding of their historic evolution by marketing managers. Given that traditional, modern, and postmodern features are strongly connected and overlap in daily life, it is advisable that marketing proposals avoid conflicts with the value and pride that many Latin Americans have for their histories and cultural legacies. An example of how these elements have combined is found in the evolution of culinary foods of pre-Hispanic origin in fusion with colonial tastes for particular ingredients, tools, preparations, and presentations, as production, distribution, and consumption transform these elements (Curiel, 2005).

In addition, using research techniques that allow a more in-depth knowledge of the characteristics and needs of culturally diverse consumer groups can contribute to development, redesign, and the promotion of goods and services that will better satisfy them. The complexity between traditional, modern, and postmodern market development must be considered in commercialization strategies involving the access and use of technologies, as the way in which consumers rationalize their decision-making and their purchases has an impact on the development of products and services, the choice of the distribution channels, and communication media. In turn, value proposals aligned with the lifestyle, values, and symbolic aspects characteristic of cultural groups have an impact on the success of positioning strategies for products and brands.

Marketing researchers should also recognize the negative social aspects of particular marketing activities. This chapter emphasizes informal and formal market practices, including corruption and counterfeit sales within the region. As with other regions, such practices and related perceptions vary and inform cultural values (Scholtens & Dam, 2007). While it is difficult to understand all the mechanisms through which consumption and market systems operate culturally, we know that they affect the wellbeing of workers, consumers, and other market agents, as well as the performance of political, social, and economic institutions. This interconnectedness demands ethical behavior from marketing researchers, commercial organizations, and forms of political governance.

Cultural marketing strategic directions include: Transparency in the supply chain of the organization (which includes commercialization), compliance with local laws, and preservation of human rights. We recommend the development of a corporate social responsibility plan (CSR), based on trustworthy long-term relationships, as well as policies and actions that exhibit integrity and fairness to consumers, employees, and communities and other stakeholders (Murphy, Laczniak, Bowie, & Klein, 2005; Smith, Palazzo, & Bhattacharya, 2010).

Trademarks and copyrights are not enough to protect brands that provide status differentiation for consumers. We have shown how informal salesmen and counterfeiters utilize brands in exchange practices, making them accessible to consumers in remote areas. Some companies have found in the development of global markets a lower risk for copying and imitating brands (Campuzano, 2003). Others work intensively on product design, manufacture, use, and recycling (Cordell, Wongtada, & Kieschnick, 1996). It is noteworthy that the quality of imitations has improved over the years, such that it is increasingly difficult to distinguish fake from legitimate products (Gentry, Sanjay, & Clifford, 2006).

Managers benefit from conceptualizing brands as sociocultural entities that consumers use to convey localized meanings and even transform themselves and distinguish themselves from others. These meanings are dynamic and are highly influenced by the context of consumption (DeBerry-Spence, 2008). In their use of brands and slogans, consumers reproduce the lifestyles that they desire and they create and share meanings and social relationships, and thus have the power to de/stabilize companies (Arvidsson, 2005). This is why marketers must be attentive to consumers' creativity and agency and integrate both into strong sources of surplus value (Foster, 2007).

The orientation and co-creation of value based on cooperation between producers and consumers, with outstanding attributes of quality, price, micro-financing, and cooperation, as well as unique value experiences sustained in a long-term relationship of respect and reciprocity can be seen in cases like *Casas Bahia* and *Cemex*. It is necessary to recognize that consumers are active agents, with their own identities and capabilities in judging products, expressing their experiences, and interacting with other consumers (Foster, 2007). As seen in the case of the Equatorial Amazon residents affected by the oil company Chevron (see also

chapter 30 by Peñaloza), communities organize themselves in demanding compensation for illness and death, and the restoration of rivers and lands polluted by corporate production and toxic waste over several years.

Finally, cultural marketing strategies operate better when they feature sustainable entrepreneurship. Considering the protection of natural resources, the preservation of wild live and endogenous peoples, and the ability of economic activities to sustain local communities in which their culture is inseparable from the natural environment allows the attainment of economic and non-economic gains for both individuals and organizations. Drawing from Shepherd and Patzelt (2011), we summarize these considerations:

- *Economic gains* enhancing the socioeconomic status of people and improving their subjective wellbeing and emotional, psychological, and physical health.
- *Non-economic gains to individuals* increasing child survival rate, education, equity, and equal opportunities.
- *Non-economic gains to* enhance the wellbeing of each Latin American country, to include the life satisfaction and degree of happiness of their inhabitants.

6.6 Conclusion

Cultural aspects have played important roles in market development in Latin America. The market has facilitated the interaction and transformation not only of economic capital, but also of social, cultural, and symbolic capital in Latin American societies. In recent years consumer culture has developed, featuring the increasing consumption of goods and services. However, in many areas, access to consumption is limited, with much sociocultural variation within urban and rural areas.

Effective cultural marketing requires creativity and innovation, with consideration of the complexity in consumption and markets. Meeting the needs of cultural groups requires the development of strategies that generate greater value for the agents involved in exchange processes. Diverse and dynamic consumption patterns reflect sociocultural traditions and experiences of the respective consumer groups, and thus require constant vigilance by marketing managers to avoid stereotyping diversity.

The acceptance and transformation of products and services within local cultures is a complex process across Latin American countries, with important differences in each one as well. It is necessary to understand that what consumers consider "traditional" does not mean obsolete, nor does it necessarily imply that it is contrary to what is modern. It also is vital to understand that the cultural practices consumers consider legitimately exist within a social structure. The challenge for marketing managers is to understand the dynamic subjectivities of consumers and how they produce meanings in consumption, as well as the manner in which they incorporate products and services into their lives, and that they have the power of producing a mix of new and traditional meanings that are distinct from those anticipated by their organizations.

Review and discussion questions

1. The text mentions cultural diversity in consumption in Latin America. Compare this variation in consumption and markets to what you have seen in your home country.
2. How does the culturally diverse consumption in Latin American cities and rural areas relate to the development of markets there? Is this diversity useful in market segmentation? How does it compare to social class and rural-urban distinctions?

3. Reciprocity is a common element in the development of market exchange relations in Latin cultures. Consider one of the photos in this chapter and discuss how you would develop a cultural marketing strategy.
4. "With the local culture in mind, it is common for consumers to accept and undergo a meaning transformation or opt to reject the goods outright." Explain the consumer agency in such activity.
5. How can the concept of consumer agency be applied when targeting Latin American consumers?

Keywords

Cultural marketing, cultural diversity, market development, corruption, consumer identity, informal trade, consumer agency.

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7 What do affluent Chinese consumers want?

A semiotic approach to building brand literacy in developing markets

Laura R. Oswald

Overview

In this chapter, I examine the limitations of Western luxury advertising to engage affluent consumers in the People's Republic of China. I base my approach on a theory of brand literacy drawn from a theory of language acquisition. I illustrate how semiotics, a social science discipline devoted to the study of signs and meanings in cultural perspective, can be used to identify the cultural tensions between consumers and brands in emerging markets and provide direction for correcting the problem. In the following sections, I review the basics of brand equity, illustrate the role of marketing communication for brand strategy, and outline some of the challenges facing Western companies as they target consumers in developing consumer societies such as China. I then present a case in which marketing semiotics research in Shanghai exposed differences between the ways Chinese and European consumers perceive luxury and luxury advertising.

7.1 Brand equity

Brands are sign systems that form the identity of specific products or services and distinguish them from other brands in a product category. This, the semiotic function of brands, defines the strategic management process. Managers develop the brand positioning by laying claim to a distinctive semantic territory carved out of the broad field of meanings consumers associate with a product category. They reinforce these associations in consumers' minds by representing them consistently in specific words, stories, and images in advertising. For example, Coke and Pepsi both belong to the carbonated cola beverage category, but they each claim different semantic territories. Coke's positioning as "the real thing" speaks to the brand's authenticity, consistency, and tradition. By contrast, Pepsi, "for the new generation," is positioned as a trendy, young, and evolving brand. Brands succeed or fail in direct proportion to the strength and clarity of these positionings in consumers' minds.

The range, consistency, and force of the meanings consumers associate with brands over time contribute measurable value to brands—their brand equity. Brand equity defines an intangible asset on the company's annual report but has tangible strategic value for the firm. For example, in 2010 the Interbrand Group valued the Coca-Cola brand—the meanings consumers associate with the name and logo—at over $70 billion (Foster, 2010).

Simply put, the semiotic value of the name, logo, and other proprietary signs consumers associate with the brand is fundamental to brand equity, not just a value-added. The semiotic value transcends the functional, "use value" of goods and contributes substantially to the bottom line of companies. Brands draw higher prices, higher profit margins, and stronger customer loyalty than generic products because they appeal to the unsatisfied emotional needs of consumers.

7.1.1 Consumer needs and wants

Consumers draw upon the semiotic resources of brands when they use name brands to build self-confidence, extend their personal identity (Belk, 1988), or to enhance their self-presentations (Goffman, 1956). Consider the weekend athlete who is motivated to perform by wearing Nike sportswear, inspired by the brand message "Just Do It!" Consumers may also use brands to mark their identification with social groups and subcultures. Consumers immigrating to the United States, for instance, may choose iconic American brands to blend into their new culture, though they may resort to familiar ethnic traditions to feel the comfort of the homelands they left behind (Peñaloza, 1994; Oswald, 1999).

7.1.2 The brand equity hierarchy

Consumers develop brand perceptions in stages, beginning with the very general, cognitive awareness of a brand name or logo, to very specific, emotional brand relationships based on repeated experiences with the brand (Aaker, 1991, 1997; Fournier, 1998). This process forms a kind of Brand Equity Hierarchy consisting of five stages, including:

1. Awareness.
2. Perception of quality.
3. Recognition of emotional and social benefits associated with the brand.
4. Identification with the brand persona.
5. Loyalty, when consumers experience a personal relationship with their brands.

Brand value increases as consumers move up the hierarchy and become increasingly engaged in the brand world. Awareness is the most rudimentary measure of a brand's value and defines the ability of consumers to recall the brand's name, whether they have used the brand or even know what the brand stands for. The perception of quality refers to the brand's reputation for using good materials, working properly, or delivering good service. As consumers begin to know the brand because of repeated exposure to advertising or the product itself, they gain an appreciation of what the brand stands for—is it timeless and traditional, or trendy and changing? They may even be able to personify the brand, giving it human personality traits.

Though brand characters such as Tony the Tiger or Mr. Clean may facilitate brand personification, repeated association of the brand with events and characters that consumers relate to, such as Coke's association with Santa Claus, contributes to the brand personality. The brand personality stage is critical to the final stage, brand loyalty, inasmuch as the relationship is based upon finding an emotional connection to the brand that parallels a human relationship. At this stage, consumers form a kind of personal stable of brands that they choose consistently over competitors. Their stable of brands may include a range of personal relationships from intimate to formal (Fournier, 1998).

7.1.3 The challenge of global branding

At each stage of the brand hierarchy, brand meaning relies increasingly on matching the brand heritage to the social and cultural contexts of the marketing event and communicating the brand message in signs and symbols that consumers can relate to. In order to move consumers up the hierarchy, from logo recognition toward personal engagement, brand strategy

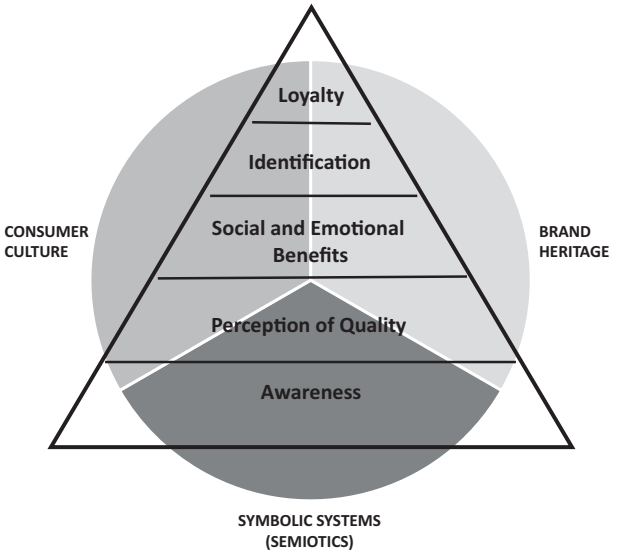


Figure 7.1 The brand equity hierarchy

must be focused on calibrating brand meanings to the evolving culture of the target market and the changing needs, wants, and identity projects of consumers. This process is particularly important for global branding strategies in developing markets.

As sign systems, brands face the same tensions in foreign markets as tourists who do not speak the local language. For example, in non-Christian cultures, how do consumers interpret Santa Claus? Do Arab consumers compare the Mr. Clean genie to the *jinns* from Arabic folklore? Such cultural differences are likely to create ambiguity and even barriers to brand acceptance abroad, particularly in developing consumer societies where brand culture may be an emerging phenomenon. To succeed in the global marketplace, managers must adapt the brand message, not just the language, to the local culture—without losing the core brand identity in the process. Translating brands from one culture to the next may be as simple as changing the cultural references in a print ad or as complex as creating a new communications strategy built upon new media, special events, and/or educational forums.

7.2 Case study: What do affluent Chinese consumers want?

In this section I review the design and implementation of a semiotics research project in China with affluent consumers. I have chosen a semiotics methodology to solve a marketing problem because semiotics research bridges the social sciences and communication theory, connecting the dots between consumer insights and brand communication. Semiotics, sometimes called, "the science of signs," extends linguistic theory to nonverbal media such as the images, myths, and archetypes that abound in popular culture. Unlike classical rhetoric, semiotics embeds the study of signs in the cultural context, explaining the meaning of myth and archetype in terms of the history and ideology of the consumer setting.

Furthermore, semiotics extends the work of anthropologists by identifying the underlying codes, patterns, and figures structuring the categories of culture, and articulating the

meaning of consumer behavior as a kind of language or sign system. By identifying the "language" structuring a consumer setting, product category, or advertising campaign, management can track the consistency of brand communication over time and its relevance for consumers in foreign markets. In addition, semiotics can be used to adjust brand communication to a local setting, to "translate," as it were, the brand system into the terms appropriate for a specific market.

7.2.1 Background

Newly rich consumers in cities like Beijing or Shanghai have contributed to the double-digit growth of the European luxury sector in the past decade, and economists project that China will surpass Japan in the next decade as the leader in the consumption of luxury goods, or 29 per cent of the world consumption pie (Eurostaf Report, 2003; USDA Reports, 2006). Though the financial data on luxury consumption in China is straightforward, we propose looking beyond the numbers to understand the factors motivating brand choice, the unmet emotional needs and wants of consumers, and the influence of Chinese history and culture on their perception of luxury and luxury brands.

As mentioned earlier, the emotional and cultural dimensions of a category tend to influence long-term brand loyalty, so this information could have important implications for management over the long term. Brand relationships, like interpersonal relationships, develop and grow based on identification with some aspect of the story, personality, and cultural context associated with the brand in marketing communication. If Western companies speak to consumers in China without changing the tone, style, and even strategy of their brand communication, it is very likely that they will create barriers to forming lasting relationships between their brands and local consumers.

Luxury manufacturers from Europe such as Louis Vuitton, Armani, Chanel, and Dior, generally employ the same communications strategy and even the same ads in China as they do in Western markets. They may take for granted the universal appeal of brand symbols and stories, and target consumers in China without a clear understanding of the cultural frames that shape consumer perceptions of luxury and luxury brands. They pin their communications strategy on the traditional, single image magazine ad, use European models for the most part, and evoke an interpretation of luxury that cues into Western values for ostentation, individuality, and fantasy.

Findings from consumer research in Shanghai suggest that affluent consumers in China may purchase famous luxury brands for their basic recognition factor, may not engage with brands on a personal, emotional level, and therefore may blur distinctions among luxury brands in the marketplace.

7.2.2 Study design

With the help of Chinese interpreters, I conducted on-site ethnographic research with 16 affluent consumers in Shanghai between 2007 and 2008. The first phase, conducted in June 2007, was exploratory and included both consumers and professionals in the luxury industry, including fashion and interior designers and fashion editors. The second phase included only consumers and focused more on luxury brands and advertising. The study was limited to research on European fashion categories, from leather goods to couture, watches, and cosmetics. Consumers discussed their own experiences of luxury, their understanding of Chinese luxury traditions, their perception of European brands, and their interpretation of

brand communication in magazine advertisements for global brands such as Louis Vuitton, Dior, and Patek Philippe. In this discussion, I will focus on a section of the study devoted to eliciting emotional responses to the questions, "What is luxury?" and "What does this brand stand for?"

7.2.3 Findings summary

Early stage findings suggest that Chinese consumers stop short of identifying the emotional associations that distinguish luxury brands from each other and as a result, often lack a visceral, personal connection to the brands they purchase. Since brand value on the marketplace is founded on nothing less than the personal and emotional associations consumers associate with brands, these findings have serious implications for the growth of the European luxury sector and also raise important questions about brands in translation, consumer cultures in contact, and the limits of consumer assimilation to global consumer culture.

The "next generation" of the new rich in China may expect more of their luxury brands than to display their money and success. They expect luxury brands to both express and inform their *savoir-faire,* personality, and taste. They also expect advertising to assist them in learning how to "read" and appreciate brand meanings. Respondents moving up the economic ladder with their new MBAs and rich husbands consistently expressed disappointment with their expensive purchases because they did not identify with the persona of the brand or the emotional dimensions of luxury that were suggested in luxury advertising. They had trouble making qualitative distinctions between luxury brands and failed to connect with brands in a "visceral" way (Wetlaufer, 2001). Though they sought brands that would reflect their personalities, the brands they bought did not satisfy this need. Their luxury bags and shoes did not extend their personal identities much beyond the meanings of "status" and *savoir-faire*. Several respondents reported losing interest in their Louis Vuitton bags once they got them home, leaving them in the closet with indifference.

As the goods piled up in their closets, these same consumers expressed strong interest in finding a "match" with a brand that satisfied their need for self-expression and met their expectations, fueled by advertising, that luxury consumption would enrich their fantasy life.

Consumers struggled to move beyond the somewhat generic interpretation of luxury brands as "expensive" and "high quality." They also interpreted luxury through the lens of Confucian values, associating luxury consumption with a noble character and, ironically, the simple life.

7.2.4 The historical context

Specific historical and ideological conditions in China have interfered with local traditions of luxury, not only since the victory of Communism in 1949, but for the past 150 years as the result of colonial invasions, wars, and the frugal ideology of Confucianism. More recently, Mao Tse Dong repressed luxury traditions and values in China, tortured rich property owners, destroyed or stole their luxury possessions, and banished them to the countryside during the Cultural Revolution.

This may explain why respondents did not draw upon local traditions and values related to luxury as a means of interpreting and assessing the meaning and value of European luxury brands. The signs and symbols of luxury represented in European ads were thus meanings that lacked a referent in a deep, context-rich experience of luxury. As a result, consumer responses to European luxury focused on the most general meanings of luxury, such as price.

In linguistic terms, their responses betrayed tensions between the meaning and reference of brand symbolism: The "CC" Chanel logo signifies "expensive," Louis Vuitton must be successful because they are "so well known." However, these brands fail to conjure up any emotional experience, fantasy, or image that the consumer can relate to. Consumers struggle to find a brand that links brand symbolism to their personal values, lifestyles, and fantasies.

7.3 Brand literacy

Thus the unique history and ideology of Chinese consumers have shaped their appreciation of luxury and luxury brands in the popular consciousness. Consumers grasped the general meanings of luxury, such as "expensive," "successful," and "royal" ("like the British royal family"). They also interpreted luxury through the lens of Confucianism, a philosophy that values personal virtues and filial piety over materialism. Several respondents actually stated that people who purchased luxury fashion brands probably had good characters and "took care of their parents." Giving luxury brands as gifts can also "make other people happy."

The distinct cultural heritage of consumers in the People's Republic of China forms a contrast with Western concepts of luxury that is no less dramatic than the contrast between the Chinese and English languages. One cannot expect Chinese consumers to be "fluent" in the codes structuring Western luxury any more than one can expect them to be fluent in French or English without specific training. The large luxury companies have nonetheless charged into this market using the same creative strategies they employ in the West, heedless to the resistance of their target market to the nuances and distinctions of their brands. As long as the revenues flow in, for the moment at least, they ignore deep-seated cultural conflicts that may eventually impede long-term brand loyalty and market growth.

7.3.1 Stages of brand literacy

Research findings suggest that consumers in emerging markets pass through various stages of brand literacy in order to recognize and identify with the precise meanings and worlds associated with brands. These stages parallel the stages in the brand equity hierarchy and are related to specific experiences of consumers.

I. The new rich
   - Awareness: i.e., Louis Vuitton is a famous luxury brand from France.
   - Perception of quality: Louis Vuitton products are expensive and well-made.

II. Passionate trendsetters
   - Awareness: i.e., Louis Vuitton is a famous luxury brand from France.
   - Perception of quality: Louis Vuitton products are expensive and well-made.
   - Social and emotional benefits: Louis Vuitton is a badge of status and wealth.

III. The mature new rich
   - Awareness: i.e., Louis Vuitton is a famous luxury brand from France.
   - Perception of quality: Louis Vuitton products are expensive and well-made.
   - Social and emotional benefits: Louis Vuitton is a badge of status and wealth.
   - Brand identification.
   - Loyalty.

Consumers' levels of brand literacy correlated positively with social experiences, work, and life projects. The newly rich housewife had very low emotional investment in luxury brands

but used them to show off her husband's success. The passionate trendsetters wanted to show off their *savoir-faire* about western luxury, like the new rich. In addition, they also sought to express their personal tastes and identities by means of brands, but they were disappointed to say that they could find no connection with their brands. Finally, a small group of consumers who regularly travel outside of China, to Hong Kong, Japan, or the West, or worked in marketing, engaged with brands in ways very similar to consumers in the West.

7.3.2 Barriers to engagement

The majority of the respondents in this study were either "new rich" or "passionate trendsetters." Though passionate trendsetters are deeply motivated to find an emotional connection to their brands, and though many of them had obtained MBAs from prestigious schools in China, they do not move up the brand equity hierarchy much further than the new rich, who use luxury brands as badges and nothing more. Furthermore, the lack of emotional connection and identification with these brands resulted in their reducing all luxury brands to a few universal attributes, such as expensive, good quality or character, and high class. In other words, they failed to differentiate brands on the basis of their distinctive characteristics. Even when recall was aided by showing them several print ads for each brand, they came up with the same generic associations for them all. This lack of differentiation forms a barrier to brand loyalty and competitive strength in the marketplace and presents a critical challenge for marketers in China.

To summarize, when exposed to advertisements for Western luxury brands, most respondents in Shanghai produced a limited repertoire of emotional associations with the advertisements, which led to their difficulty differentiating one brand from the other on the basis of qualitative values.

By contrast, consumers in the West are able to differentiate between brands and even articulate distinct cultural contexts for them. I demonstrate these findings with a brand audit exercise conducted in Paris in 2006.

7.4 Brand audit exercise: A semiotic analysis of luxury perfume ads

I exposed MBA students in Paris[1] to a similar exercise in order to initiate the class in the practice of semiotic analysis. The exercise involved sorting, classifying, and analyzing brand distinctions in a set of advertisements for luxury perfume. The exercise displays the complexity of the semiotic systems at work in advertising that contribute to brand distinctiveness, appeal, and cultural relevance, all of which contribute to the value of brands. It also demonstrates the parameters of the kinds of meanings that consumers, with some prodding, can identify in advertisements. Students in the class, whether they consumed luxury brands or not, were able rather quickly to enter into the analysis of the ads, highlighting a range of semiotic operations and levels of meaning that structure differences and similarities between major brands and contribute to consumer distinctions between brands as personalities.

7.4.1 The binary analysis

Luxury perfume advertisements are distinct from everyday brands inasmuch as they reinforce the fantasy of the woman set apart from the mundane details associated with shopping and saving money. A quick binary sort of the ads produced a binary set of images: One set included only black and white photography; the other stack only used color photography.

*French, goddess, formal, solo
*Likeness of ads for two luxury brands

American, Girl Next Door, casual, social

Figure 7.2 Two interpretations of the feminine, two brand cultures

The black and white ads employed metonymy to engage the spectator in the narrative depicted in the image—we see a part of a story and must fill in the details; the color ads employed metaphor to make comparisons between the perfume and the feminine icon in the image. Further analysis revealed a paradigmatic set of oppositions, beginning with rhetorical style and extending to the kinds of characters, their points of view in the image, the camera angles, and cultural cues. (figure 7.2).

Like works of art, luxury brands tap into the myths and icons of culture and promise the consumer access to transcendent experiences such as beauty, limitless wealth, and immortality. Since perfume itself is ephemeral and impermanent, the brand benefits of the luxury perfume category are entirely based on the delivery of intangible aesthetic associations of the brands with idealized representations of women at personal, social, and existential levels of discourse. The strategic question, then, was how different luxury brands were positioned with reference to the question, "What is Woman?"

Students were exposed to two-dozen print ads for luxury perfumes and were asked to sort them by their aesthetic styles, their emotional tone, and the relationship they suggested for consumers. Students inevitably drew an initial distinction between ads that were executed in black and white photography from those executed in color. From there, they found that the black and white images all had couples or families in them in a realistic setting, whereas the photos in color showed women alone on an undefined background. From this initial binary, a paradigmatic series of oppositions were generated that extended to other cultural categories such as aesthetic style, social identity, and national culture. These binaries could be linked in turn to two distinct interpretations of feminine ideal. The black and white photos all leaned toward a more casual representation of women as "the girl next door," in everyday settings that resembled prose. The colored photos leaned toward a more formal representation of Woman as Goddess in iconic representations that resembled poetry. These stylistic distinctions were evidence of deeper cultural differences between the two sets of ads, since without exception the ads in black and white represented American brands; the ads in color represented French brands.

7.4.2 Brand literacy and cognition

Though a longer summary would draw attention to the broad and complex range of meanings communicated in the ads in this exercise, this cursory analysis reveals the cognitive processes involved in the interpretation, integration, and identification with brands. It highlights how, with some probing, consumers identify and differentiate the cultural cues that distinguish brands. It also forms the basis for understanding how consumers acquire preferences and emotional attachments to some brands rather than others.

This exercise also illustrates how reading brand identity is culture specific. It also accounts for the limitations facing consumers in non-Western markets who try to enter into this semiotic game, missing the nuances and emotional meanings that define brand equity and identity. While French students could identify a range of semiotic dimensions and cultural cues in these European ads, whether or not they had personal experience with luxury brands, respondents in Shanghai displayed, for the most part, limited abilities to elaborate upon the distinctions among brands or the culture these brands represent. Such consumer responses are symptomatic of a deep divide between the culture of the target market and the culture of the brand, and threaten the perceived value of the brand for these consumers. Yet advertisers in the luxury sector have so far failed to recognize the need to address this cultural conflict.

7.5 Brand literacy in semiotic perspective

The very notion of brand literacy is grounded in the assumption that non-linguistic sign systems such as advertising are structured like language, by means of codes or conventions that are embedded in the culture of consumers. Structural semiotics, like linguistics, offers a rigorous, repeatable methodology for analyzing the codes underlying the structure of meaning and reference to the cultural context in discourses such as advertising and consumer behavior. Semiotic analysis brings forth objective criteria such as codes, rhetorical operations, and other formal dimensions of data. Semiotics has the advantage over content analysis by identifying structural systems, patterns, and rules that transcend the content of the message itself. These structural elements organize phenomena into meanings under the rubric of cultural categories such as gender, power, or identity. (See McCracken, 1986 for a discussion of cultural categories.)

Structural semiotics transcends its origins in Russian Formalism (Lemon & Reis, 1965) by moving beyond the simple formal analysis of texts and taking account of the implication of form and meaning in a given cultural context, such as the family meal. Though meals have a beginning, middle, and end, the meal preparation, the disposition of the family members around the table, and the foods brought to the table are inseparable from the cultural values, priorities, and traditions of the family.

The notion that discourses are structured both by the internal organization of signs and the external references to the context of the communication, originates with the linguistic theories of Swiss linguist Ferdinand de Saussure (1983/1971/1913) in the 19th century. This notion has been refined and expanded over the years by experts in the areas of semantics and culture theory. These experts emphasize the importance not only of the structure of discourse but the reference of discourse to the context of the communication.

Brand literacy operates on at least two levels: The *structural* level associated with the literal, "dictionary meaning" of signs; and the *semantic* level associated with the relation between the dictionary meaning to the context of discourse. Writers such as Eco (1979), Greimas (1983/1966), and Benveniste (1971) extend structural semiotics by emphasizing that

discourses are not only meaningful because of *structural* codes responsible for the coherence of the sign system itself, but also because of *semantic* codes that embed discourses in the context of the communication event. Irony is a good example of the importance of context. For example, the utterance, "What a beautiful day!" taken at face value, signifies meanings one associates with good weather. When someone utters this same statement in order to remark on yet another cold and rainy day in Chicago, the meaning becomes an ironic comment on the bad weather. In other words, two distinct levels of semiotic organization—the internal structure of signs and the reference to a semantic context, drive meaning production.

The distinction between the meaning and reference of discourse, we shall see, has great importance for understanding the dynamics of brand literacy. Though I will elaborate in more detail on this dynamic further on, suffice it to say that consumers must be able to not only understand the meaning of brand signifiers (e.g., "This is an expensive brand"), but relate them to the semantic context of the brand world, the product category, and their own lifestyles (e.g., "This brand reminds me of people who are fun, sexy, and free"). In the present study, the brand communication failed to elicit these kinds of associations with luxury brands, so consumers did not personalize, differentiate, or identify with one brand over another. They did not relate to the European culture of luxury in the ads and could not fill in the brand world suggested by the images.

7.5.1 Brand literacy and language learning

Brand literacy affects various levels of brand semiotics, from the logo to the broad system of associations brands communicate over time. These levels include:

- Denotation, or the literal association of a signifier with a signified, the way logos stand for the company. The CC logo references the Coco Chanel brand.
- Connotation, the association of a signifier with an aesthetic signified, such as the association of the logo with the brand's quality, positioning, and benefits for consumers. The sign "CC" stands for exclusivity, high status, and classic beauty.
- Symbolism, the association of brand signifiers, from the logo to celebrity endorsers, with the brand culture and identity. The Chanel woman is classic, intelligent, assertive, and sophisticated.

As meaning production moves from the literal or denotative function to the symbolic function, the importance of the cultural context increases. The CC logo may be universally recognized, but consumers' responses to the Chanel brand would be dramatically different if they were living in austerity-prone China during the Cultural Revolution in the 1960s and 1970s.

By drawing upon structural semiotic theory, I propose that consumers learn the codes structuring brand meaning in a sequence that resembles language acquisition. Russian linguist and semiotician Roman Jakobson (1956/1990) discovered that language literacy occurred in stages and that not all people followed these stages in the same way. By studying the stages of language loss experienced by aphasics and comparing findings with the stages children pass through to in language acquisition, Jakobson developed a binary schema for mapping the literacy process in terms of a double axis formed by associations by similarity (the paradigm or set of all possible replacements) and associations by contiguity (the syntagm or concatenation of all terms in a given message). These semiotic structures, in Jakobson's schema, parallel cognitive operations of substitution and alignment in the mind.

Jakobson also identified two distinct types of aphasia, distinguished by the relative emphasis on the ability to create associations by similarity and the ability to create associations by contiguity. He finds that one set of aphasics gradually loses the ability to combine signs on the basis of their similarity—they can define a word, for instance, but they cannot replace it with something like it, as in the paradigmatic association of a knife with similar tools using a blade. The other set of aphasics gradually loses the ability to combine signs on the basis of their contiguity—their logical or physical association with each other, as in the linear or syntagmatic association of the table knife with all other utensils in a serving set.

In typical Structuralist fashion, Jakobson extrapolates these findings about two types of aphasic disturbances to a general theory of "two aspects of language" that account for nonlinguistic forms of literacy associated with cultural systems other than language, such as prose and poetry. In the figure below, I plot the two axes of meaning on a grid, then demonstrate how this can be applied to advertising research.

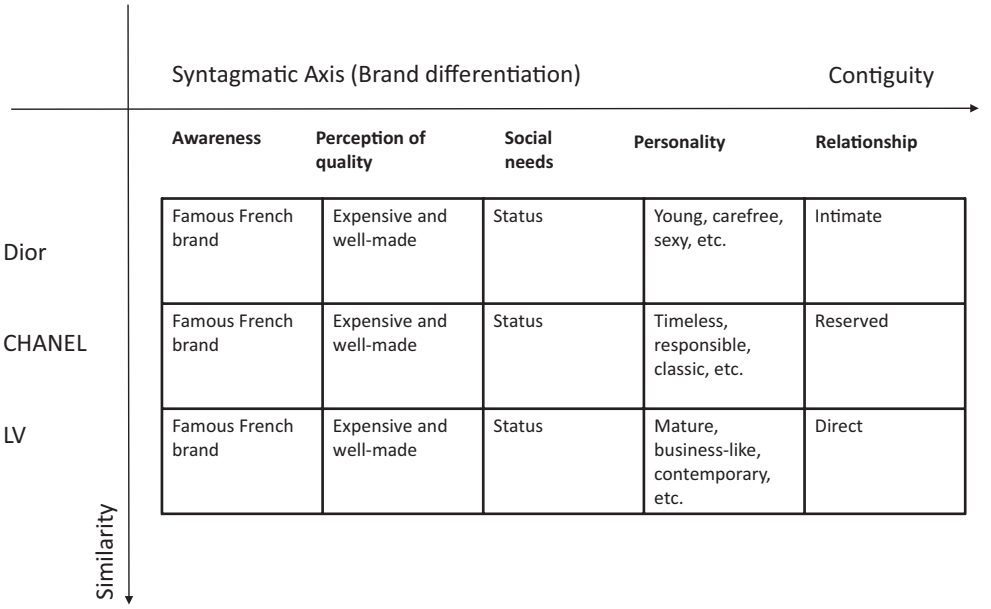
On the paradigmatic axis, moving top to bottom, I have listed a set of famous luxury brands—Dior, Chanel, and Louis Vuitton—that share qualitative attributes associated with the luxury category as a whole. These attributes include awareness of a famous French brand, perception of quality and high price, and status. These attributes contribute to the set of all qualities that French luxury brands have in common. On the syntagmatic axis, moving from left to right, the attributes of each brand become increasingly distinct. Research findings suggest that as consumer perceptions move *from* awareness of generic brand attributes such as price and status, *to* identification with the personality and relationship style of the brand, their ability to differentiate and develop preferences for one brand over another increases.

7.6 Implications for consumer research

Jakobson's schema has important implications for consumer learning and brand literacy because it enables the researcher to separate the paradigmatic set of attributes that define a product category from the unique associations on the syntagmatic axis that define the world of specific brands. The paradigmatic associations join brands together by similarity; the syntagmatic associations differentiate brands by means of a chain of signifiers that form the context. By mapping findings from the research in Shanghai on this grid, we observe that Chinese consumers readily recognize the set of brand attributes that all luxury brands share (the paradigmatic axis), but have greater difficulty recognizing differences among brands based on their contexts (the syntagmatic axis).

There are at least two conclusions that can be drawn from this finding. First of all, since the cultural context forms the distinct meanings, rituals, and personal identities that define the brand's positioning in the marketplace, the cultural incompatibility between the Western advertising and the culture of consumers limits Chinese consumers' interpretation of the brand world.

Second, it is possible that Chinese and Western consumers acquire semiotic codes in different ways. Future research may reveal that brand literacy, like language acquisition, follows two distinct paths, determined by culture—association by similarity and association by contiguity. It is possible that Chinese consumers initially lean toward associating brands along lines of similarity, while Western consumers may initially lean toward differentiating brands along the lines of contiguity. Managing brand meanings to account for these differences in learning styles may be critical for translating brands across borders.



	Awareness	Perception of quality	Social needs	Personality	Relationship
Dior	Famous French brand	Expensive and well-made	Status	Young, carefree, sexy, etc.	Intimate
CHANEL	Famous French brand	Expensive and well-made	Status	Timeless, responsible, classic, etc.	Reserved
LV	Famous French brand	Expensive and well-made	Status	Mature, business-like, contemporary, etc.	Direct

Figure 7.3 Two dimensions of brand discourse

Ultimately, language learners acquire skill in making both associations by similarity and contiguity in order to master language. However, language learning, like branding, does not develop in a vacuum, but is formed by means of the ongoing practice of associating meanings with the context of discourse. Continuing the analogy with language, in order to develop engaged, loyal consumers in China, marketers must understand the local culture and establish a brand world that is calibrated to the cultural context.

7.6.1 Implications for marketers

Findings from this study suggest that the strong growth in the luxury sector in China may obscure underlying tensions between the culture of consumers and the meaning of brands. In the first blush of affluence, consumers in developing markets such as China may purchase luxury brands regardless of their personal identification with particular brands. As emerging markets mature, affluent consumers demand more of their brands than simple ostentation and status. To grow long-term value and consumer loyalty over the long haul, marketers must focus on building brand literacy in these markets by innovative research and communication strategies.

7.6.2 The culture factor

Luxury manufacturers in the West rely on the double-digit growth in emerging markets such as China, but have rushed into this market without adapting the brand message to the culture of local consumers. The first generation new rich in China may have been content to show off famous, expensive brand names even if they did not engage with the brand on a visceral level. However, the current research suggests that second and third generations of

affluent Chinese consumers will not be satisfied with the current, somewhat generic association of luxury brands with money and success and may seek brands that satisfy their needs for personal expression and relationship. In order to develop a more personal relationship to Western luxury brands, Chinese consumers must relate brand meanings to their culture and their unique identity projects.

7.6.3 The role of advertising

Management itself is responsible for creating barriers to consumer engagement with luxury brands, if not to the luxury category as a whole, by assuming that Chinese consumers already know the "rules of the road" relating to luxury goods, rituals, and culture in the West. The Western images used in advertising are structured by cultural as well as linguistic and aesthetic codes, and these cultural codes interfere with the brand recognition and identification process. In similar fashion, reading Chinese would present problems for the untrained American tourist.

The present research identified several broad areas in which luxury advertising came into conflict with the cultural values of Chinese consumers:

- Western luxury advertising tends to focus on the individual model isolated from her lived environment. By contrast, Chinese consumers traditionally interpret the individual as a cell in a larger organism, subject to the forces of nature, fate, and the social group.
- Furthermore, Chinese consumers have a rather short history of branded market culture, so they cannot "connect the dots" between what the advertisement shows in the image and what it infers about the luxury context in the same manner as Western consumers.
- For the most part, luxury advertisements in Asia reproduce the one-page fashion shot that characterizes fashion advertisements in Europe, even reproducing the photographs, replacing the language with Chinese. Though consumers may be able to relate to the verbal text, they may not relate to the visual "language" structuring the meaning of woman, beauty, and luxury in the West.

The challenge for advertisers is to adapt brand communication to the culture of local consumers without losing the essence and meaning of the brand across markets (Sherry, 1987; Cayla & Eckhardt, 2008). Ogilvy and Mather took steps in this direction in the "Journey" campaign for Louis Vuitton luggage. They embedded the product in scenes, sometimes two pages across, that highlighted substantial, highly-achieving personalities that included Mikhail Gorbachev, Madonna, and David Beckham. They replaced the single page ad featuring anonymous bodies on a black backdrop with texture, history, and high values. Whether the campaign was targeted specifically to the Chinese market or not, it in fact responded to Chinese consumers' need for context, notable characters, and noble actions.

However, marketers may have to go a step further and replace the traditional magazine ad with a new creative strategy altogether; one that would include different forms of consumer contact and non-traditional media. In addition to celebrity endorsers (see Wicks, Nairn, & Griffin, 2007), luxury marketers may have to abandon the assumption that luxury transcends time and culture (Wetlaufer 2001) and find ways of weaving their brands into the lifestyles and values of Chinese consumers. They need to move beyond the single image print ad and the iconic fashion model in order to initiate Chinese consumers into the luxury brand culture. They may also have to follow the lead of marketers in other categories, such as household appliances, where brand recognition has been built upon personal selling, shopping mall

tutorials, trade shows, and other non-traditional media to educate consumers about a new category or brand.

7.7 Conclusions

Brands grow in value to the extent that consumers engage with brands at personal, visceral levels and grow their brand loyalty (Aaker, 1991; Fournier, 1998; Yankelovich, 1964). The brand literacy of consumers in emerging consumer markets has important economic implications, not only for particular companies but also for the global economy, since emerging markets are driving global economic growth. In this brief study, I demonstrated the usefulness of marketing semiotics in building global brand strategy.

Furthermore, advertising forms the symbolic site for the intersection of cultures in contact and a medium for translating cultural meanings from one market to another. With the market opening in China in the 1980s, global advertising also has the potential to exceed its marketing function and serve as a moderator for consumer acculturation in developing consumer markets such as China. Moderating consumer acculturation has relevance not only for building successful brands in these markets, but has the potential to build understanding and dialogue between nations.

The objection could be made that brand strategy built upon growing brand literacy in developing markets may be a form of indoctrination to Western culture. However, as we found in the present study, translating brands is a two-way, dialectical process moderated by the intersection of the marketing message and the perceptions of consumers (Zhang & Schmidt, 2001). This research suggests that consumers in developing markets are not likely to be assimilated easily or completely into a monolithic global consumer culture, because they demand more relevant communication that matches their own cultural priorities and even filter brand messages through the lens of local values and ideology. The brand-"literate" consumer, in China or any other market, would not simply "assimilate" to the codes and values of Western brands, but would be able to manipulate these codes to express their personal tastes or "extend" their personas (Belk, 1988). Ongoing research into the culture, poetics, and history of Chinese culture will open the way to create brand literacy in the luxury sector, improve long-term brand value for European luxury brands, and enhance cultural understanding between consumers in the global marketplace.

Review and discussion questions

1. What does Coco Chanel mean? How might the answer to this question differ in different cultures?
2. How can the concept of brand literacy be applied in targeting consumers in advertising?
3. Outline briefly some of the elements of Chinese culture referenced in the chapter. Why are these and other aspects of culture important in the Chinese luxury market?
4. You are a marketing manager for a luxury brand and in charge of entering the Chinese luxury market. How will you approach this task by means of semiotic methods?
5. Make a list of your favorite luxury brands. Compare and contrast the website of those brands in your home country with those of brands in an emerging country.

Keywords

Luxury consumption, advertising, global branding, China, luxury, semiotics, brand literacy, affluent consumers, brand equity.

Note

1 ESSEC Business School, Paris, France, 2005–2006.

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Part II

Consumer and marketer identity and community politics

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8 The relational roles of brands

Jill Avery

Overview

In contemporary culture, brands play important relational roles, linking consumers to others and serving as relational partners. This chapter provides a cultural understanding of the relational roles of brands to illuminate why and how consumers connect with brands and how those connections enable consumers to relate to each other. Moving away from an economic conceptualization of marketing relationships as exchange based, the chapter provides a more nuanced understanding of consumer-brand bonds and highlights the core processes that drive customer relationship development. In providing a cultural approach to CRM, the chapter encourages managers to negotiate relationships with consumers, rather than focusing on managing their customer relationships.

8.1 Relating to customers

Consumers engage in relationships with brands and with the firms that sell them. As a result of this, a key strategic initiative for firms is to establish and maintain strong, profitable relationships with their customers. Since the mid-1990s, firms have invested significant amounts of financial and managerial resources into developing sophisticated customer relationship management (CRM) systems and processes. These systems are designed to collect individualized information on each consumer, such as how much the customer buys, how frequently the customer buys, and what the customer buys, and disseminates it to all customer-facing personnel in the firm. This enables customer service representatives, salespeople, and other managers to enter into each customer encounter armed with a background of historical purchasing information about the customer's interactions with the firm so that they can personalize a relationship with a particular consumer.

Despite the vast resources spent on CRM over the past decade, many managers remain disappointed with the return that they are receiving from their CRM investment. Forty-five percent of firms who have executed large-scale CRM systems are dissatisfied and more than half of all CRM projects fail to achieve the economic and relational objectives firms had for them (Dignan, 2002). Herb Hunt, the chief technology officer for Siebel, one of the largest suppliers of CRM software, blames firms themselves for the failures, claiming that it is the lack of a customer relationship strategy that dooms CRM systems, rather than the lack of data or the technology to use it: "The big question is whether a company is implementing a technology or a strategy. For CRM to be a success it is critical [that] customers have a strategy" (Dignan, 2002, p. 3). Firms have gathered reams of CRM data but still do not

understand how to relate to their customers. Consumer researchers Susan Fournier, Susan Dobscha, and David Glen Mick claim that:

> Ironically, the very things that marketers are doing to build relationships with customers are often the things that are destroying those relationships. Why? Perhaps we are skimming over the fundamentals of relationship building in our rush to cash in on the potential rewards of creating close connections with our customers. Perhaps we do not understand what creating a relationship really means.
>
> *(Fournier, Dobscha, & Mick, 1998)*

Since then much progress has been made in assisting managers in forging relationships with their customers ((Fercherin, Guzman, Veloutsou, & Cayolla, 2019), to include understanding the types of relationships consumers form with brands and the processes that drive customer relationship development. It is this cultural understanding which is necessary to develop customer relationship strategy and to implement activities that create, nurture, and grow relationships with consumers.

8.2 Relating to brands

The first step in developing a viable consumer-brand relationship is to understand why it is that consumers form relationships with brands. This chapter provides an anthropological understanding of how consumers connect with brands and how those connections enable consumers to relate to each other.

8.2.1 Why consumers form relationships with brands

Consumers often buy products not for what they do, but to use the meanings they convey. The symbolic value of brands goes beyond their functional or utilitarian value to consumers (Levy, 1959). In today's world, brands are cultural artifacts, tangible objects which communicate abstract cultural meaning (McCracken, 1986). To be more specific, brands play an important role in making culture concrete by encapsulating ideologies, beliefs, and values.

In forming relationships with brands, consumers transfer the cultural meanings associated with brands in using them in their own lives (Fournier, 1998). Considering brands in this way illuminates the fact that customer relationship management at its core involves meaning management. Consumers search for brands to relate to that will fill meaning voids in their lives; therefore, brands that experience strong consumer-brand relationships are those that consistently and reliably deliver meanings that are culturally resonant to consumers.

8.2.2 Relating to others through brands

The relationships consumers have with brands are embedded in larger webs of social relationships. These webs include relationships between consumers and other people in their lives, as well as relationships between consumers and other consumers of the brand. Thus, our relationships with brands help us manage our social relationships with others, including those important to us.

Consumers also use their relationships with brands to create their social identities, to fit in and stand out from others. Consumers choose brands that signify who they are or who they would like to be, and avoid brands that are "not me" (Kleine, Kleine, & Allen, 1995) or

which are used by undesirable others (Berger & Heath, 2007). Our relationships with brands help us express our personalities, statuses, lifestyles, social class, ideologies, and many other social identities. We can be whoever we want to be, merely by changing the brands with which we share relationships. As cultural studies author James Twitchell explains, many of our social identities are defined by the brand relationships that help us inhabit them:

> Without soldiers, King Lear is no king. Without a BMW there can be no yuppie, without tattoos no adolescent rebel, without big hair no Southwestern glamour puss, without Volvos no academic intellectual.
>
> *(1999)*

Consumer researchers Avinash Malshe and Linda Price (2004) view brands as solutions that consumers use to solve relational problems that arise in their lives. Brands thus help consumers develop and service relationships with their family members, friends, colleagues, and acquaintances. For example, when a mother brings home a cereal brand preferred by her children, she facilitates her relationship with them. When a husband stops at Best Buy to purchase a Nintendo Wii for his family, he facilitates his relationship with them. Malshe and Price remind us to view consumers' devotion to brands in the context of their devotion to others. In sum, brands are tools we use to build and maintain relationships with others.

8.2.3 Brands as social glue

Brands function as social glue, bringing people together. Through our use of brands, we form bonds with others who share our preferences. In today's society, it is our consumption which connects us to others, as expressed by cultural anthropologist Daniel Boorstin:

> The modern American was tied if only by the thinnest of threads and by the most volatile, switchable loyalties to thousands of other Americans in nearly everything he ate or drank or drove or read or used … Americans were increasingly held to others not by a few iron bonds, but by countless gossamer webs knitting together the trivia of their lives.
>
> *(1974)*

A good example of such communities are groups of consumers that form around brands (Muniz & O'Guinn, 2001). These communities of consumers come together to celebrate at brandfests and new store openings. For example, Saturn owners travel to the initial factory to celebrate a "homecoming" and Apple devotees line up a day in advance to be the first to enter a new Apple store. Virtual brand communities are also flourishing, with consumers congregating in online spaces to meet others who share their passion for a brand. In contrast, anti-brand communities unite consumers opposed to a brand, making it easier for them to organize brand boycotts and other forms of consumer activism. Anti-brand communities actively work against prominent brand communities, such as Starbucks (Thompson & Arsel, 2004).

Thus, consumer-brand relationships are purposive: They provide meaning that consumers use to create and manage their identities, negotiate important relationships, and forge bonds with others who are like them. Relating to brands helps consumers relate to themselves and to others. The brands which best serve these purposes are the ones with which consumers will form strong relationships.

8.2.4 Types of consumer-brand relationships

What types of relationships do consumers form with their brands? Historically, marketers have viewed consumer-brand relationships as economic exchanges. According to psychologists Margaret Clark and Judson Mills, we typically have exchange relationships with strangers or mere acquaintances and the purpose of these types of relationship is often business. People in exchange relationships expect quid pro quo for everything they put into it: "members assume that benefits are given with the expectation of receiving a benefit in return" (Clark & Mills, 1979, p. 12). In exchange relationships, consumers engage with a brand to receive something from the brand that is equal to or exceeds the consumer's investment in the relationship. Following neoclassical economic theory, consumers are viewed as rational, self-interested, economic beings who engage in relationships with brands purely to maximize the utility they receive from them.

However, consumer behavior in the marketplace tells quite a different story. Consumer anthropologists have documented relationships with a much different flavor; consumers of brands such as Harley-Davidson, Apple, Porsche, Star Trek, and Krispy Kreme donuts are much more passionate about their brands than the exchange relationship model predicts. The relationships these consumers have with their brands more closely resemble communal relationships we have with important people in our lives, like our family and our closest friends. In communal relationships, consumers are less self-interested and more interested in the brand as a relationship partner, demonstrating concern for the brand and its needs and for the continuation of the relationship (Aggarwal, 2004). Communal consumer-brand relationships are sometimes described as marriages, in which the consumer loves the brand, is highly loyal and committed to it over time, and derives great psychological and social benefit from the relationship. Consumers with communal brand relationships usually demonstrate high levels of brand loyalty, a strong emotional attachment to the brand and frequent and/or exclusive purchase of it. Communal relationships represent nirvana to marketers, as these types of relationships are deemed most valuable to the firm; hence, the goal is to create communal customer relationships with as many of their customers as possible.

What are the factors that make up a strong consumer-brand relationship? Consumer researcher Susan Fournier developed a six-faceted Brand Relationship Quality scale (1998) to measure the six factors which combine to make relationships strong and enduring. The six factors demonstrate that strong relationships between consumers and brands involve much more than traditional definitions of brand loyalty which focus on brand liking and brand purchase have allowed:

- *Love and passion*. Consumers feel a strong emotional attachment to the brand and feel anxious when the brand is not available to them.
- *Self-connection*. Consumers feel a strong connection between the brand and their personal identity. The brand represents an important aspect of the consumer's self.
- *Interdependence*. Consumers have a high level of interaction with the brand. Interactions are emotionally important to the consumer. The brand has become part of important rituals in the consumer's life.
- *Commitment*. Consumers feel and demonstrate commitment to the brand in the face of adversity. Consumers may also derogate competing brands.
- *Intimacy*. Consumers know a great deal about the brand or the brand firm. Brand knowledge is highly personalized and connected to the self.

- *Brand partner quality*. Consumers believe that the brand is a worthy relationship partner. Consumers believe the brand cares about them and that the brand will act in their best interest to protect their relationship. Consumers believe the brand is reliable, trustworthy, dependable, and predictable.

Strong consumer-brand relationships create brand fans, whose passion for the brand leads them to tattoo the brand on their skin or carve it into their hair, name their children after the brand, stand outside for days to be the first to acquire a new product from the brand, or launch brand fan clubs. YouTube is filled with videos made by avid brand fans. Songs written about brands by fans are on the web. Consumers' Facebook pages are dotted with the logos and widgets of their favorite brands.

Despite marketers' wishes, not all customers will become brand fans! Customers do not form strong, enduring bonds with all of the brands they use, just as they do not form strong personal bonds with every person they encounter in their lives. Like human relationships, consumer-brand relationships take many different forms, which are more or less valuable to the firm. Many more kinds of relationships exist between consumers and their brands beyond the exchange/communal distinction. After studying a myriad of relationships consumers have with their brands, consumer researcher Susan Fournier (1998) contends that consumer-brand relationships take many of the relational forms we see in human relationships. The 15 different types of relationships Fournier identified are summarized in Table 8.1.

Table 8.1 Typology of consumer-brand relationship forms

Type of relationship	*Example*
Arranged marriages	I use Verizon for my cell phone service because my parents have a family plan that we are all on.
Casual friends/buddies	I like Pepsi and drink it occasionally.
Marriages of convenience	I shop at Stop-n-Shop because it is the closest supermarket to my house. I prefer Shaw's, but it is too far away.
Committed partnerships	I love my Mac and would never think about using a PC.
Best friendships	My MINI and I are so much alike. I know I can count on my MINI to be fun and reliable.
Compartmentalized friendships	I have three different jean brands that I wear for different occasions. The label 7 is my brand for casual weekends, Diesel is my brand for going out to clubs, and True Religion is what I wear to school.
Kinships	I use Tide detergent because that is what my mother used and the smell reminds me of her.
Rebounds/avoidance-driven relationships	I wear Reeboks because I find Nike's labor practices to be morally reprehensible.
Childhood friendships	On Halloween, I always buy Snickers because that was my favorite candy when I went trick-or-treating when I was young.
Courtships	I bought a trial size of Herbal Essence shampoo to see if I like it.
Dependencies	I can't live without my Starbucks latte.
Flings	I drink Harpoon Winter Warmer beer during the holidays, but go back to my Sam Adams the rest of the year.
Enmities	I won't use Crest because my ex-boyfriend used it.
Secret affairs	I love to watch *Dancing with the Stars*, but I hide it from my friends because they will laugh at me.
Enslavements	I have to purchase my internet connection from Comcast because they are the only ones who offer high speed internet in my area.

These 15 types of consumer-brand relationships vary along many more dimensions than just weak versus strong. Consumers have positive and negative relationships with brands. Some consumer-brand relationships are imposed upon consumers, while others are entered into willingly. Consumer-brand relationships satisfy the functional needs of the consumer as well as her emotional needs. Some consumer-brand relationships are intense while others are superficial, and some exist for short durations while others endure over time. Consumers can keep their brand relationships private or acknowledge them publicly.

Further, the types of relationships differ across these six dimensions, indicating complex relational forms. For example, some relationships, such as committed partnerships and secret passions, involve love and passion; and some, such as adversaries and enslavements, do not. Some relationships invoke a strong connection with the self, such as childhood friendships and kinships; while others, such as rebounds and arranged marriages, do not. In some types of relationships, such as best friendships and dependencies, consumers are highly interdependent on the brand; while in others, such as compartmentalized friendships or flings, the interdependence is minimal. Commitment is crucial to some relationships, such as best friendships and committed partnerships, but less important to others, such as flings and marriages of convenience. Some relationships include intimacy, such as best friendships; some, such as courtships, do not.

As importantly, consumers can have different types of relationships with different brands. A consumer who uses Crest toothpaste just because his wife likes it (arranged marriage) may use Dial soap because it reminds him of his father (kinship), and may have signed a short-term lease (fling) on a Volkswagen Beetle to regain his memories of driving one when he was a child (childhood friendship). He may be deeply committed to his iPhone and refuse to even consider another brand (committed partnership) and may feel like he cannot live without his nightly Oreo binge before bedtime (dependency).

Consumer researchers Linda Price and Eric Arnould argue that relationships between customers and firms are different from relationships between people. They studied service providers and their clients and uncovered a unique relational type they labeled "commercial friendships." Although commercial friendships share many of the same attributes as human friendships, such as affection, intimacy, social support, loyalty, and gift-giving, commercial friendships are constrained to the commercial setting in which they are enacted. Importantly, Price and Arnould find that customers who are engaged in commercial friendships with their service providers have high levels of satisfaction, loyalty, and generate positive word-of-mouth for their "friend" (Price & Arnould, 1999). This work illustrates that managers should not blindly apply human relationship forms and practices to consumer-brand relationships, but rather, that they should strive to understand consumer-brand bonds as somewhat different from, but related to, the bonds between people. For example, in real life, we may be restricted by custom and by law to be married to just one person at a time; in brand life, we can be married to several brands simultaneously!

8.2.5 Managerial implications

Firms manage a portfolio of many different kinds of relationships with their customers. One of the first things managers must do is understand the type of relationships their brand has with its customers. Here are some ideas on how to get started:

- *Listen to how your customers talk about your brand.* Consumers in communal relationships will use more emotional and social language, while consumers in exchange

relationships will use more rational language. What relational metaphors do customers use to describe how they feel about the brand and your firm? These metaphors can point the way to the type of relationship consumers experience; for example, a consumer who uses the terms "love," "loyalty," and "commitment" may be in a committed partnership, a consumer who uses the terms "addicted" or "obsessed" may be in a dependency relationship, while a consumer who uses the terms "hate," "disgusted by," or "enemy" may be in a relationship based on enmity.

- *Do not limit yourself to human relational forms.* Although you should leverage what you know about human relationships to try to make sense of what consumers are saying about your brand, do not try to categorize all of your customer relationships into a human equivalent. You may discover some relational forms that are unique to commercial settings. Consumer researcher Pankaj Aggarwal warns "It is likely that the commercial context creates its own norms of behavior that lay on top of the social relationship norms that ultimately determine consumers' attitudes and behaviors," (2004, p. 99) reminding us that all consumer-brand relationships have an element of exchange at their core since they involve commercial transactions.
- *Remember that each consumer may have a different type of relationship with your brand.* Any customer portfolio contains multiple relationship types. Look for differences across customer segments and consider segmenting your customers by relational form (cf. chapter 18 on segmentation and targeting). What are the commonalities that define customers who have a specific type of relationship with the brand, and how are these customers different from those who have other types of relational bonds with the brand?

8.3 Customer relationship management

Unfortunately, the type of information that is collected by most CRM systems does little to inform firms about their customer relationships. Most CRM systems collect and calculate economic data on customers, such as the cost to acquire and retain them, their cross-selling potential, and their customer lifetime value to the firm. None of this data provides relational insight.

8.3.1 Why are relationships missing from CRM?

In developing CRM programs, managers use primarily economic data to separate customers into economic tiers, in terms of their level of profitability to the firm. One such program is the customer pyramid (2001), developed by researchers Valarie Zeithaml, Roland Rust, and Katherine Lemon, which organizes customers into four profitability segments: Lead, iron, gold, and platinum. Lead customers generate the least amount of profit for the firm; they tend to buy low-margin products or demand excessive customer service attention from the firm which makes the cost to serve them high. Platinum customers generate the most profit for the firm because they buy high-margin products, they buy frequently and in high quantities, and/or they have a lower cost to serve than other customers. The customer pyramid enables managers to identify those customers who provide value to the firm and to customize customer service and promotional offers to them to maximize profitability. For example, managers wring increased profitability from the customer base by mining CRM data to identify and to nurture "platinum" customers with extra services, customized products, and loyalty programs. These customers are offered opportunities to increase their economic spending with the firm through the cross-selling of other products and services the firm offers. The

data is also used to weed out unprofitable "lead" customers, customers whose cost to serve exceeds their benefit to the firm.

By using the customer pyramid, firms believe that they are managing their relationships with customers appropriately, in providing the good ones with extra service and attention and reducing or eliminating contact with the bad ones. However, what the firm is doing in these instances has very little to do with relating to its customers. CRM, instead of enabling relationships between firms and customers, has become a database and a series of resource allocation practices that enables firms to treat their customers like other economic assets (Fournier & Avery, 2010). Firms use CRM data to increase their profitability by rationalizing service and marketing efforts towards customers who are most likely to deliver value to the firm and away from those who are too costly to serve. Increasingly, a practice that used to be used only in extreme cases is becoming a more common occurrence: Firing your customer. Once unheard of in a world where "the customer is king," firing your customer is becoming standard business procedure: A recent survey of 900 consumers found that 30 percent of consumers claimed to know someone who has been fired by a firm. Table 8.2 recounts the stories of three fired customers. Ironically, these customers were originally identified and cultivated by the firm's CRM systems as "good" customers because of their frequent purchasing, and were rewarded by the firm with special discounts, upgrades, and events: Filene's Basement invited Nancy to join its Insiders Club and Royal Caribbean recognized Brenda and Gerald as platinum members before they were fired.

Rather than using CRM systems to segment and fire their customers, managers need to pinpoint the relational processes that enhance customer loyalty and to take responsibility for the role the firm plays in the fabrication of a lead or a platinum customer (Fournier & Avery, 2010). Relationships take two, so if a customer is in a less profitable relationship with a firm, both the consumer and the firm share the blame. Firms are in the dark as to how the actions they take positively and negatively affect customer relationships. Gains from customer resource allocation are a short-term way to wring profitability out of the firm's customer base; long-term gains will only come when managers truly understand the relational processes by which customers come to be in the lowest tiers (or highest tiers) of profitability in the customer pyramid. The first step towards greater understanding comes from envisioning your brand as a relational partner.

8.3.2 Brands as relational partners

In human relationships, we interact with a human partner; in brand relationships, we interact with an inanimate object. Consumers transform brands into enlivened relational partners through a process of anthropomorphism, by attributing human characteristics, traits, motivations, and behaviors to brands to animate and humanize them. Consumers can easily describe the brand personality, the human traits consumers associate with the brand such as gender, age, lifestyle, and interests, of their favorite brands. Consumer researcher Jennifer Aaker (1997) shows that brands can be perceived by consumers as sincere, exciting, competent, sophisticated, and/or rugged. Each different brand personality lends itself to the development of a different kind of relationship with its consumers; for example, exciting brands are ripe for flings, while sincere brands are more appropriate for friendships and committed partnerships.

Marketers help shape the brand personality of their brands through advertising imagery, product design, retail environments, and customer service. Brand management involves paying attention to every detail pertaining to the brand to make sure that, through all strategic

Table 8.2 Firing your customer

Inside a customer relationship		
Nancy considered herself a "best customer" of Filene's Basement, a retail chain selling designer labels at discounted prices. Nancy was a long-time customer of the store, spending tens of thousands of dollars over 30 years. She brought hundreds of friends to the store and did special favors for the store employees who she viewed as her personal friends, providing them with merchandizing and selling advice. These friends often bent the rules for Nancy, acknowledging her as one of the "The Regulars," a group of women well-known because of their frequent shopping activity and first-in-line position for new store openings and special events. Nancy was invited to join the Insiders Club, a group created to reward the store's "best customers" with invitations to special events.	Brenda and Gerald were frequent customers of Royal Caribbean Cruise Lines and Diamond level members. The couple had enjoyed over twenty cruises with the company. After experiencing customer service problems ranging from being locked out of their stateroom due to a faulty door latch to dealing with overflowing sewage in their stateroom, Brenda and Gerald complained to Royal Caribbean, who apologized and offered them cash refunds and discounted fares for future cruises.	Michael shopped frequently at Home Depot. As a carpenter, the store supplied many of the materials he needed to do his job. After buying over $100 worth of lumber for a project he was working on, Michael absent-mindedly walked away from the checkout counter with the clerk's pencil in his hand.
The firing of a customer		
After asking a manager to extend a sales price on a set of flatware, Nancy was fired by Filene's Basement for excessive returns and excessive complaints. She was warned never to enter a Filene's Basement store again.	Brenda and Gerald were fired by Royal Caribbean after posting information about their customer service issues on an online forum. Royal Caribbean asked the couple to remove their negative posts, and when they refused, the company banned them from their cruise lines for life.	Michael was banned from shopping at any Home Depot store after an employee stopped him outside the door to the store and accused him of shoplifting the pencil. He was escorted out of the store by four employees.
The customer's response		
After being screamed at by the store manager, Nancy received a call from headquarters. She recounts her memory of the phone call: "I honestly thought they were going to send me flowers! And then this gruff voice says, 'you are never to call Filene's Basement again, you are never to set foot in any of our stores again,' I was so flabbergasted. I honestly don't think they knew how much I spent. I honestly don't think they knew I was such a good customer.	Fighting back tears, Brenda says, "I'm just trying to help people out and this is what this bunch does to me. I'm not interested in cruising with them at all."	Although Home Depot later apologized to Michael and invited him to return as a customer, Michael claims, "I have no intention of going back in there. Why should I put money in someone's pocket when they treat me like this?"

actions, you are developing a relational partner persona that is working to create the type of relationship you want with your customers. Yet that is but half of the story. Once your brand has developed a relational persona, you are ready to begin the process of negotiating your consumer-brand relationships, as consumers also act in developing the type of relationship they want. The next section dives into the processes that drive the creation, growth, deepening, and failure of consumer-brand relationships.

8.3.3 The rules of consumer-brand relationships

In an ethnographic study of consumer-brand relationships and their trajectories over time (cf. chapter 15 on ethnographic methods), consumer researchers Susan Fournier, Jill Avery, and Andrea Wojnicki found that each type of consumer-brand relationship has its own unique set of rules which guide the consumers' actions and expectations within the relationship in telling the consumer how to behave during interactions with the firm and, also, what behaviors they can expect from the firm (Fournier, Avery & Wojnicki, 2009). Rules govern all aspects of the consumer-brand relationship. Interaction rules govern how the firm and consumer will interact with one another. Reward rules arbitrate what the consumer and the brand will give to and get from the relationship. Relational rules govern the development of intimacy, trust, and commitment. A summary of the various types of relational rules found in consumer-brand relationships is contained in Table 8.3. All types of relationships come with rules, so brands also are bound by the rules associated with the type of consumer-brand relationships their consumers believe they have.

Many of the rules that govern person-to-person relationships transfer to consumer-brand relationships. The type of relationship consumers have with a brand affects their expectations of the rules governing the brand and therefore, shapes their satisfaction with the brand and attitude towards it. For example, one of the rules of communal relationships is that the two parties freely give and receive help from each other. The exchange of money tends to complicate communal human relationships. What is the role of money in consumer-brand relationships? Consumer researcher Pankaj Aggarwal (2004) shows that consumers in communal relationships with brands are angry when a brand charges them an incremental fee for helping them resolve a service issue, while consumers in exchange relationships do not care as much. Why? Aggarwal explains:

> People in an exchange relationship expect to receive monetary payments for providing help … Conversely, people in a communal relationship do not expect monetary payment for helping their partner.
>
> *(2004, p. 89)*

Understanding the role of money in relationships can help firms shape their loyalty programs to offer rewards that are consonant with the type of relationships consumers share with the firm. For example, customers in exchange relationships may value rebates, discounts, or coupons, while customers in communal relationships may prefer status designations and higher service levels with which the firm recognizes them as distinctive from other consumers.

In an experiment (2004), consumer researchers Jennifer Aaker, Susan Fournier, and Adam Brasel created an online photography processing service where consumers could send their disposable cameras in for photo processing. The researchers randomly assigned consumers to two groups and exposed each group to the same photography processing service, but

Table 8.3 The rules of consumer-brand relationships

	Rule categories	*Rules that govern…*
Reward rules	Give and get rules	How rewards will be transmitted from one to other
		How satisfaction is measured
		The level and degree of investment of each party
	Help and support rules	Legitimacy of requests for help
		Expected sacrifices
		Emotional/financial support
	Reciprocity rules	Repayment of debt
		Equity and distributive justice
Interaction maintenance rules	Boundary rules	Degree of independent functioning
		Amount of shared activity
		Interaction domains and spheres
	Regard and respect rules	Critical expressions of the other
		Acceptance of the other "as they are"
		Privacy and secrets
	Communication rules	How parties will contact each other
		Listening
	Power and control rules	Allowable influence
		Controls in decision-making
		Mutual influence vs. compliance
	Conflict rules	Accommodation/flexibility
		Acquiescence
		Trangression tolerance
Relational rules	Intimacy rules	Information sharing
		Authentic self-presentation
		Mastery of intimate details
		Actions celebrating specialness of partner
	Trust rules	Basis for trust
		Reliability, dependability, being counted on
		Willingness to assume risk for other
	Commitment rules	Respects plans/promises
		Barriers to exit encouraged
		Solidarity

with two different fictional brand personalities: The first group interacted with a brand that consumers found "sincere" and the second group interacted with a brand that consumers found "exciting." The researchers then let relationships develop between consumers and the brands. Consumers with sincere brand partners developed stronger relationships with their brand which increased in intensity over time and which resembled friendships. Consumers with exciting brand partners developed weaker relationships with their brand which decreased in intensity over time and which resembled flings. Then, after six weeks, the photography processing service told consumers that it had accidentally lost their photographs. Interestingly, consumers with sincere brand partners were significantly more upset at this transgression than consumers with exciting brand partners and their relationships suffered accordingly. Consumers with exciting brand partners were initially less upset and the transgression acted to positively intensify their relationship with the brand. The type of relationship (and its associated rules) the consumers had with the brand determined whether losing their photographs weakened or strengthened their relationship.

As these studies show, the type of relationship a consumer has with a brand affects how he or she responds to the brand's actions. On the one hand, a strong highly committed relationship can elicit relationship-saving biases that protect the relationship from brand transgressions, allowing it to endure. On the other hand, a strong relationship creates expectations for the brand's behavior. These expectations are shattered when the brand commits a transgression, creating emotional distress for the consumer and reducing her commitment to the brand. These two forces work against one another to shape the consumer's response—one force pushing the consumer closer to the brand and the other pulling the consumer away from the brand relationship.

Understanding the rules guiding each of the firm's customer relationships is critical for managers of the brand because the rules indicate what the brand can and cannot do. The rules governing a consumer-brand relationship help determine the potential profitability of the relationship for the firm. By understanding what the firm is relationally obligated and forbidden to do, managers can better match their marketing efforts to consumer expectations and desires.

8.3.4 Negotiating consumer-brand relationships

Relationships are negotiated between two parties, not one. Hence, CRM is a misnomer: Firms need to *negotiate* their relationships with customers, not *manage* them (Fournier et al., 2009). But, negotiating any kind of relationship is not easy, as those of us who struggle to maintain good relationships with our siblings, our parents, and our friends can attest.

Like human relationships, consumer-brand relationships follow an evolutionary path that is dynamic and constantly changing, as forged by each and every interaction between the consumer and the brand. Consumer researchers Susan Fournier, Jill Avery, and Andrea Wojnicki (2009) identified four distinct phases through which consumers' brand relationships are explored, initiated, negotiated, and renegotiated over time.

Phase 1: Relationship exploration

During the relationship exploration phase, consumers are exploring a potential relationship with the firm. Within initial interactions, simple rules guide the exchange of benefits between the two parties. As interactions between the consumer and the firm increase, more rules develop to maintain an efficient and effective working relationship. All of the firm's behaviors in this stage are intensely scrutinized by the consumer, as the consumer makes inferences about the rules of the relationship based on the way the firm acts. Finally, as interactions over time develop into a burgeoning relationship between the consumer and the firm, more sophisticated rules governing intimacy, trust, and commitment emerge. The emergence of these types of rules is an important inflection point in consumer-brand relationships, in that they signal the beginning of a more communal relationship, rather than just a series of exchange interactions.

Phase 2: Relationship expansion

During the expansion phase, consumers label their relationship with the brand as a way of understanding it. The rules that have developed between the consumer and firm become pieces of a puzzle, which when assembled, form a picture of a certain type of relationship. Further, such labels are developed in comparison to experiences and expectations with other

brands. Once consumers figure out what kind of relationship they have with the firm, they transfer rules from that type of human relationship to the consumer-brand relationship. Thus, if consumers believe they are in a "friendship" with a brand, they will expect the brand to adhere to the rules of human friendship, which include being supportive, being able to ask for and receive help from each other, and showing positive regard for each other.

Phase 3: Relationship commitment

The transition from the relationship expansion phase to the relationship commitment phase involves the willful performance by the consumer of behaviors that go beyond what is required in the negotiated relationship. For example, consumers may spread positive word-of-mouth about the brand or actively work to recruit customers to it. Consumers may try to help the brand by sending in suggestions to help the firm develop new products or refine existing ones. Consumers may resist competitive sales pitches and switch all of their business to the brand. These extra-role actions provide no direct rewards to the consumer, yet are usually executed with expectations of reciprocation by the firm. This is a signal of the consumer's desire to change the relationship to one with deeper requirements and entanglements. When a firm recognizes this behavior and reciprocates with its own extra-role actions, such as giving the consumer special recognition or incremental rewards like discounts or access to customized products, the firm sets the scene for a virtuous cycle of a deepening relationship and increased loyalty. However, when a firm neglects to reciprocate a consumer's behaviors, the relationship reverts back to a less committed level.

Phase 4: Relationship disengagement

In this final evolutionary phase, relationships terminate, roll back to a less committed state, or settle into a static state. Relational interrupts, both positive and negative, bring the relationship between the consumer and the brand into focus, causing the consumer to evaluate the state of the relationship. These pivotal events are a motivating force for relationship redefinition. One type of relational interrupt is a breach of the rules of the relationship. A breach usually forces relationship disengagement or dissolution. Breaches include basic rule violations or more severe violations which indicate that the firm does not uphold the same definition of the relationship that the consumer does.

8.3.5 Managerial implications

Understanding consumers' relationships with brands as a process enables managers to take a longitudinal and evolutionary approach to negotiating them. Rather than segmenting customers by their past profitability to the firm, a static measure, managers who understand consumer-brand relationships as a process can segment their customers based upon the type of relationship that is evolving, and then execute CRM programs that recognize and add the value to those relationships. Once managers realize that consumers' brand relationships are dynamic, they can begin to put plans in place to enhance the relationships and with them, profitability. Here is how this can work:

- *Rework your CRM systems to collect relational data* in addition to economic data about customers. What rules are at play in your relationship with a customer? Market research studies such as focus groups and in-depth interviews can be used to uncover

the relational rules in play. Tracking customer complaints can also shed light into what customers expect from the firm. Clusters of rules can help identify the type of relationship you have with a customer. What actions by the firm and by the customer have led to these rules? This allows the firm to better understand how its actions affect the trajectory of its customer relationships.

- *Identify most profitable relationship types* and then work to implement customer management programs that help create these types of relationships with new customers. Surprisingly, the most profitable relationship types are not always "committed partnerships." Why? Committed partnerships come with lots of complex rules to which the firm must adhere, which may require additional levels of service that drive down profitability. For many firms, best friendships are more profitable than committed partnerships.
- *Understand where you are in the relational cycle* with each customer and act accordingly. Firms have the most influence on how a relationship develops in the relationship exploration phase. Make sure that you interact with new customers in ways that reflect the relational rules you want established. Do not make exceptions to rules that are important to you in this early stage. Negotiations get tougher as rules become established and taken for granted by the consumer. As your relationship with a customer progresses, watch for examples of supra-contracting which can indicate that the relationship has entered the relationship commitment phase, and if the relationship is important and profitable to the firm, reciprocate with some extra effort on the firm's part to push the relationship into a more committed state.
- *Take care of your profitable relationships*. Nurture your most valuable customers by adhering to the rules underlying the most profitable types of relationships in order to avoid relationship transgressions which may lead to relationship disruptions and dissolution. Once managers know which rules are in play in profitable relationships, they can better adhere to them.
- *Negotiate new terms for your unprofitable relationships*. Actively renegotiate relationship rules with consumers in less profitable relationships to be acceptable to consumers and to the firm. Rather than firing these customers, renegotiate the terms in ways that return to the earlier acceptable stage of the relationship prior to the interruption.

In these ways, firms can transform the customer pyramid from an economic tool to a relational tool, focused on identifying the processes by which the firm can negotiate better relationships with consumers.

8.4 Conclusion

To effectively steward brands, we must understand what brands mean and do for consumers, and that in contemporary culture, brands play important relational roles in linking us to ourselves and to others. In replacing an economic definition of brand strategy focused on monetary exchanges with consumers with a cultural approach, this chapter provides a more dynamic and practical understanding of consumers' relationships with brands, which is summarized in Table 8.4.

Highlighting the core processes and social rules that drive relationship development, the chapter shows that consumers' brand relationships are jointly created, negotiated, and lived by consumers in conjunction with firms. Forming multifaceted, reciprocal, and dynamic brand relationships with customers is a complex, culturally embedded, and ongoing task for marketing managers.

Table 8.4 Adding a cultural perspective to customer relationship management

Traditional approach to CRM	*Adding a cultural perspective*
Consumers buy brands for what they do.	Consumers buy brands for what they do and for what they mean.
Consumers connect with brands for utilitarian purposes.	Consumers connect with brands for utilitarian purposes and for relational purposes: To create and manage their identities, to negotiate important relationships, and to forge bonds with others like them.
Consumer-brand relationships are exchange relationships.	Consumer-brand relationships can be either exchange relationships or communal relationships.
There are only two types of consumer-brand relationships: Exchange relationships and deeply committed partnerships.	There are a myriad of consumer-brand relationship types, including friendships, flings, enmities, secret affairs, and others.
Consumer-brand relationships are built by the firm via customer relationship management programs.	Customer-brand relationships are jointly determined by firms and their customers in everyday interactions.
Firms can manage their customer relationships.	Firms must negotiate their customer relationships with consumers.
Economic data, including acquisition costs, retention costs, purchasing history, and customer lifetime value, indicate the health of a customer relationship.	Relational data, including love and passion, self-connection, interdependence, commitment, intimacy, and brand partner quality, indicate the health of a customer relationship.

Review and discussion questions

1. Why do consumers pursue relationships with brands?
2. What types of relationships do consumers have with their brands? How are these types of relationships similar to and different from human relationships?
3. What factors define a strong consumer-brand relationship?
4. What are some of the rules governing consumer-brand relationships?
5. What are the stages through which consumer-brand relationships progress?
6. Why must customer relationships be negotiated rather than managed by the firm? Think about the brands with which you have relationships. How would you characterize them by relationship type? What are the major rules that define each of your types? What happens when your brands break these rules? What happens when you do?
7. What types of customer-brand relationships are the most valuable to firms? Why? What do firms have to do to build, nurture, and maintain these types of relationships?
8. Evaluate the prevalent practice of firing your customers. How does a cultural understanding of consumer-brand relationships inform this practice? Should firms fire their customers? Why or why not?

Keywords

Consumer-brand relationship, customer relationship management, exchange relationship, communal relationship, brand relationship quality scale, customer pyramid, firing your customer, negotiating customer relationships, brands as relational partners, relational rules,

reward rules, interaction maintenance rules, relationship exploration phase, relationship expansion phase, relationship commitment phase, relationship disengagement phase.

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9 Experiencing consumption

Appropriating and marketing experiences

Antonella Carù and Bernard Cova

Overview

This chapter analyzes the different marketing approaches used by companies to manage consumption experiences. Ever since the seminal article by Holbrook and Hirschman on the subject (1982), consumer research has considered experience to be central to today's consumers looking for meanings to associate to their lives (Holbrook, 2000). Here, the consumption experience is understood as the set of phenomena whereby a consumer comes into contact with a product, service, brand, event, or place, and generally occurs in the company of others who may or may not also be consumers. The cultural approach has led to an in-depth understanding of the consumption experience (Arnould & Price, 1993; Fırat & Dholakia, 1998) that is in contrast to the better-known models in the areas of experiential marketing (Schmitt, 1999) and the experience economy (Pine & Gilmore, 1999). The aim of this chapter is to illuminate the contributions of different approaches to experience management in order to support managers in their everyday activities.

The chapter begins with an overview of the prevailing experiential marketing models that seek to generate extraordinary and unforgettable consumer experiences through the creation of thematized, secured, and enclavized environments that emphasize sensorial stimulation (Pine & Gilmore, 1999; Schmitt, 1999; Tynan & McKechnie, 2009). Creating experiential contexts generally means generating a set of stimuli (product, environment, activity) that allow access to the experience: Not only points of sales (cf. chapter 25) but also, for example, brand plants, events, and websites.

Adopting a cultural approach, the chapter then raises questions about the limitations of focusing on models of emotional induction which tend to overestimate the influence of sensorial factors on consumer experiences. These approaches represent just one of the ways of examining the topic of consumer experiences because these experiences occur throughout people's daily lives and cannot simply be considered as exceptional events. Moreover, they occur in a variety of contexts that are not exclusive to the market, and are produced not just by companies, but also by the consumers themselves. Finally, access to experience is not instantaneous, but instead requires a process of progressive appropriation.

The chapter identifies ways in which companies can develop marketing approaches capable of supporting the appropriation of experiences by the consumer. Specifically, the chapter offers tools and methods by which marketers can support the consumer in the appropriation process: 1) support systems, including guides and referents, 2) collective actions involving communities and rituals, and 3) self-determination, including training and autonomy, eliciting autonomous participation.

9.1 The prevailing managerial approaches to experiencing consumption

At the beginning of the 1990s, Arnould and Price (1993) showed that a sporting activity such as river rafting provides absorption and integration, personal control, joy and valuing, a spontaneous letting-be of the process, and a newness of perception. Such an activity involves consumers in an unforgettable process, transforming them through experiences in which they are immersed. It is clear why this study has inspired so many scholars working on experience in marketing—scholars who, as they have gone along, have tended to replace the concept of "experience" with that of "extraordinary experience," as every experience ought to be memorable. Indeed, there is a shared belief amongst marketing experts that consumers are simply not what the rational model of marketing wanted them to be; emotion is often cited as the heart of the consumption experience. Thus, for experiential marketing, a good experience is "memorable" (Pine & Gilmore, 1999) and exploits all of the senses (Schmitt, 1999). This type of experience produces emotions and also supports the consumer's self-image. Offering experiences can be a solution to the commodity trap for any kind of business, including pure retailing where the aim is to build up a set of strategies that offer the consumer physical and emotional sensations during the shopping experience. For marketing (Schmitt, 1999) and economy (Pine & Gilmore, 1999), an experience is an offering that is in addition to merchandise (or commodities), products, and services—a fourth type of offering that is particularly suited to the needs of the contemporary consumer.

The achievement of these experiences has been the main area of discussion for various authors (Pine & Gilmore, 1999; Schmitt, 1999; Tynan & McKechnie, 2009), who have developed different experiential marketing approaches. According to Pine and Gilmore (1999), staging is at the core of the creation of experiences, just as production and supply are central to goods and services production, respectively. They identify specific actions for the staging of experiences. The first is the preparation of the stage, which varies according to the area to which the experience belongs (entertainment, education, escapism, and aesthetic experience) and to the different opportunities offered by each area. Once the stage is set, the experience is turned into a show by giving it a specific theme. For this purpose, they identify a list of possible functional themes. Again, it is necessary to personalize the experience, to search for a sole value for customers that is based on the ability to surprise them. In this experience-creation process, the metaphor evoked is that of theater, which, in its various forms, represents the model. In his first book, Schmitt (1999) establishes that the goal of experience creation is to induce specific customer behaviors and reactions. Thus, customer experience management (CEM) (Schmitt, 2003) is the process of strategically managing a customer's entire experience of a product or a company. Common among these experiential approaches is the concept of entertainment (Wolf, 1999), which encapsulates show, theater, intrigue, etc. This is particularly evident in the case of experiential shopping, during which the purchase of products is accompanied by opportunities for entertainment or hedonistic experiences (Tynan & McKechnie, 2009). However, when it comes to extraordinary experiences, the concept of escape is more mobilized (Cova, Carù & Cayla, 2018). Tumbat and Belk (2011, p. 46) argue that "most studies of various forms of extraordinary consumption experiences within the CCT tradition are framed as in opposition to or an escape from structure."

Experience is, however, a subjective process, and thus firms cannot offer experiences but rather experiential platforms or contexts. Indeed, even though the "experience economy" school asserts that firms offer experiences (Pine & Gilmore, 1999), firms actually only offer

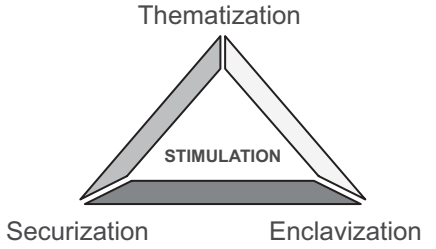

Figure 9.1 The three qualities of an experiential context

devices and stimuli that consumers mobilize to realize their own experiences. There are three qualities that constitute the underlying foundations of the experiential context (figure 9.1):

- The experience must be enclavized within specific boundaries, allowing consumers to break with (and step outside of) their daily lives, bringing them into a separate world of entertainment where all of the usual worries and hardships that they face in their ordinary lives disappear.
- The context must be secure and closely monitored in order to eliminate the need to pay attention to oneself, to one's children or possessions, or any other concerns that people have in their daily lives. Consumers would rather not have to deal with hard realities, preferring environments and activities that are more watered-down and controlled, and in which risks are minimized.
- The context must be thematized. This acts as a sort of symbolic packaging of the context, notably by ascribing meaning to the act of consumption. A theme can be an activity, era, region, population, or any combination of these elements, and must be very distinctive.

The company must then work to enunciate and materialize the theme. This involves creating theater effects and *staging* the company's product or service offering, effectively putting the consumer *on stage* through careful attention to décor, environmental design, and store atmospherics (Pine & Gilmore, 1999). These efforts revolve around sensorial and imaginary devices that serve to stimulate consumers' senses and imagination, thereby fostering entertainment:

- The stimulation of the senses is achieved through a poly-sensorial layering of visual, auditory, olfactory, gustatory, and kinaesthetic stimuli (Schmitt, 1999).
- The stimulation of imagination involves a constantly renewed introduction of narratives, stories, images, and intrigue—all part of a playful approach known in retail circles as "shoptainment."

In many well-known cases of experiential marketing, including Rainforest Café, Starbucks, Sephora, Club Med, and Diesel, the theme is the brand. Thus, the creation and management of brand experience contexts has become one of brand management's main activities. When a firm or brand only delivers products and not services, it is advisable that it creates its own premises (theaters of consumption) so that the consumer can experience its products without the intrusion of any competing influences. This is what happens in Nike Towns or in other

concept or flagship stores such as those of Adidas, Armani and Ferrari. Of course, consumers can experience a brand outside of such contexts (for example, at home using the brand's products), but for the company, the key experiential contexts are the ones that will allow it to closely manage not only the experience but also the processes by which people access the experience. Four major types of brand experience contexts have been identified:

- *Brand stores*, such as Apple Store, Nike Town, and Audi Forum, which lead to highly "branded" shopping experiences. These are likely to echo Pine and Gilmore's injunctions (1999) concerning the need to promote shopping experiences that are increasingly fun and which can be assimilated with the types of experiences people have at theme parks such as Disney World.
- *Brand plants*, such as Volkswagen's Autostadt in Wolfsburg, the Crayola Factory in Pennsylvania, the Guinness Brewery in Dublin, or the Heineken Experience in Amsterdam, where people can have a *factory experience*. Today, the line between a tourist attraction and a factory has become increasingly blurred, to the extent that people often have to pay to visit brand plants and the brand museums frequently found on their premises. The distinction can also be very blurry in the case of theme parks that double as retail experiences, such as the Legoland chain.
- *Brand fests*, including the various celebrations and outings organized by such companies as Harley-Davidson and Ducati to evoke a *festival experience*. These brand-related events are opportunities for consumers to have an embodied experience of the brand by having direct contact with it. Here, the customer experience is facilitated by the possibility of developing or reinforcing physical contact with staff or products. At such events, the experiential context is ephemeral and constantly changing.
- *Brand websites* (for example, those of Fiat 500 and Nutella) are now being designed to provide virtual experiences. Most experiential approaches are implicitly grounded in real contexts, whether natural or artificial, but with the internet's rise, people have come to accept the possibility that the context of their experience will be virtual in nature, driven by advances in so-called "immersion technologies," notably those of online games.

9.2 A critical approach to experiential marketing

Alongside the development of approaches to experiential marketing, research in consumer culture has sought to understand consumer experiences, highlighting some links with the managerial elements described above. The entertainment aspect is made explicit in the work on "spectacular consumption" at Nike Town Chicago (Peñaloza, 1999; Sherry, 1998). Enclavization is emphasized as a major condition for eliciting memorable experiences because it limits the intrusion of elements that do not belong to the theme, thereby enhancing the intensity of the experience (Fırat & Dholakia, 1998). Enclavization is also analyzed in the case of *flagship stores*, which are typically enclaves where people can focus on everything a brand is offering without any intrusion from external elements, such as other brands (Kozinets et al., 2002). In the same vein, the securitization provided by hyper-real contexts is stressed (Goulding, Shankar, & Elliott, 2002). The impact of thematization in flagship stores on consumers is a product of "lavish decor, sleek finishes and attention to the smallest details" (Kozinets et al., 2002, p. 20). The brand-specific experiential context of brand fests is studied in the case of Harley-Davidson (McAlexander & Schouten, 1998). All this shows

that the cultural approach is not completely in contrast to experiential marketing approaches. However, the overall consumption-centered vision developed by cultural researchers also points to significant incoherencies between the two approaches. Indeed, a reading that starts from consumption reveals some discrepancies with regard to the production of experience, its extraordinary nature, and how it is accessed.

9.2.1 Production of experience

For researchers in consumer culture, when considering the consumption experience, it is essential to go beyond a view of experience that is totally dependent on what the market offers. The sociology of consumption (Edgell, Hetherington, & Warde, 1997) has highlighted four typologies of consumption experience in function of the mode of provision. These are: Family experiences resulting from family ties, friendship experiences resulting from reciprocal relations within a community, citizenship experiences linked to relations with the state, and consumer experiences connected to exchanges with the market. Three of these typologies of individuals' daily consumption occur outside the context of the market; thus, an instance of consumption is not necessarily a "consumer experience." The consumption experience of a meal at a friend's house is linked to a sphere outside the market, even if products from the market may be consumed. In the same way, the communal consumption of a self-produced show is outside the notion of a consumer experience (consider, for example, the experiences of attendees at the Burning Man Festival) (Kozinets, 2002). Moreover, marketing is only interested in the specific social context of the market, in which the individual is a consumer living experiences with the supplier and with other consumers. In this specific context, the experience is produced by the company.

The cultural approach (Carù & Cova, 2007) outlines a continuum of consumption experiences that consumers undergo and the associated activities of marketers:

- At one extreme are experiences that are mainly constructed by consumers and which can involve products or services provided by a company. Here the firm pursues a traditional product or service marketing approach and it is the consumer who organizes his or her own experience. Consumption of traditional products like pasta, the small items that populate our daily lives, and most particularly organic products and those of nonprofit and local associations are prime examples here.
- In the middle we find experiences that have been co-developed by companies and consumers. Here the firm provides an experiential platform upon which consumers can develop their own experiences. The firm imbues the experience with potential, turning it into a veritable raw material composed of certain diffuse elements that the consumer can mold, and which will therefore assume the shape of the resulting experience. Sports tourism, adventure packages, rock concerts, and cultural events are part of eliciting such experiences.
- At the other extreme, we find experiences that have largely been developed by companies and where consumers are immersed in a context that is frequently hyper-real in nature. Here the firm is pursuing a total experiential marketing approach and plans all the details of the experience for the consumer. Nowadays, fashion, sports brands, toys, and other forms of entertainment specialize in this approach. In fact, experiential marketing has focused on this type of experience.

9.2.2 The extraordinary nature of experience

What is seen in the work of Schmitt (1999) and of Pine and Gilmore (1999) is a vision of experience that is anchored in romanticism (Holbrook, 1997). Romanticism underlies our present model of consumption, a model which moves increasingly away from the pure functionalism of responding to needs (Addis & Holbrook, 2001).

This obsession in our society with the extraordinary experience that marketing proposes has recently provoked a strong reaction that may help managers to rethink the concept of the consumption experience in a broader way. Bruckner (2000) attacks the mysticism of the peak points and the search for perpetual euphoria that permeate the ideology of contemporary society. The author criticizes the enemies of boredom and the society of continual entertainment, sustaining a vision of existence in which experiences of differing intensity coexist. Consumer culture researchers have adopted this critical way of looking at everyday experiences (Carù & Cova, 2003) and proceed to question whether entertainment should be seen (Wolf, 1999) as the main characteristic of experiential marketing. On the one hand, such an idea is puzzling and seems to suggest an excessively unilateral marketing approach, while on the other, it cannot be denied that many elements of this approach are found in numerous offering systems.

9.2.3 Access to experience

Once the context has been enclavized, secured, and thematized, and after the theme has been dressed in theater effects and staged, the consumer is supposed to be able to dive seamlessly into the context, thereby accessing the experience. It is here that the approaches of experiential marketing are incompatible with the cultural approach. For researchers interested in consumer culture (Ladwein, 2003), there is nothing straightforward or systematic about accessing the consumption experience, which requires competencies or aptitudes that consumers do not necessarily have at their disposal. In fact, this is a construct that mainly applies to consumers who are already "experts" in a theme or context and can therefore dive straight into it, but not to "novice" consumers who feel distant from a theme and its staging, a disposition that impedes their immersion, thus killing the experience. Spectacular staging like enclavization can even create threshold effects for consumers in this situation. As a result, the immersion of people who are new to a brand or a context much more frequently assumes the sequence of nesting, exploration, and stamping, rather than a dive into something (Carù & Cova, 2006). It is not enough that a company simply creates a good experiential context—it must above all develop the means to facilitate people's immersion in this context. In marketing, the immersion concept suffers from the sense of immediacy that is conveyed by the often associated image of a consumer diving into something—an image that presents immersion as nothing more than a model of instantaneous emotional induction, wherein it seems sufficient that one simply be present to experience immersion (Carù & Cova, 2006).

The image of the diver infers that immersion is tantamount to consumers being plunged into a hyperreality that has been introduced through the agency of the firm alone, implying that consumers lose their freedom of choice due to pressure exerted on their emotions and sensations. The idea of appropriation, on the other hand, suggests that access to experience comes about through operations that consumers carry out to produce the experience by negotiating to their own advantage whatever is being done to manipulate them. To achieve immersion, consumers will use the tools, competencies, and aptitudes that they develop during the course of the experience (Ladwein, 2003).

In short, there are two very distinct ways of envisaging the process of accessing the experience:

- As something total and instantaneous, like being plunged into water, as sought in experiential marketing.
- As something partial and progressive, achieved through a series of appropriation operations, as it is understood by researchers in consumer culture.

9.3 A cultural approach to the management of consumption experiences

It is in the second view above that a more consumer-centered approach to the management of consumer experience has emerged. This approach suggests that, rather than being a sudden and involuntary occurrence, immersion is a more complex concept (Hansen & Mossberg, 2013) in a consumption experience—it is more of a process, and to facilitate it, greater attention must be paid to the management of those experiential elements that will have an impact on the operations of appropriation. The goal of appropriation is to make something one's own, to adapt it and thereby transform it into an extension of one's own self-expression. Appropriation can be moral, psychological, and affective in nature. In this view, the role of the company is to support customers in the process of appropriating experience. This support must take account of consumers' different levels of competence and familiarity with the type of experience in question (Stavraki, Plakoyiannaki, & Clarke, 2018), and can be divided into three categories of action: Support systems, collective action, and self-determination (figure 9.2).

9.3.1 Support systems

Using guides and referents is an effective way of providing support. The very idea of having a facilitator who is there to ease consumer access to the experience pervades cultural research (Price, Arnould, & Tierney, 1995).

Some evoke the figure of a *guide* to convey the subtle role that should be played by the particular staff member who will be present during the course of the appropriation. Interactive media can also play this consumer guidance role. Moreover, a novice's appropriation depends strongly on the guide's ability to act as a quasi-friend, even going so far as to share some intimacy, thereby exceeding consumers' expectations of this type of service (Price, Arnould, & Tierney, 1995). Achieving this requires the development of contact personnel to facilitate

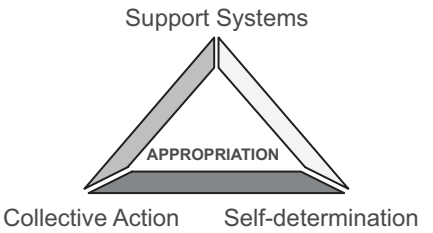

Figure 9.2 The three categories of actions to support consumers in the appropriation process

novices' appropriation. The notion of perceived authenticity is very important here; appropriation is better facilitated when staff members appear to be genuine, i.e., when consumers believe that staff members are doing what they do because they are passionate or feel a sense of vocation, not just because they want to make a sale. In addition, contact staff members have increasingly come to experience the brands and products that they are promoting in a frenetic manner. These "passionate salespersons" are in a better position to respond to customer demands and, above all, to facilitate appropriation by substituting traditional sales talk (of attributes, advantages, and benefits) with personalized discourse anchored in their own experiences with the brand (Rémy & Kopel, 2002). The more guides give of themselves, the more they elevate the experience from the confines of a purely commercial exchange, which reassures the novice consumer. In short, contact staff members play a guide's role, but this should not be confused with the role of a simple master of ceremonies ensuring that the show goes on. Much has been written about the Apple Store experience and what can be learned from its successful retail execution (www.apple.com/retail/). However, there is a forgotten dimension: That of contact persons acting as guides. Mac Specialists (as Apple's frontline sales talent are known) are trained to take on individual clients, as opposed to moving among multiple customers. This allows the Specialist to delve into the customer's life and comfortably build rapport. It doesn't absolve the Specialists from the responsibility of selling, but it does focus their attention on the customer. It encourages them to develop strong listening skills. It is rare for a retailer's sales approach to successfully serve both the customer experience and the employee's professional development, as Apple's does.

The role of reference points corresponds to what we find today in other fields such as cinema, which is highly self-referential and where appropriation is facilitated by the recycling and reutilization of referents taken from past films, sometimes even involving a total remake or pastiche of a movie (Belfiore & Bennett, 2007). What can be recycled are all the signs and symbols relating to a brand or a company—its past, products, key moments, and leading personalities—all of which the consumer recognizes easily. Depending on the consumers' individual histories, which provide a structure for analyzing reference points that are being revealed in a particular context, they will engage in decoding behavior and progressively appropriate the experiential context. This suggests that a firm should mobilize elements derived from other contexts. For example, when one is introduced to classical music, the guide might use images and terms from more familiar areas such as pop or film music so that the novice consumer has a basis for understanding (Stavraki et al., 2018). This utilization of external elements softens the excessive thematization of the context, corresponding to the views of those who advocate a moderate usage of thematization (Ritzer, 1999).

An example is the exhibition in Milan, Italy, titled "The 1970s: The Long Decade in The Short Century," a laboratory set up to investigate whether young people are able to immerse themselves in an experiential context that is made up of referents (in this case, to the 1970s decade) that are mostly alien to them. Immersion of the young people is achieved each time a referent is recognized and deciphered by virtue of an individual's cultural background. A large number of referents does not in itself guarantee adequate support for visitors; it is the extent to which the referents are recognized that makes the difference. Many exhibitions managers assume that visitors will be most attracted to unfamiliar topics. However, the exhibits that visitors find most appealing are those that already held strong interest for them and that they are knowledgeable about prior to the visit. Thus, the simultaneous presence of too many referents may be useless or even have a negative effect.

9.3.2 Collective action

Collective action involves the development and preservation of communitarian-flavored connections within an experience, thereby allowing for mutual learning and shared emotions. It also means supporting an understanding of (and participation in) the collective micro-rituals that structure all activities. Firms that think in terms of one consumer's behavior often neglect the collective dimension of an experience (Peñaloza, 1999; Schouten, McAlexander, & Koenig, 2007). And yet the consumption experience needs to be explicit, explained, and shared if it is to really exist. This is because the attribution of meaning to an individual experience calls for the creation of a narrative that is itself inseparable from the power to articulate one's own thoughts. An experience is never really complete if it has not been expressed, i.e., if it has not been communicated in linguistic or other forms. Whether one has the experience in the home or elsewhere, it cannot be separated from ideas like sharing and collective enjoyment.

Companies have recently started to work on the collective dimension of experience by using group interactions to facilitate it. Many firms have understood the power of *communities* or tribes in the novice consumer's appropriation (Muñiz & O'Guinn, 2000), trying to develop get-togethers where expert, advanced, fluent, and novice consumers join forces to enable one another, reassured by the collective atmosphere, to engage themselves. The concepts applied here include mutual learning (with the more educated training everyone else) and imitation (with novices copying experts' gestures). Certain brands such as Ducati, Harley-Davidson, and Lego focus specifically on creating and preserving brand communities in which novices are taken under the wing of experts, due to the moral obligation of mutual assistance that is *de rigueur* in such communities (Muñiz & O'Guinn, 2000; Antorini, Muniz, & Askijdsen, 2012). In the same vein, experiential contexts should be thought of as places where connections and meetings occur (Kozinets et al., 2002), meaning they cannot be characterized by smooth and transparent forms, as is the case with supermarkets that are places where buying activities are central. Quite the contrary, they should be intricate and discontinuous, full of private areas and quiet corners that facilitate discrete immersions and small groups of people sharing their emotions.

One example, the North Face Ultra-Trail du Mont Blanc (www.ultratrailmb.com) is a spectacular and very tough race: 163km long and a vertical climb of 9,500m around Mont Blanc, starting and finishing in Chamonix. In 2008, 2,300 contestants of more than 40 different nationalities participated. The race is a typical brand festival that brings together ultra-trail enthusiasts, competitors, and spectators alike. Even the start of the race is a moment of collective emotion, and people follow the event throughout, both day and night. From the arrival of the winners to that of the back-markers, support and encouragement are continuous. There are often opportunities for exchanges between the long-time spectators and the newbies, such as tourists in Chamonix who come across the race by chance and are initially surprised, but easily enticed by the pervasive and intense festive atmosphere. The vibrant heart of the event is the square in Chamonix, where the runners on the circuit can be monitored on a giant screen, and where spectators have another opportunity to interact.

Even more recently, companies have rediscovered the power of *rituals*, despite the fact that consumer behavior research has for 20 years (Otnes & Lowrey, 2004; Rook, 1985) been emphasizing the importance of rituals for consumers' individual (and especially collective) experiences. This has given us a new vision of consumption, presenting it from the standpoint of participation in rituals in which individuals act jointly in a symbolic manner. It remains that the ritual aspects of an experience appear to have a relatively minimal impact

on appropriation. For example, many of the applause rituals of a classical music concert make for a real headache among novices, who do not know whether to applaud at the end of a piece. Rituals are vectors of appropriation, both positive and negative, and consumers will only immerse themselves in an experience if its rituals help them to advance instead of increasing the sense of distance caused by failing to understand the rituals.

Difficulty in getting tickets has always been a feature of the Teatro alla Scala (www.teatroallascala.org), and even today with much higher prices, it is still not at all easy. However, since the end of the Second World War, there have been 200 inexpensive standing places in "the gods" (the second circle in the opera house), which cannot be booked in advance. The aim of this tradition, which is regulated by a specific directive of the theater, is to allow all opera-lovers to attend a performance without spending a fortune. Today, the Accordo association draws up a list of eligible recipients and distributes the vouchers to buy a ticket at the box office on the evening of the opera. The interesting thing is the way in which the list is put together, following various "calls" throughout the day. On the opening night of the Scala, an extremely important occasion in Milan, the first call is at 06.00 in the morning, followed later by another two. People queue up all night long to be on the list for the first call, and have to return for each subsequent call to avoid losing their places. Each person receives just one ticket. Despite the difficulty, the cold, the long wait, and the scant possibility of getting a ticket, this is a ritual that opera-lovers have been repeating for years. Another unwritten but accepted rule is that of the old aficionado who lives in a car outside the opera house on via Filodrammatici and collects the names of those interested even before the first call. In the early hours of the morning, Mr. Gianni sits beside his little dog in his Volkswagen Polo outside the box office, taking down the names of the people who will be the first on the Accordo association's list when the counting starts.

9.3.3 Self-determination

Self-determination refers both to training actions (e.g., workshops, internships, and seminars) that enhance consumers' competencies, and to consumers' agency once they are given the means to apply their own specific competencies. Self-determination is rooted in a concept that equates consumers with protagonists who are traditionally considered to be operating in reaction to something. The idea here is that consumers are trying to be less passive, injecting a personal touch into their consumption experiences. This is quite straightforward for expert consumers who are capable of surmounting any participation proposal that a firm may organize, but it can be a complicated process for novices, who might engage in trial and error to appropriate the experience.

Training is the technique traditionally implemented by companies that rely on consumers' self-determination to facilitate appropriation. In doing so, firms seek to improve the competencies of consumers, who will then be free to implement these competencies in their own way in order to become increasingly immersed in the experience. The issue here no longer involves guiding consumers but instead empowering them so they can achieve appropriation all by themselves. Examples are company-driven proliferation of work experiences, workshops, seminars, and distance-learning mechanisms to give consumers the wherewithal they need. Many specialized stores even offer veritable classrooms where experts (who may be company representatives or even expert consumers) come to teach novices. The Home Depot (www.homedepot.com) has launched its series of Do-It-Herself Workshops, which take place at the retailer's 1,500-plus stores. These special clinics help women learn how to use power tools, build a patio, and install outdoor lighting. The events reflect a growing desire

among American women for more knowledge and hands-on training in all aspects of home repair. According to John Costello, the executive vice-president and chief marketing officer for The Home Depot, "Do-It-Herself Workshops are part of our long-term commitment to be more than a store to our customers who are seeking answers and inspiration." In providing the workshops, The Home Depot creates an emotional connection to its brand through consumer sense of accomplishment. It's about giving consumers the confidence to try a project, instilling in them a sense of personal ownership and empowerment because they actually completed the project themselves.

It appears that the best way forward for any company hoping to incorporate an element of consumer self-determination is to offer the potential for appropriation, providing a veritable smorgasbord of diffuse elements that consumers shape through experience. The purpose of this kind of approach is not to offer customers an experience that has been predetermined and structured by a scrupulously planned context, but instead to give them an opportunity to achieve *autonomy* by playing a full role in the design and construction of their own experience, something that goes far beyond mere participation and takes the form of a self-serving experience. In other words, a company's vision must transcend simple global programme management approaches that envision experience on a point-by-point basis. Instead, it should pursue an approach that consists of a unifying platform based on which a process, replete with yardsticks and marked here and there by points of reference and readjustment, can unfold in step with the participation of individual consumers and the engagement of their competencies. In short, consumer self-determination forces companies to free up space in the consumption experience and not to organize it in its entirety.

This idea forms the basis for the strategy pursued by the car brand Scion (www.scion.com). When Scion launched in 2003 with 105 California dealerships selling the boxy xB (dubbed "The Toaster" by some clients) and compact xA five-door, many doubted that Toyota's attempt to create an entirely new youth brand would survive. Since then, the brand has spread to 982 of Toyota's 1,231 dealers nationwide and now, five years and 620,000 vehicles later, the division charged with bringing more young people into the Toyota fold is clearly a resounding success. With a lineup consisting only of the new xB, tC coupé, and xD five-door (replacing the unloved xA), Scion sells to buyers with the youngest median age in the auto industry (31), and a full 72 percent of whom have never owned a Toyota before. So how does Scion do it? It offers affordable, well-equipped cars with great tuning potential! The brand's strategy is focused on encouraging customization; with many different Scion and TRD accessories on offer, more than 50 percent of buyers spend additional cash to purchase add-ons for their rides. Indeed, most Scion buyers customize their vehicles, and many of the customers come to their dealer's store once a month to purchase a new after-market product such as body-side graphics and roof racks for snowboards or bikes.

9.4 Conclusion: In praise of a pluralistic approach

The vision proposed by the cultural approach is based on a wider concept of experience than that used in experiential marketing work, and thus offers greater opportunities in management of the consumption experience. Specifically, by emphasizing access to the experience, the approach encourages managers to work on areas that are underestimated in approaches that consider experience as immediate immersion. This does not mean that the management opportunities based on the cultural approach represent the only frame of reference. Indeed, neither experiential marketing nor cultural approaches are truly predictive; each has limited power to explain reality. And though we are disinclined to propose a Grand Theory

combining both views, we feel that a pluralistic approach to the management of experience must be sought. Moreover, the search should be undertaken by managers through practice, rather than by researchers through theory.

Despite the coexistence of different views, the increasingly clear emergence of consumer-driven experience bolsters the relevance of the cultural approach to future marketing efforts. The consumer experience is increasingly designed and produced by consumers, and the opportunities offered by a cultural approach to understand not only how the experience is accessed, but also how it is created, will be of greater value to managers than the self-affirming act of merely directing it. Given the proliferation of consumer-driven digital experiences such as geocaching and bookcrossing (Scaraboto, 2015), an understanding of the collective production processes undertaken by consumers is becoming increasingly essential for identifying the ways in which companies can accompany the consumer in the experience. The future will be marked much more by consumer-driven experience than by company-driven experience.

Review and discussion questions

1. Make a list of your favorite brands. Could you describe the types of brand experience contexts you have been immersed in for each of these brands?
2. Could you recall your last visit to a museum or an exhibition? Exhibitions and museums are rich and stimulating environments, but visitors often can't enjoy the experience. According to what you lived, could you explain why there is nothing straightforward about enjoying this kind of experience?
3. Concerning a brand of your choice, analyze the three qualities of the brand store context. For the same brand in the same store, analyze the three categories of actions to support consumers in their appropriation process.
4. Look at the Heineken experience website (www.heinekenexperience.com). Do the same analyses as you did for the previous question.
5. Have you ever been involved in a training session dedicated to improving your skills in the use of products and services of a specific brand? Could you develop a short personal introspection of what you experienced during and after this training session?

Keywords

Appropriation, experience, guide, immersion, reference, ritual.

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10 Facilitating collective engagement through cultural marketing

Hope Jensen Schau and Alexander Schau

10.1 Introduction

Through the *Twilight* series, the author, Stephenie Meyer, created an iconic brand by presenting her readers with resonating themes: Postmodern feminism, romance, super-human science fiction, and relative inclusivity (Holt, 2004). Meyer uses these themes to depict the complex love-triangle between a mortal, a vampire, and a werewolf, who, despite their personal conflicts, band together, leveraging their diverse talents to combat oppression (Rafferty, 2008). While the novels have been criticized for focusing on the plotline of traditional notions of patriarchy and marriage, and the films for casting primarily white actors, the narrative contains males and females of multiple ethnic groups, speaking several different languages, across three species (human, vampire, and shape-shifter) coordinating to preserve "life" or continued animation (vampires are technically not "alive") (Dishmon, 2019; Johnson 2012). The *Twilight* saga has captivated millions of readers worldwide, and garnered the interest of multi-generational populations (Pomeranz, 2010). Readers' interest in Meyer's works has galvanized a significant portion of them to form brand communities whose members celebrate their attachment to these works offline and online. Brand communities can potentially evolve into tight-knit groups whose members share attitudes, beliefs, and practices that give rise to the existence of brand community culture and collaboratively create value (Schau, Muniz, & Arnould, 2009). They can also foster brand extensions and even new brands that support and/or detract from the original brand identity.

Brand-community cultures pose a new phenomenon that calls for a shift in the way brands market to consumers. Traditional marketing and even cross-cultural marketing strategies may not be appropriate as racial, national, and generational markers are no longer what characterize consumers' lifestyles and predict consumption behaviors. The factors that distinguish brand community members from traditional consumers include their connection to the brand's offering, their relation to other brand consumers, and their ability to participate in the evolution of the brand. Thus, "Cultural Marketing" manifests itself when resonating themes foster identification, techno-social spaces nurture connectivity, and behavioral templates motivate active engagement among consumers. Through Cultural Marketing, brands use the insight provided by community members to outline their strategies, which can ultimately allow brands to meet consumers' compelling but as yet unarticulated needs.

The role of brands in the creation of brand community cultures is critical. Brands need to offer diverse modes of identification, cultivate a loyal consumer base, provide opportunities for consumer-to-consumer relationship building, and encourage co-creation experiences. When brands achieve this, they can sustain deep levels of connection with consumers.

10.2 *Twilight* community overview

The breadth of *Twilight* merchandise—books, movie tickets, DVDs, streaming licensing, music, and brand-themed swag (clothing, fragrances, houseware, etc.) provide a window into the market power Meyer commands. Yet following financial flows does not accurately represent the societal change Meyer has created within the marketplace (Rearick, 2019). Through active engagement, Meyer inspired a loyal fan base to partake in the creation of a female-driven brand community, which is currently unrepresented in brand community research. The diversity in nationalities, sociocultural backgrounds and age groups adds to the uniqueness of the brand community as *Twilight* has attracted the attention of young female readers, their older siblings, their mothers, and even their grandmothers from around the globe (Kherja, 2019). The activities conducted by this diverse group of community members set these passionate fans apart from conventional book consumers.

Traditional readers may have read the book series and talked about it with friends, family, and co-workers. They might have passed the books on to someone else to enjoy. However, *Twilight* community members are not simply readers. Community members have read and re-read the books. They have directly engaged with the author, providing input on character and plot development, casting of films, and the inclusion of musical offerings. They happily stood in line for hours for the midnight *Twilight* movie premier, returned to the theater to view the movie multiple times, bought the DVDs and CDs, and streamed or downloaded the films and musical soundtracks.[1] Many held parties to commemorate the *Twilight* DVD release, its availability on Netflix, and its ten-year anniversary. When community members try to convey to non-*Twilight* lovers the significance of the storyline and characters, they often get blank stares. Thus, for *Twilight* brand community members it is much easier and rewarding to share their passions with others like them who share their meanings and jargon.

10.3 Cultural marketing elements

The elements that drew *Twilight* fans centered on Meyer's presentation of resonating themes, techno-social communication, and behavioral templates for action. Meyer leveraged these elements to engage with her fans. The combination of these elements nurtured fans into forming and participating in the *Twilight* brand community.

10.3.1 Resonating themes

Meyer offers her *Twilight* readers a rich storyline that contains aspects that deeply resonate with her audience: Feminine gender identification, heteronormative romantic motifs, super-human science fiction, and relative inclusivity. These building blocks created not only a unifying bond, but they also foster readership identification with *Twilight* and among readers.

The *Twilight* series presents strong female characters that mirror the traits that 21st century women across several geopolitical boundaries value and with which they relate. Meyer's characters depict a range of behaviors that portray women and their distinctive strengths, talents, and vulnerabilities. Bella's mom, although described as "flighty" also has a highly-developed intuition that can perceive the strong chemistry between Bella and Edward. The matriarch of the Cullen family, Esme, renders the role of a resilient and loving parent who, despite not birthing any of her "children," is a deeply caring mother. Edward's sister Rosalie, whose antagonistic behavior almost gets Edward killed, guards the safety of Edward's and Bella's child.

Bella's maturity, intelligence, and moral map enable her to be a caretaker to her parents, an accomplished student, and an empathetic friend to Jacob. Her aversion to being controlled by anyone, including her beloved Edward, prompts her to take risks despite her innate clumsiness. Riding a motorcycle and visiting Jacob's territory, which is forbidden to Edward, show her care-free and independent nature. Bella asserts her sexuality and specifically her need for sexual intimacy by enticing Edward, who tries everything in his power not to give in.

Bella's intelligence and resolve to fight for what she wants position her to be a tenacious fighter and an astute negotiator. Bella knows that in order to be with Edward for all eternity, she has to become a vampire. Yet Edward fights her on this issue. Bella lobbies Edward's family by presenting the logic behind her request and asks them to take a vote on it. She gains their support and promise to facilitate this transition. Readers witness Bella's ability to exert her leadership through consensus rather than sharp individualism (Rosner, 1990). As the storyline progresses, readers witness Bella becoming an even stronger person, and in the end, Bella's assertive leadership shines through as she safeguards the clan and friends by using a protective shield.

Despite these examples of determination, intelligence, and resiliency, *Twilight* readers do not consider Bella to be a "feminist." In their opinion, the fact that she cooks and keeps home for her mother and later her father excludes her from being considered a feminist. Readers are trapped in the expectations for feminism of the 1960s to 1980s, in which women must constantly fight for equality and against male domination. During this time period, feminists like Betty Friedman argued that women are victims to the ideal of finding self-identity through their families and home-keeping activities (Friedman, 1963). This theory becomes an obstacle for readers to identify Bella as a feminist since her devotion to Edward is perceived as a loss of self-identity.

Through *Twilight's* female characters, Meyer captures a key concern for her female fan base: the need to discuss and potentially redefine feminism. Meyer's readers want to be strong and independent females without being classified as traditional "feminists," and derive satisfaction from having a family and home without being stereotyped as "subservient." Meyer addresses this concern by giving readers an alternative to the trope of the male-bashing "feminist" woman. Through *Twilight*'s female characters, Meyer gives readers an array of "post-modern feminist" roles models (Butler, 1999).

These postmodern feminists can select how they find meaning in their lives and define themselves in whatever way they choose. Esme has chosen to care for her "children," advising them not to be "show-offs" or cheat during baseball games. Renee doesn't have a home-maker bone in her body, yet she is constantly trying to learn new things and grow as a human being. Rosalie would give up beauty and immortality to give birth to a child and uses her strength to defend Bella's choice to continue her pregnancy. Alice loves fashion, fast cars, and Jasper. Bella finds meaning in her life by caring for her parents, falling in love, joining Edward's family, and protecting her reproductive rights. Through these postmodern feminist role models, Meyer presents her readers with a solution to the challenging aspect of balancing their emotional and intellectual needs against society's expectations.

Romantic motifs

Meyer uses characters and concepts to present heteronormative romantic motifs of deep meaning to her female fan base. Falling in love for the first time is *Twilight*'s initial allure (Motoko, 2009). Through Edward and Bella, older readers recall the experience of their first love without judging the often selfless abandonment and obsessive behaviors that

characterize this experience. Younger readers are given a peek into the emotions people experience when they are falling in love for the first time.

The description of Edward, a strikingly beautiful, loving, intelligent, and profoundly faithful vampire who has never felt love until he met Bella, a young mortal female, has proven to be irresistible to readers, regardless of age. Edward epitomizes the traits female readers want to see in their significant others. These traits allow the reader to justify their postmodern feminist attitudes.

Through Bella and Edward's connection, and Sam, head of the werewolves' "pack" and his lifemate, Emily, Meyers addresses her readers' desire to experience pre-destined monogamy. Edward's ability not to give into the temptation of feeding on her allows Edward to be close to her (Grossman, 2009). A vampire who is able to conquer his innate need to feed on humans can be a man who is able to be faithful, protective, and completely devoted. Edward articulates his commitment to Bella when he is forced to interact with Jacob, his contender for Bella's love: "You become whatever she needs you to be, whether that's a protector, or a lover, or a friend, or a brother" (Meyer, 2007, p. 176).

Edward's role embodies the positive elements of Hemingway's "Code-Hero" combined with supernatural powers (Lamar, 1966). As a "Code-Hero," Edward has physical power and emotional strength. His speed and intensity enable him to protect Bella against all dangers. Since he doesn't need to sleep, he can watch over Bella while she sleeps. His presence allows Bella's subconscious to rest and prevents her from having nightmares. Unlike a "Code-Hero," Edward only has eyes for Bella. He verbalizes his love for her and can artistically express this through the lullabies he sings to her. The fact that Edward is an immortal being will enable him to actually deliver on his promise to love Bella forever.

Through these romantic themes, Meyer responds to female readers. The realities of divorce, infidelity, and alienation, etc., have modified our society's outlook on romance and companionship. Yet female audiences cheer for heroines like *Sex and the City*'s Carrie. This famous heroine refuses to compromise and give up on love. As she breaks up with Aleksandr, her Russian boyfriend, she says: "I am someone who is looking for love … real love … ridiculous inconvenient, consuming, can't-live-without-each-other love."[2] Meyer provides her readers with a love story in which Edward and Bella put all inconveniences aside and determine that they cannot live without each other.

Superhuman science fiction

In the *Twilight* series, the Vampire and Quileute clans possess supernatural powers akin to Marvel comics. Fans of Comic-Con and superhuman science fiction resonate with *Twilight*'s storyline, and they have become an important part of Meyer's fan base. The superhuman powers scaffold the other themes (postmodern feminism, heteronormative romance, and relative inclusivity). For example, *Twilight*'s Leah Clearwater, the only female who transforms into a wolf, lays bare the insecurities of a female whose unrequited love left her bitter, but whose strength, intelligence, and comradeship positioned her to become a respected leader within the pack. Alice's ability to predict the future coupled with her independence, physicality, and bravery makes her a central character. The Cullen clan relies on Alice to alert them to potential dangers, and Edward entrusts her with Bella's safety when he can't be physically present. The superhuman powers possessed by Leah and Alice allow the readers to experience raw feminine leadership and strength.

Mind-reading, future prediction, emotion manipulation, and shapeshifting are topics with a strong draw for both male and female fans. During the 1930s and 1950s, superhuman science

fiction took shape in Superman and Spider-Man. Superhuman science fiction continues to be in high demand as observed in the *Harry Potter* series. Harry possesses a superhuman power: feeling Voldemort's evil thoughts. Shows like "True Blood" and movies like "Wonder Woman" portray female characters with a wide range of supernatural powers (Lewis, 2009). Sookie Stackhouse, the heroine in "True Blood", is a telepath who can read everyone's thoughts except for Bill, the vampire with whom she falls in love. Wonder Woman's abilities include superhuman strength, speed, reflexes and agility, the power to glide through the air on currents in the wind, and enhanced smell, vision, and hearing (Gemmill, 2017). Fantasy plays a key role in superhuman science fiction, and it allows for practically anything to be possible.

Relative inclusivity

The initial *Twilight* novel features two distinct ethnic groups (white and First Nation) and three species (human, vampire, and shapeshifter). The later novels depict the international contingents of vampires cooperating across geography and language barriers. The films include "black," "brown," and "yellow" actors cast in supporting roles (Dishmon, 2019). Throughout the saga, the narrative features diversity in terms of sociocultural resources: affluence, folk traditions, artistic expressions, and education. This relative inclusiveness gives fans access to different ways to connect with the characters and narrative: gender, economic status, language, geography, etc. Many types of people see themselves in the *Twilight* brand.

10.3.2 Techno-social spaces

Communication spaces

When *Twilight* was released in 2005, it didn't debut at number one in the *New York Times*' bestseller list like *Eclipse* (the third novel in the series) did. The first edition of *Twilight* slowly gained popularity thanks to its young readers. The proverbial word-of-mouth effect took off as peer-to-peer reviews were given by readers off and online. The posting of comments on Facebook, MySpace, and other techno-social spaces also influenced other people to pick up the book. Slowly, the fan base within the young female audience began to grow. As older females witnessed this trend, they started reading it too.

Reader-to-reader meeting space

As *Twilight* fans began to experience the emotions they were feeling as they read the books, they sought to connect with other like-minded fans. They began to create techno-social spaces where they could meet other *Twilight* fans with whom they could share their emotions. Young girls listed the reasons why they were falling in love with Edward. Older fans commiserated with other women in their cohort about their obsession with *Twilight*. They found common emotions such as feeling 16 again, recalling the emotions they felt when they fell in love for the first time, and even lamented the loss of the Edward-like first love they once had with their current partners.

Author-to-reader meeting space

While fans explored the dimensions that connected them to *Twilight*, Meyer was paying attention to what fans were saying. She began to look at the sites that fans had created. She

often posted comments and responded to questions. Meyer used MySpace as a techno-social space in which to cultivate her relationship with her fans. One-on-one literary conversations began to take place. Her readers sought to understand character behaviors, and Meyer offered reading book guides to encourage readers to discuss central topics. She prompted readers to evaluate Bella's self-endangering behaviors and explore the Cullens' resolve to feed on animals rather than humans. Since Meyer used literary classics such as *Pride and Prejudice*, *Romeo and Juliet*, and *Wuthering Heights* to contrast *Twilight* themes, she encouraged fans to read these works.

By presenting readers with a map to continue discovering the prism of female personalities and central romantic themes, Meyer further cemented her relationship with her fans. Through Elizabeth Bennet, Juliet Capulet, and Catherine Earnshaw, *Twilight* readers witness the virtues and flaws of each character: Elizabeth's intelligence and prejudice, Juliet's innocence and idealism, Catherine's passion and selfishness. By contrasting the challenges that these protagonists faced with those faced by Bella, Meyer helps readers recognize the multitude of options females have in today's day and age. By the same token, readers can see that these characters are all flawed in one way or another because they are human. Their vulnerabilities and strengths were illustrated through prejudice, suicide, and unrequited love fulfillment in the afterlife. Through these interactions, Meyer discovered and applauded her readers' creativity and insight. Meyer's support for her fans, coupled with their talents, allowed deep levels of connection between *Twilight* and the fans.

In June of 2009b, Meyer announced to her fans that she was officially taking down her MySpace page (Meyer, 2009a). She stated that the overwhelming volume of emails she received made it impossible for her to continue communicating with them like she had in the past, in one-on-one email correspondence. She reminded them that she didn't use Facebook or Twitter, but that she would continue to communicate with them via her personal website. She wished everyone a great summer, and as usual, suggested summer reading material by a fellow writer. Subsequent communications by Meyer followed thereafter in which she continued to cultivate her relationship with her fans.

10.3.3 Behavioral templates

Consumer-generated content

Meyer's *Twilight* themes offer readers storylines that are not bound to traditional reality. Readers can envision a multitude of possibilities given the presence of powerful female leaders, alternate reality worlds, and superhuman science fiction. Together, these elements provide readers with the building blocks to unleash their creativity. Moreover, Meyer's fan engagement positioned her to encourage them to write around her storyline and to explore character development. These became invitations for readers to create consumer-generated content. The readers' keen interest in Edward prompted them to pen fan-fiction stories from the perspective of different characters. Fans explored a multitude of "what-if" scenarios. For example, Lori Joffs, a.k.a "Alphie," wrote "The Lion and the Lamb," which is *Twilight* narrated by Edward, and posted it on fanfiction.net. Meyer found the story and reached out to Alphie because Meyer was working on the same project. She was writing *Midnight Sun*, which was Edward's version of *Twilight* (Perez, 2009). Other *Twilight*-inspired fan fiction centers mostly on the characters' future or past. These include stories about Bella's new life as a vampire and Rosalie's life before being turned into a vampire. Superhuman science fiction also inspires other fans to combine story lines such as "Jane Voluturi Goes

to Hogwarts." Through these examples we can see that open-source literature allows fans to personalize *Twilight*, by engaging in customizing practices within the brand community (Holt, 2004; Schau et al., 2009).

Perhaps most intriguing is *Twilight*-inspired fan fiction and fan art. The most notable fan fiction to emanate from the *Twilight* consumer-generated content is the *Fifty Shades of Grey* narrative. Mimicking many of the plot points and characters of *Twilight*, novice writer E L James posted her fan fiction online (Bonomi, 2013). The *Fifty Shades* trilogy was originally entitled *Master of the Universe* and published episodically under the pen name "Snowqueen's Icedragon." Later, the material was repackaged as a narrative trilogy and published by Vintage Books. The *Fifty Shades* narrative caught the imagination of women in their 20s to 50s, some of whom had grown up reading *Twilight*. Exchanging the supernatural motif for BDSM (bondage, discipline, sadism, masochism), *Fifty Shades* is markedly more sexual in its themes. Films based on the books were made, extending the *Fifty Shades* franchise and creating an imposing brand extension for *Twilight*.

Modeled practices

As a writer, Meyer promoted *Twilight* by going to her fair share of book signings and creating *Twilight* events. The showings were small, but these gave her an opportunity to further connect with her readers. Meyer arranged *Twilight* parties, specifically "I Love Edward" parties.[3] These experiences allowed fans to participate in collective consumption, becoming more involved with the brand community, and realizing more value from the brand experience (Schau et al., 2009). As Meyer released *New Moon* and *Eclipse*, her book signings were drawing audiences of up to 3,000 people. During a book signing for *New Moon*, a college student recommended that Meyer organize a *New Moon* prom. The publishers organized the event.[4] Six hours after Meyer promoted the *Eclipse* prom online, the event had sold out.

The release of the fourth book, *Breaking Dawn*, was considered by Border's as the biggest book event of the year. Other bookstores like Barnes & Noble coordinated elaborate parties in hundreds of stores in which fans dressed in *Twilight* costumes, ready to celebrate the release of the much-anticipated book. Meyer encouraged the cult of the author by playing up her Mormon housewife identity and making a cameo in the *Twilight* film (Carroll, 2008b). She also held events centered on the movie, and most importantly, attended those created by the fans. When Meyer issued a call to action promoting the "Save the Book Babe" event, a fundraiser to help a close friend battling cancer, her members showed up with their wallets ready to help (Meyer, 2009a).

Meyer reached out to her fans by making herself accessible both online and face-to-face and drawing on cultural marketing to identify her resonating themes. The fact that she coordinated events to connect with her readers allowed them to live the *Twilight* experience on a deeper level. This experience was furthered magnified as fans began to create their own events. As fans coordinated satellite proms and international proms around the world, *Twilight* traditions began to emerge. As these traditions formed, customs and behavioral protocols followed, and these continue to evolve based on the needs of the fans.

10.4 The *Twilight* community culture

Resonating themes, connection via techno-social spaces, and behavioral templates gave fans an emotional connection to *Twilight* and Meyer. This connection incited passion in fans,

which drove them into making a deeper personal investment which took shape in the form of an active female brand community. The members of this brand community share values, norms, beliefs, and practices that are the integral parts of a culture.

The more than 400 *Twilight* techno-social spaces give community members a space in which to befriend other "Twilighters" or "Twihards," terms that some members use to describe themselves. These spaces become important communication channels and relationship enablers. Fans can share the comprehensive vision of *Twilight*'s importance in their lives. They don't feel like they have to rationalize their attachment to *Twilight*. They seek others who understand this situation by forming support groups like "Parents Just Don't Understand *Twilight* Life," "Older Woman Group," and "Bella Moments," which celebrates their identification with Bella's clumsiness.

As with any culture, the *Twilight* brand community has unifying principles that cement the brand, and the elements of cultural marketing, resonating themes, techno-social connectivity, and behavioral templates are manifested through the ideology and norms shared by the great majority of the members. At the same time, factions emerge as some members seek like-minded individuals. Groups of compatible friends form and through these, members can express their difference beliefs and exercise evocative rituals. Eventually, proponents of the more "mature"- themed *Fifty Shades of Grey* fan fiction, turned brand extension, splintered off into their own fan community.

10.4.1 Ideology

Meyer's themes provide *Twilight* members with the opportunity to share cultural ideologies. Female gender identification, romantic motifs, and superhuman fiction provide a common ground for members to connect. The fact that this community is comprised of multi-generational members is not problematic. Different age cohorts identify with different themes, and in different ways they apply these themes to their own lives. For example, for many of the younger audience, Bella's love for Edward and her ultimate sacrifice consecrates her as a strong and independent heroine. For the mature readers, Bella mirrors the traits and behaviors they see in themselves. Bella's intelligence, tenacity, and faith in love calls upon the deeply personal sentiments felt by women who, despite personal heartbreak, still believe in the magic of loving and being loved. Some members are deeply drawn to Esme. Her maternal instincts touch the needs of members as they declare that they wish Esme was their mom. Other readers find common ground exploring the superhuman powers. Some forums are devoted to discussing the Quileute tribe. They are drawn to the idea of people developing superhuman powers based on the need to respond to imminent danger. Still others move on to the narrative brand extensions like *Fifty Shades*.

10.4.2 Norms

Within the brand community, members expect to be involved in the directionality of the brand because the modeled practice cultivated by Meyer has given fans the behavioral template to do so. Thanks to Meyer's open engagement and inclusion of members in key decisions, members feel responsible to make tangible investments in the brand. Fan's investments come in the form of forum discussions, fan fiction, fan art, and fan-made videos and movie trailers. Tiffany Dalton, a 19-year-old Australian, is famous for *New Moon*, one of the most viewed fan-made *Twilight* trailers. It has been voted by members as the #1 trailer, and fans openly advocate for the movie studio to hire Dalton.

As Summit Entertainment began to cast for *Twilight*'s film adaptation, Meyer asked readers to suggest actors for the parts. She provided them with a special email address to which they could send their nominations. Meyer also called for movie critique, and fans' feedback was instrumental in the modifications made by the director. These invitations to participate and feed back integration causes members to become invested, and prompts vigilante marketing behaviors (Muniz & Schau, 2007).

Members practice vigilante marketing when they discover anti-*Twilight* sites like Twilightsucks.com. They quickly posted messages condoning the site. There was an open debate in which a member called for a rebellion. Protecting the brand from enemies is not the only responsibility members take upon themselves. A group called "The *Twilight* Zone Rumor Control" takes it upon itself to confirm or deny any rumor about the brand. Members of "A Deeper Look in the *Twilight* Saga" discusses the future of *Twilight*.

Demonstrating affiliation is another important norm with the *Twilight* culture. Members proudly announce which *Twilight* character they are after taking the Facebook quiz—immediately, they tweet the results for the entire world to read. Creating avatars and Sims (a strategic life simulation computer game) characters inspired by *Twilight* are important symbols that represent belonging. At preparatory schools, where high school students have a hard time distinguishing themselves from the identical school uniforms of their peers, it is common to find *Twilight* paraphernalia adorning backpacks and decorating lockers, and *Twilight* discussions become the last whispers overheard through the halls as the teens head into class.

This fan empowerment provided the perfect conditions from which a fan's mimicked fiction can burgeon into its own commercial franchise replete with books, films, soundtracks, apparel, and BDSM props.

10.4.3 Beliefs

The beliefs shared by the *Twilight* community stem from their attitudes towards the themes in the storyline and the behavioral templates modeled by Meyer. Fans believe that by participating in discussion groups, they are keeping the brand alive and helping it grow. They explore and argue about these attitudes amongst each other. Fans also believe that they have the moral right to articulate their opinions through discussions, fan fiction, fan art, fan-made videos, and collective practices.

The members exercise their freedom of speech by creating special interest groups. Some members gravitate to discussion groups that explore each book individually. Other groups have formed around a character or characters such as the "Emmett Fan Club" or the "Werewolf Fans." Members have also clustered around age groups such as "The Older Woman Group." Other groups form based on members' likes or dislikes in music: "The Paramore Rockers," activities, "*Twilight* Role Play," and "Fan fiction." Other groups come together due to their affinity to superhuman science fiction like "Heroes" and "True Blood."

These numerous groups allow members to chime in depending on what they find appealing. In the "*Twilight* Fans who Love Harry Potter" group, members express appreciation for both book series' and having the ability to connect with other people who feel like them—especially within the TwilightSaga.com community. Members in this group discussed their excitement for the *Half-Blood Prince* movie released in the summer of 2009. They network among the group to enquire about release dates and locations in European countries. Their shared interests and community building within these groups transcends the *Twilight* theme as the platform becomes about the fans.

The community members collectively discuss these topics with fervor. They universally find the vampires sympathetic and their efforts to exist without harming humans to be noble. The vampire quest for legitimacy and acceptance within human society is intriguing and readers compare this to race, ethnicity, and class struggles in contemporary society. Factions emerge when "solutions" to this inequality are vetted. Likewise, strong factions form around the characters and their archetypes. Age cohort divisions are the least stable as readers readily interact across cohorts to collectively discuss the characters, plot, and interpretations.

10.4.4 Rituals

The shared practices among *Twilight* modeled by Meyer strengthen the bonds between the community and the brand. Members engage in debating their topic of interest and belonging to multiple forums and groups increases their involvement in the brand. *Twilight* members partake in a wide range of discussions with their groups of choice. Knowledge and wit are celebrated within these conversations. Well-informed members who can express their ideas with wit are celebrated by other members. To maintain their status, these members have to demonstrate their strong understanding of the plotline, themes, and character development.

They coordinate *Twilight* events and promote them via multiple techno-social spaces. For example, members organized hundreds of events as the *Twilight* movie and soundtrack were released. It wasn't uncommon to see large groups of older women going to the premiere of *Twilight* dressed up in character costumes. Members also organized international events to welcome the much anticipated release of the *New Moon* movie in November 2009 (Bosman, 2008). Other groups planned *Twilight* pilgrimages to Forks, WA (where the story takes place).

Within the wall-less community, members organize bi-weekly "Fan fiction" contests in which fans present their own take on *Twilight* ideas and ask the community to vote for them. A group called "The Deeper Look" wrestles with issues about the future of the *Twilight* brand. The members in this group discussed whether the *Twilight* hype is winding down and the appropriate length of the final movie. They also discuss the fact that *Twilight* has become a part of their lives.

10.5 The advantages of cultural marketing in *Twilight*

Through *Twilight*, Meyer captured the attention of her female fan base by using key ideological concerns manifested by the actions and vulnerabilities of female characters. Heteronormative romantic ideas explored within *Twilight* and other works of literature allow the readers to gain a deeper perspective into the complex nature of human relationships and the obstacles society sets forth such as intolerance and prejudice. Superhuman powers possessed by female characters add interesting personality traits and place them in important leadership roles. Relative inclusivity in the novels and films allowed fans an expanded array of identity positions with which to connect. These themes unite to fulfill unmet needs for modern feminist role models. This solution creates a prevailing bond among *Twilight* fans and between them and the brand.

This bond is fortified by the authentic relationship Meyer has fostered with the fans. Her calls to action have set forth behavioral templates to emulate and to enhance. The shared ideologies, norms, beliefs, and rituals bring to life the *Twilight* culture. Through this culture, members consume as a collective, and they have created factions to reinforce their commonalities.

Cultural marketing provides brands with invaluable insight into what consumers want and are willing to purchase. Another major advantage is the opportunity to create new offerings that have a built-in market. Hot Topic is licensed to sell *Twilight* branded merchandise: Jewelry, t-shirts, carrying cases, and even "Edward Body Shimmer." Fans eagerly waited for the *Twilight* sweethearts for Valentines' Day, and they communicated among each other to identify the stores that had them in stock. Mattel released *Twilight* dolls, in which Bella and Edward displace the iconic Barbie and Ken duo. Duop Cosmetics released its line of *Twilight* makeup featuring lip-plumping venom. Half of the liquid is red, and users have to shake it before applying, to symbolize the human and vampire coming together. *Twilight* fans use this merchandise to show membership affiliation and to continue living the *Twilight* experience. Those fans' interests splintered into *Fifty Shades of Grey*, enjoying the narrative and its accompanying merchandise.

10.6 Similar works of fiction—different approaches

The *Twilight* saga and the *Harry Potter* series have been compared by critics and fans alike since *Twilight* began to gain notoriety. Both works share a number of commonalities:

- Appeal to multi-generational readers (BBC News, 2003).
- A multi-volume series allowing reader longevity (Trachtenberg, 2007).
- Film versions providing fans with visuals (Carroll, 2008a).
- After midnight launch parties (Mills, 2008).
- Superhuman fiction (Byrns, 2009).
- Alternate reality worlds (Farndale, 2007).
- Active brand communities (Harmon, 2007).

Indeed, the books do share commonalities as their authors do. However, when it comes to brand community nurturing, Meyer and Rowling have taken drastically different approaches. Rowling has maintained an overt distance between herself and her fans. She has not fostered collaborative opportunities with her brand community members. In fact, she scorns the idea of fan fiction being commercialized, and she doesn't hesitate to defend her copyrights through lengthy litigation. She gave her "blessing" for her readers to post their fan fiction creations online and announced that she wouldn't take legal action as long as they do not profit from its commercialization (Waters, 2004).

In 2008, Rowling won a court battle against a small publishing house, RDR Books, for attempting to publish *The Harry Potter Lexicon*, a reference work written by school librarian Steven Vander Ark. In his ruling, the presiding judge, Robert Patterson, wrote that Vander Ark's lexicon "appropriates too much of Rowling's creative work for its purposes as a reference guide." However, he also ruled that "while the lexicon, in its current state, is not a fair use of the *Harry Potter* works, reference works that share the lexicon's purpose of aiding readers of literature generally should be encouraged rather than stifled" (American Library Association 2008).

Despite Rowling's actions, the *Harry Potter* brand community has bound together to help each other enjoy the series. A "translation collective" group emerged in Germany. Their mission is to enhance communication and education among *Harry Potter* fans. The group had identified errors in the official German translation of the *Harry Potter* books, and the group lists these errors on its website (Harmon, 2007).

The comparison with the engagement between Meyer and the *Twilight* brand community and between Rowling and the *Harry Potter* brand community highlights three important factors. First, products that resonate with consumers' ideologies will garner brand community formation whether supported by the brand or not. The discontinuation of Apple's Newton device didn't prevent its brand community from forming a strong, active, and collaborative brand community, which took on traditional brand roles such as service and repair, configuration, and marketing, albeit "anti-Steve Jobs" campaigns (Muniz & Schau, 2005). Second, brands can choose to have collaborative or antagonistic relationships with their brand communities. iPhone users were highly critical of Apple's decision not to open its operating system for user modification. They rallied hard, and Apple eventually budged. This gave way to the user-generated applications, which became the iPhone's powerful value proposition. Third, antagonistic relationships between brands and their brand communities are much more damaging to the brands than the community members. Rowling claimed that the court battles caused her to develop writer's block. Meanwhile, Meyer harvested the insight learned through her brand community and wrote an adult fiction book, *The Host*. This new book presents readers with some of the fundamental elements that made fans fall in love with *Twilight*. *The Host*, a romantic story with a dose of good versus evil is set in a futuristic and dangerous world.

10.7 Using cultural marketing to reach customers

For brands that want to employ cultural marketing strategies to reach consumers, they must first explore how their offerings resonate with their consumers' ideology, norms, beliefs, and rituals. Brands can use cultural markers to provide solutions that help consumers practice their beliefs and engage in rituals that foster connectivity to their ideologies.

The sports world provides a safe masculine environment for men to celebrate their love for sports and male bonding. Early fall Sunday afternoons mark the beginning of football season. Fans, of whom the majority are male, gather around the television to see their favorite teams battle it out. Multiple reasons connect fans to their favorite team—an athlete, hometown, or alma mater alliance, a childhood memory, etc. Fans share ideologies about the game and its rules, and how players, coaches, and managers should behave. They adhere to behavioral expectations like keeping up with scores during games, even while traveling. At the core of their love for the game, they respect the benefits of competition and teamwork. They participate in rituals like watching Super Bowl Sunday, cheering at the right moments, and buckling when the going gets tough.

For today's time-deprived females, the expectation of homemade meal preparation is a stressor. A segment of the female population wants to embrace the notion of domestication, yet their lifestyle circumstances and the constant battle to balance work and life are juxtaposed against contemporary women's ideology. They need a solution that helps them meet behavioral expectations without sacrificing their self-actualization objectives. "30 Minute Meals" a well-known show on the Food Network offers women recipes and directions for preparing meals in less than 30 minutes (Severson, 1995). These programs offer women a solution that helps them meet this social expectation. Consumers can enact the domestication norm of serving a "homemade meal" with the understanding that it has to be something that is quick and easy, and that this cooking template is congruent with today's lifestyles. They can sit with their families and practice the ritual of dining as a family and holding true to their social values.

10.8 Conclusion

The promise and peril of cultural branding lie in its empowerment of consumers. Brands utilizing cultural marketing give their fan base more control over the brand than traditionally marketed brands do. The advantages for marketing practitioners using a cultural marketing approach is the ability to become a resource to resolve tension in expected modes of behavior, societal roles, or other issues critical to the lives of their consumers. *Twilight* resolved the tension in women's view of feminine roles and created a loyal brand community. The co-creation efforts among the brand and its community results in a loyal customer base working to protect the brand. This practice positions *Twilight* as an integral part of the member's lifestyle that can continue to create opportunities for the brand. Conversely, cultural marketing allows for engaged fans to create brand extensions that may challenge and even undermine the original brand.

Review and discussion questions

1. How does collective collaborative consumption relate to cultural marketing?
2. In what ways does *Twilight* facilitate cultural marketing?
3. What lessons can be learned from the *Twilight* case?
4. What effect if any did the author's engagement with the fans have on the overall power of the *Twilight* brand?
5. What role does technology play in facilitating collective engagement and collective consumption?
6. What other brands practice cultural marketing and how do they do so?
7. What makes the *Twilight* saga such a successful brand community? What are the contributing factors?

Exercises

1. How would you market the *Twilight* saga in today's marketplace? Come up with a marketing plan/strategy that defines the target market, the promotion/execution strategy, and the metrics that will determine the product's success.
2. How would you leverage brand loyalists and evangelists to promote your product?

Keywords

Behavioral templates, brand communities, brand meaning, brand loyalists, collective consumption, collective engagement, consumer collaboration, consumer engagement, consumer-generated content, fan fiction, fan art, fansites, cult of the author, user-generated content.

Notes

1 "'Twilight' Brings Vampires Back to Life." Talk of The Nation. 26 November 2008. Retrieved 10 July 2009. http://npr.org/templates/story/story.php?storyId=97533912
2 *Sex and The City*. Final episode.
3 Green, 2008.
4 Green, 2008.

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11 Tribal marketing

Bernard Cova and Avi Shankar

Overview

As a marketing manager or student of marketing, you are probably most familiar with the term "tribe" when it is used to describe an ancient, primitive, outdated system of human social organization based on close kinship ties and close geographical proximity. Further, you may think that today, tribes only exist in far-flung corners of the world, in isolated communities, barely touched by the modern world. The study of tribes, surely, is the domain of the anthropologist and documentary filmmakers for the *Discovery* or *National Geographic* television channels. What do tribes have to do with marketing? And what can you, as today or future business and marketing managers, learn from a tribal marketing approach? These are the questions that we seek to address in this chapter. More specifically the aims of our chapter are to:

- Encourage you to think of consumers as tribes and understand the marketing management implications of doing so.
- Show how a tribal marketing approach reverses the immanent logic of one of the cornerstones of traditional marketing—segmentation.
- Show how a tribal marketing approach can be implemented by drawing on a series of case studies with companies with which we have engaged.

Before we start on our journey though, a word of warning: Tribal marketing, as we understand it, can never be wholly reduced to a "one-size-fits-all," step-by-step set of management practices that you can simply follow—we cannot tell you how to "do" tribal marketing. Rather, if you embrace a tribal marketing perspective as a lens through which to view marketing, you will begin to see marketing in a non-traditional, culturally embedded manner; one that is grounded in the everyday reality and complexity of the day-to-day lives that people, our potential consumers, lead. Only then can you draw on these insights to inform and then engage in appropriate marketing management practices with your consumers.

11.1 "It's a tribe Jim, but not as we know it"

Many of you will be familiar with the long-running television and film franchise *Star Trek*. In the original television series, whenever the Starship Enterprise came across a new species somewhere in the galaxy, Dr McCoy or "Bones" would turn to Captain Kirk or Jim and say, "It's life Jim, but not as we know it." In a similar vein, the tribes that we are concerned with are not the tribes of anthropological study with which we began this chapter: They are quite

different; they are everywhere; yet previously we did not have the tools, techniques or opportunities to identify and understand them. To put it another way, as marketing academics and practitioners we were suffering from myopia; we couldn't see them.

Our understanding of tribes takes its inspiration from the work of an eminent French sociologist called Michel Maffesoli. In a landmark book, *The Time of the Tribes* (Maffesoli, 1996), he reinforced the argument that the fundamental building blocks of human life are found in the multiple social groups that we all belong to, knowingly or not, throughout the course of our everyday lives. These "little masses," or *tribus* as Maffesoli calls them, are central to our everyday experience and to who we are; to our identity. This is especially true of the tribes in which we knowingly and actively participate. And this is where our tribes differ from anthropological tribes; throughout the course of our lives and as who we are, as our identity develops and changes, we can belong to and participate in many little tribes. Our tribal affiliation is no longer limited to the one big tribe that, once upon a time, we were born into and that determined what we could do, be, or become.

"Big deal," or "So what?" you might be thinking, but this simple observation is in stark contrast to how people—consumers—are normally portrayed in the business discipline. In economics—and after all, marketing is often thought to be just applied economics—the consumer is thought of as an isolated individual, with a group merely an aggregation of individuals. The perspective we subscribe to rejects and therefore fundamentally challenges this assumption. In contrast, we say that there is no such thing as an individual; rather, whether we are aware of it or not, we are always a member of a variety of tribes with, at any one moment in time, some of these tribal affiliations having more significance and meaning for us than others.

This is a big statement for us to make and may run contrary to the way you see yourself and the world beyond you, especially if you are from the "West". However, for people from the "East", brought up in a culture and society that is far more collectivist and less individualistic, this statement will be self-evident. We subscribe to the view that one of the fundamental challenges that faces people today is to make their lives meaningful. Being someone, having an identity, is one of the main ways we achieve this. However, gone are the days when our families, or our relative position in the social and economic hierarchy, determined our identity and life outcomes. Rather, each of us has to "make up" who we want to be, and this is, in part, why some people think of themselves as individuals; they think they are in control of this process. But the identities that we reproduce are always social and relational; in order to be someone, we require that identity to be validated and reinforced by others. Many of you reading this chapter will be students; but the identity of a student is always contingent on and related to others to be meaningful—namely other students and your lecturers. In this way, we see identities to be socially meaning categories descriptive of who we are. Each of you has many identities that come and go as you live your life with, at any one moment in time, some identities being more important to you than others. For example, many of you (or your parents) will have made considerable financial sacrifice to enable your studies. Your student identity will be, therefore, very important to you but, in a few years' time, it will be a distant but hopefully pleasurable memory, as you pursue your careers. You are currently part of numerous nascent tribes; you are a member of your MBA, MSc, business school and university tribe; you may have extracurricular interests; perhaps you play sport and are a member of a soccer or tennis tribe; or maybe you regularly frequent the gym and belong to the gym tribe. Close geographical proximity is also no longer a prerequisite for tribal affiliation (cf. chapter 10 by Schau & Schau); indeed, when you graduate and become part of your alumni tribe, social media will enable you to maintain tribal affiliation with your fellow tribe members as you and they scatter to all corners of the world.

The tribes we are interested in, though, are naturally occurring groups where: Tribe members identify with one another (or alternatively they can be "activated" and encouraged to be linked together by social media or marketing activities); they have shared experiences and emotions; and they are capable of engaging in collective social action—that is, together, members of the tribe can "do" things that they would be incapable of doing outside of the collective.

To give you a feel for our understanding of tribes, consider the case of new parents. From a business perspective, new parents represent a highly lucrative market—think of all those new gadgets, prams, toys, furniture, mother and baby clothes, food stuffs, car accessories etc., that they require! To what extent can we consider new parents to constitute a tribe? To be sure, new parents face a bewildering array of new experiences, both immensely pleasurable and positive, but also potentially daunting and stressful. New parents clearly can identify with one another because, while they may have their experiences separately, they are also shared in the sense that they are all having the same or similar experiences. In the past, the ability to communicate and share these experiences with other parents was limited. With the advent of the internet and various social media, this situation has radically changed.

Mumsnet.com, a UK internet site, was established in 2000 and facilitates parent-to-parent, mainly mum-to-mum interaction and because of its middle-class, affluent user profile, in a relatively short space of time, it has established itself as a powerful and influential forum. For example, during the 2010 British general election, the leaders of the major political parties, Gordon Brown, David Cameron, and Nick Clegg, all took part in Mumsnet-facilitated, live web chats, with the prime minister officially hailing the site as a British institution. The worldwide media attention that the site subsequently received has led to the 2010 general election being dubbed as the "Mumsnet Election" (see: http://mumsnet.com/media/mumsnet-election). Clearly then, and through other campaigning activities like their "Let Girls Be Girls" campaign that raises awareness of the premature sexualization of young children, the Mumsnet tribe is engaged in collective social action (see: http://mumsnet.com/campaigns).

Of course, all this mum-to-mum, or from a marketing perspective "potential" consumer-to-consumer interaction has not gone unnoticed by the commercial world. Mumsnet accepts a range of advertising from large multinationals like *Ford* to other UK-based brand and service providers across a range of market sectors. For all these companies, the Mumsnetters are an ideal tribe or, in conventional marketing terms, an ideal target market.

11.2 Tribes and brand communities

The tribal perspective that we have developed so far is limited to community formation around the shared experience of being a new parent. Equally a tribe could form around any leisure-based activity, interest, hobby, or passion. If you are passionate about surfing, traveling, a TV show, snowboarding, running, reading books, a band or singer, knitting, fine wine, a film star, music, international politics, fossil-hunting, or fishing, the rise of social media via the internet means that you can search for and find other like-minded devotees and, *voilà*. You will have the basis of a tribe. However, when a tribe forms around one specific company or one of its brands then we can say we have a brand community and such studies are better developed in the marketing field for this very reason (Muñiz & O'Guinn, 2001).

In contrast to a brand community, a tribe, however, is not limited in terms of a specific product or brand (Goulding, Shankar, & Canniford, 2013). The tribe can be a collective that consumes, but it is much more: Tribes can be commercial and non-commercial at the same

Table 11.1 Tribal management model at Ducati

Old model marketing management	*New model tribal marketing*
Recruit	Co-opt
Employee	Member of the tribe
Client	Member of the tribe
Customer-company relationship	Customer-customer relationship
Communicating with customers	Sharing emotions
Marketing activities	Rituals
Factory	Cult place
Keeping people out	Bringing members in
Discipline	Passion
CEO	Shaman

time. Mumsnet, for example, is at its heart a non-commercial space that has been subsequently colonized by the commercial sphere, mainly in the form of advertising. Indeed, all tribal gatherings need products, places, and services to bolster the collective identity of its members. The tribe may offer a tremendous opportunity for many different products and services all with a view to supporting the inherent tribal passion but commerce, or the commercial realm, is not the central objective of the tribe. Brand communities, on the contrary, are grounded in the commercial world because their central object is a specific brand.

However, the similarities between tribes and brand communities are greater than their differences. We have identified three main features of tribes: Collective identification; shared experiences, passions, and emotions; and the ability to engage in collective action. Similarly, brand communities exhibit three key features too: Consciousness of kind or the feeling that you are connected to other like-minded consumers through the brand; shared rituals and traditions that help the community to cohere around a brand; and a sense of moral responsibility, duty, and obligation to other people in the brand community (Muñiz & O'Guinn, 2001).

Furthermore, some organizations like the Italian motorcycle company *Ducati* blend the two perspectives. They have a brand community called the *Ducatistas* (see http://ducatisti.co.uk/) while, during his tenure as CEO of the company, Federico Minoli, restructured the organization by drawing on tribal thinking (table 11.1).

11.3 From exchange value and use value to linking value

Hopefully you will remember from your Economics 101 class the concept of exchange and use value. Briefly, in contemporary economic theory (often called neoclassical economics) exchange value has become synonymous with the amount of money that any given product will trade for in any given market. Put in even simpler terms, it represents the price that buyers and sellers negotiate, based on the principles of rational, utility maximization. Use value is the value-in-use of a product, more often than not perceived as the functional and symbolic benefit(s) a product offers its buyer.

At the time of writing this chapter, "what" value is and "where" exactly value resides in any exchange between a company and its consumers is a topic of much debate in marketing and management studies more generally (Prahalad & Ramaswamy, 2004). Textbooks tend to reproduce and therefore reinforce the idea that companies create and embed value through their ability to design and manufacture goods and services with utility that is then exchanged

in the marketplace, more often than not for money, with consumers subsequently extracting utility from the market offering. However, there is an increasing amount of research that suggests that far more is going on in terms of value creation and exchange than this picture suggests.

From a tribal marketing perspective, consumers are now seen to create their own value—what we call consumer-to-consumer value, and this is, more often than not, independent of the company or its brands. This linking value is also found within brand communities, but here, consumers and companies co-create value through the brand (see Schau, Muñiz, & Arnould, 2009). In both tribes and brand communities then, what consumers "value" is not primarily the company offering but the communal, social interactions of the tribe or brand community.

The role and function of commercial offerings are to strengthen community links and foster a sense of tribal belonging and membership or "we-ness" even if a tribe could host heterogeneous subgroups (Thomas, Price, & Schau, 2013). Linking value therefore has two distinct yet complimentary meanings: For consumers it is the value (the fun, pleasure, satisfaction, usefulness, sociality etc.) inherent in communal relations, however ephemeral, fostered by the tribe or brand community, while for the company it is the value its products/services/brands have for the construction, development, or maintenance of these communal relations (Cova, 1997). Companies rarely embed linking value, intentionally, in the value proposition of their products/services but the greater the contribution of a product or service to the development and strengthening of the tribal bond, the greater its linking value will be.

From a company perspective, linking value has to be produced and engineered into the product or service offering and companies are beginning to invest significant resources into this process. However, companies cannot produce linking value without the support of the members of the tribe or brand community who "work" very hard to produce it (Cova & Dalli, 2009). Consumers are both creators and users of linking value.

Companies as diverse as Innocent (a drinks and food company specializing in smoothies) and Jeep (the American 4x4 company) host tribal events called "brand festivals." At these "brand fests," consumers of their products have the opportunity to interact and develop relationships with each other and with the company. At these events, it is consumers who create the community through their participation in the "brand fest" with the company facilitating this process.

Consumers can also create linking value that is then attached to the brand or the product, which is consequently perceived as more valuable. New products emerge as a tribal product: The more consumers participate in the new product development process, the more they perceive the product's value, because they regard it as "their" product, from both the individual and the tribal point of view.

Following in the footsteps of the *Harry Potter* tribe, Twilighters (*Twilight* fans), for example, have created many ventures in order to support the development of *Twilight* (cf. chapter 10 by Schau & Schau). *Twilight* is a young-adult vampire-romance novel by Stephenie Meyer. It has generated a worldwide community of fans of the novel and its major characters, Edward Cullen and Isabella "Bella" Swan. The cult of Edward Cullen is especially vivid. Beyond the official Facebook group (12 million members), fans have created dedicated Facebook groups such as "Because of Edward Cullen, human boys have lost their charm" or "Because I read *Twilight* I have unrealistic expectations in Men," while the first fan website HisGoldenEyes.com has had more than 40 million visits. Fans have also created the Dazzle Award (to recall the way Bella speaks about Edward: "His dazzling eyes, his dazzling smile") which celebrates the best *Twilight* fan site of the year

(http://dazzleawards2009.webs.com/). We can see from this variety of activity that Twilighters produce linking value for the community that adds value to the original novel.

The same value creation process is at play with the *Loggionisti* in Milan, Italy. On 31 January 1973, an association called Amici del Loggione del Teatro della Scala (Friends of La Scala Opera) was born. Members soon came to be known as *Loggionisti*, after the music lovers who usually prefer watching shows from the famous old opera house's upper lodges instead of its balcony seats. A multitude of reasons explain this preference. First, lodges are better than balcony or circle seats for enjoying the quality of the music. Second, perched high near the ceiling, they are an ideal stage from where *Loggionisti* can look down upon the whole theater and judge the proceedings with their customary ruthlessness. Last, but not least, there is the ticket price. The point here is not so much that *Loggionisti* are trying to save money; rather, as "real fans," they attend the opera regularly. When La Scala advertises a new show, "real fans" will want to see all of its versions and therefore prefer cheaper seats (and usually season tickets) since this enables them to attend almost every night. These elevated spectators, long-standing fans reputed for their quick judgments and strong emotions, react immediately to any new performance. This is an ongoing concern for everyone on stage at La Scala. *Loggionisti* are formidable connoisseurs who have no qualms about expressing open and immediate disapproval whenever they feel let down, especially by singers with wavering voices, who miss the high notes or, horror of horrors, go off-key. The French tenor Roberto Alagna was whistled and booed off stage after singing *Celeste Aida*. His performance lasted no more than a few minutes, with the incident subsequently creating a real *casus belli* between the singer and La Scala's managers.

Loggionisti are more than just well-informed spectators. Through their association, they produce a slew of events targeting the wider community. The association consists of 1,500 active members but organizes a variety of events for the public's sake: Conferences with music specialists, critics, and historians to discuss future La Scala productions; meetings with conductors, singers, composers, directors, and artistic directors; twice-monthly concerts with young and promising musicians and instrumentalists; competitions featuring an *Amici del Loggione* award celebrating La Scala's best decors; an 80-strong choir performing in a variety of locations; an archive, library, and media center featuring innumerable works on opera; training in music and singing; thematic exhibitions organized on-site; culture tours visiting concerts and operas worldwide; and academic dissertations in fields relating to the opera. Without becoming a direct partner of La Scala, the *Loggionisti* association has become a key actor in the Milanese opera market.

Consumers can also create tribal relationships and, hence, link value even without the participation of companies. Tribes create services like *CouchSurfing* (see http://couchsurfing.org/) where fellow travelers and tribe members can get a bed for the night or advice from other travelers. Other examples include the creation of second-hand markets like BookCrossing (see http://bookcrossing.com/) where book lovers can swap old books with other members. An Apple Newton brand community exists where devotees of the product that is no longer made by the company, continue to innovate and offer repair services to other members of the community.

11.4 Tribal marketing versus traditional marketing

As hopefully you will be gathering by now, a tribal marketing approach challenges some of the marketing fundamentals that you may have previously come across. One of mainstream's marketing most cherished concepts that is found in every marketing textbook is segmentation

(cf. chapter 18 by Visconti, Üçok Hughes, & Corengia). We will show you how our tribal approach reconceptualizes this process. But first, we will recap, as succinctly as we can, what you should already know about segmentation.

All companies face the problem of how to leverage their finite resources to meet the needs of their customers as efficiently and effectively as possible. Segmentation is the process of identifying consumers who share similar characteristics. A variety of methods, based on behavioral characteristics, lifestyle, or demographics, are used to transform a disaggregated market into a segmented market. The company then chooses which segments it wishes to target based on its resource capability, segment attractiveness, and competitive positioning. In practice, companies rely on extensive research and statistical analysis of complex data sets to generate market segments based on a variety of variables. Clusters or segments are often given names and "personified" to sum up the characteristics of segment, such as "bobos" (bourgeois bohemians), or "metrosexuals" (metropolitan, heterosexual men).

Essentially the company is dividing an assumed heterogeneous market into discrete, bounded, and homogeneous segments. Underpinning segmentation therefore is the assumption that the market "out there" is made up of unrelated individuals who can be artificially grouped together to constitute a segment. Our proposition is quite simple: Why not just start with "segments," or in our case tribes, that already exist and don't require making up.

We suggest that a tribal approach to segmentation is market- or customer- oriented in its truest sense; after all, marketing purports to structure its management practices around consumers. Segmentation though, as it's currently practiced, is an organizationally focused, top-down, activity, matching the needs of the market to the resources of the organization. At its heart is the application of abstract categories (demographics, etc.) to the analysis of markets. The segments that arise from the segmentation process are figments of the marketer's imagination—these segments, after all, don't really exist. On the other hand, a tribal approach to segmentation starts from the bottom up. It concerns itself with naturally occurring groups where various consumption practices often facilitate their coalescing and congregation. A tribe is not necessarily homogeneous in terms of objective characteristics (age, gender, attitudes, etc.), but rather is interlinked by collective identification—the sharing of emotions with the capability of taking collective action. This contrasts with a "traditional segment" as a group of homogeneous people who share the same characteristics but are not connected to each other in any other meaningful way; a segment is not capable of collective action—its members are simply a collection of unrelated individuals.

11.5 How to identify the potential of a consumer tribe

Compared with consumer segments that are made up, tribes are not easy to identify using modern marketing variables, while brand communities are easier to spot. Tribes are fuzzy—more societal sparkle than socioeconomic certainty. They are shifting gatherings of emotionally bonded people, open systems to which a person belongs and yet does not quite belong. It takes a disruption in marketing know-how to understand tribes. As we have seen, modern, rational analysis like segmentation tried to describe the specific characteristics of a segment. But tribes will not brook this approach; their logic is too frail.

Tribes convey signs that other members of the tribe can identify with. Such signs, or traces of identity, cannot express the totality of belonging but provide helpful hints and put us on a path towards understanding. We would argue that there are at least two types of

"tribal traces:" temporal traces and spatial traces. In temporal terms, tribes emerge, grow, reach their zenith, languish, and then may even dissolve. Their underlying logic is timeless and fragmented. For example, in the UK, the music festival—the most famous being Glastonbury, has rejuvenated the music industry. The Glastonbury tribe is impossible to define using traditional demographic means, but for one week of the year culminating in the three-day festival, the tribe materializes in the Somerset countryside. Tribes therefore also exist spatially, and the tribe, or at least some of its members, can gather and perform its rituals in public spaces, assembly halls, meeting places, places of worship, or commemoration. These spaces provide a momentary home for the tribe. None of these time and space traces exhaust the full potential of tribes. Tribal belonging exists on a daily basis at home, as well as occasionally and informally with others elsewhere. Some also advocate that a tribe can be just a feeling, a fancy, or a fantasy. Tribal members are never alone because they belong, physically or digitally, to a vast and informal emotional community.

The recognition of tribes requires a different and special effort. The marketer is well advised to cast aside the more traditional mono-disciplinary, systemic approaches. Instead, hunting for tribes require marketers to look out for tribal traces, detecting signs, foraging for hints, and exploring the unusual by undertaking desk research on everything that has been said or written about the tribe in newspapers and books, on chat lines, diffusion lists, and internet forums (see for example Kozinets, 2010). Figure 11.1 illustrates somewhat metaphorically the signs that can be found in the environment.

In this framework, the physical evidence of tribes is located on the horizontal or visible axis (traces or evidences). This includes, on the temporal plane, the moments when tribal members come together for their rituals (occasions), and on the spatial plane, the physical meeting places and virtual spaces (institutions) where tribes convene. On the vertical or

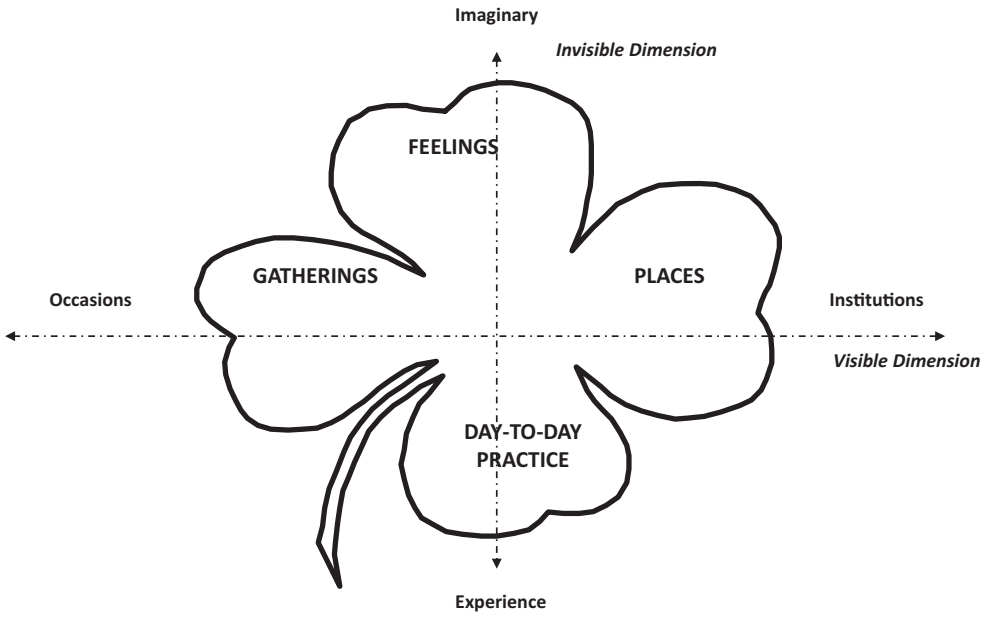

Figure 11.1 The tribal clover (Adapted from Cova & Cova, 2002)

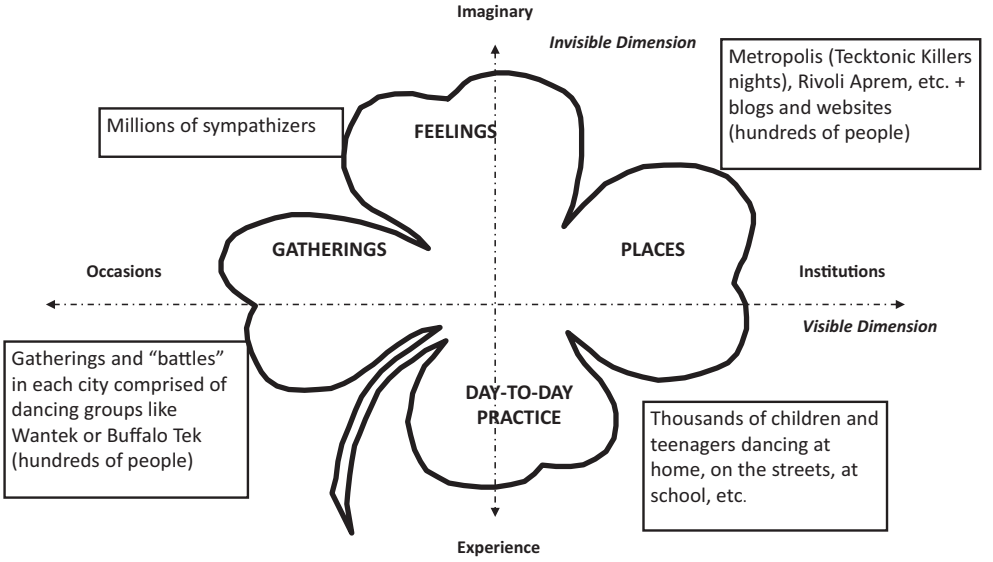

Figure 11.2 The Electro tribe in France in 2008

invisible axis (hints or shadows), we detect the signs coming from day-to-day activities (the personal and shared experiences) as well as the trends and vogues and other constituents of fantasy and imagination that sweep briskly through society.

As an example, consider the case of a music and dance-based tribe that started in a night-club in Paris in 2001. By 2008, the "Electro" tribe had become a worldwide phenomenon. The music is a blend of techno, house, and electro, combined to make a distinct Euro sound. The Electro tribe's potential (figure 11.2) can be analyzed as follows:

- Cult places are night clubs at the Rivoli Aprem, or Electro and Tecktonik Killers evenings at the Metropolis and are a form of organization and even institutionalization.
- Gatherings occur in most provincial cities as subcultural phenomena comprised of shared experiences and knowledge (in areas like dancing or appearance) and battle-like combats (competition between two teams with the winner determined by audience applause).
- Day-to-day practice and gatherings have a tribal dimension since they bring together individuals who are heterogeneous but share certain experiences, emotions, and passions.
- The more invisible dimension of this phenomenon is conveyed through the feeling of tribalism that is the movement's fashion effect. Millions of sympathizers adopt accessories to create the Electro look or style and listen to the music.

It is important to note that the visible dimension often accounts for no more than a small proportion of a tribe's potential. There is an imperfect rule of thumb (derived from analyses undertaken over the past ten years) that a factor of 10 to 1 applies in this area. Thus, if a tribe's visible cohort amounts to 100,000 individuals, its invisible total must be around the 1 million mark.

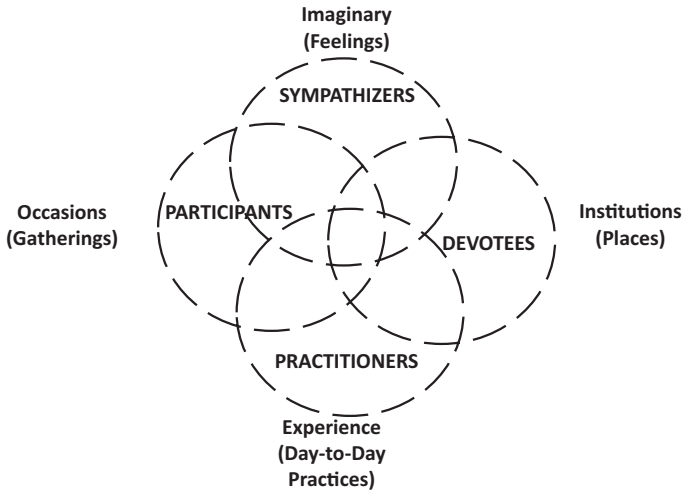

Figure 11.3 Roles of tribe members (adapted from Cova & Cova, 2002)

From this, we can work out the roles adopted by tribal members in their dealings with each other and their surroundings. As figure 11.3 illustrates, tribal members can adopt four roles. These are as:

- A member of institutions (associations, religious sects).
- A participant in informal gatherings (demonstrations, happenings).
- A practitioner or adept who has quasi-daily involvement in tribal activities.
- A sympathizer or fellow traveler who moves with the vogues and trends and is marginally/virtually integrated to the tribe.

Tribal marketing can target all the members of the tribe at once or focus on a cross-section with a view (or not) to reaching the whole tribe.

11.6 The three major steps of a tribal marketing approach

In order to summarize a possible tribal marketing approach, we will use the pioneering strategy developed by Salomon in the 1990s. It remains the best example of a tribal marketing approach.

In 1994, Salomon was a very traditional brand, a little bit outdated, but still a world leader in winter sports equipment. It served people skiing on closed tracks and was completely excluded from new open winter playgrounds where style sports were practiced. This also meant it was excluded from new forms of distribution channels. One of these style sports was snowboarding. Snowboarding was not considered a winter game; its roots were to be found in the urban pursuit of skateboarding. Snowboarders represented a specific group, a tribe, which structured itself against the whole universe of skiing (federations, clothes, brands). They wanted to stay apart from traditional skiers. They had their own small manufacturers (more than 150 craftsmen), their own distribution channels (Pro-Shops), their own cult brand (Burton) and they hated Salomon which was considered a "daddy's brand."

In 1994, Salomon decided to focus on the snowboarding phenomenon. The watchword was "be humble," "we are starting from scratch," "we will be low profile," "we will go there to listen." The aim was to build and develop proximity between Salomon and snowboarders. Salomon people mainly did this through participant observation. In 1995, Salomon decided to set up a marketing unit made up of snowboarders. It designed a specific "logo" for its snowboard activities and supported a team of good snowboarders fitted out with non-Salomon boards (Salomon boards did not yet exist!). Some of the tribe members were invited to join the design of Salomon projects.

In 1996, Salomon was ready to launch its snowboard production. There was no advertising, just physical presence at summer camps and the launching of an advanced batch of 200 boards for pro-shops (not the traditional winter sports channels). At the Grenoble exhibition, Salomon boards were on pro-shop stands, not on Salomon's, clearly showing a different type of approach: Salomon respected the special nature of the tribe. The following year Salomon launched its marketing approach to and with the snowboard tribe with:

- A huge presence at relevant slopes with boards to be tested by snowboarders without any incentive to buy ("we are just there").
- A presence at cult places.
- Advertising in tribal media with a great variety of visuals.
- Support for contests and events.

By 1999, Salomon had risen to number three in the snowboarding market in France. Along with this first foray into the tribal world with the snowboard, Salomon investigated the ways of supporting the in-line roller skate tribe. This approach however was more systematic.

Phase 1 (1995–1996) consisted of "ethnomarketing," whereby Salomon moves closer and gets to know in-line skaters through: An analysis of rituals and practice codes; encounters within the in-line skate milieu; presence at in-line events; and participant observation of in-line skaters.

Phase 2 (1997–1998) was all about "co-design" of the product and then the launch of its in-line activities and consisted of: Design of products in collaboration with skaters; work on the production of distinctive features of the product with skaters; and product testing by a team of skaters supported by Salomon.

By Phase 3 (1999), "tribal support," Salomon had taken root in the in-line skate tribe meaning: Salomon is an embedded actor who shares the values of the tribe; Salomon supports in-line events not by placing an ad (streamer) but by promoting the practice (contests); Salomon creates new events and rituals and helps in the building of in-line structures; and Salomon supports the shared passion of in-line skaters.

By 1999, Salomon had achieved 15 percent of its turnover in snowboard and in-line skate activities. Salomon became number three in the world for in-line products. This has changed the positioning of the brand in the mind of the consumers. Salomon now organizes its marketing approach around the ideas of practices, tribes, and passions. It has a new slogan, "Freedom, Action, Sports," a new graphic identity (the logo of the snowboard activities becomes the logo of the brand), and a new type of communication, more nonverbal than verbal.

Can we calculate the return on investment of a tribal marketing strategy? The honest answer is we don't know and to our knowledge no one has ever tried. We see a move towards a tribal marketing approach such as Salomon's, first and foremost, as a change in attitudes towards the practice of marketing, followed by a reassessment and redesign of practices

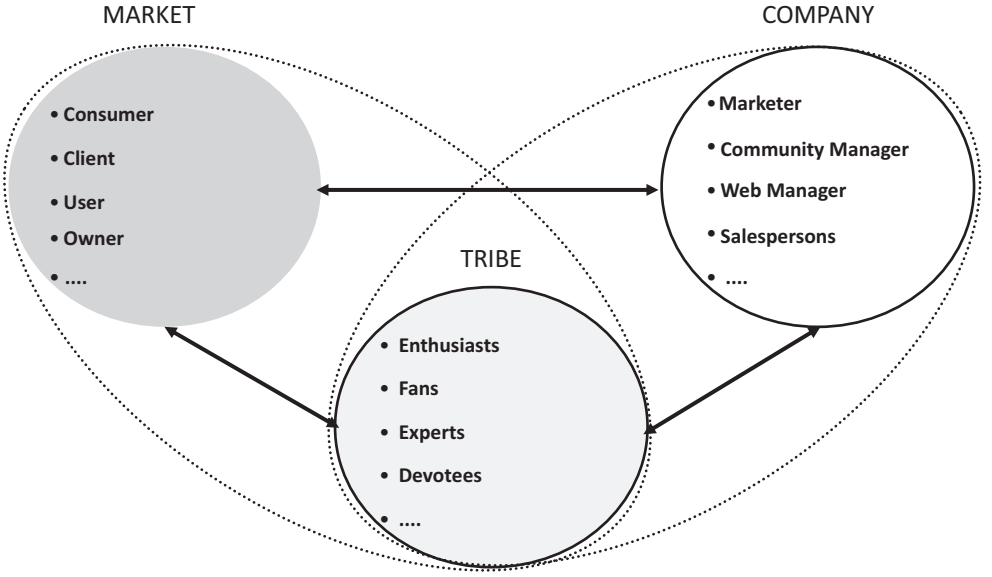

Figure 11.4 The tribe as intermediary actor

that are already being conducted, from new product development through to marketing communications. Philosophy, ethos, and approach are hard to account for financially.

According to the new dominant logic of marketing—the service-dominant logic (Vargo & Lusch, 2004)—the point is no longer to "market to" consumers but to "market with" consumers. Companies create value together with consumers and this is the key process in this new marketing logic. Within tribal marketing approaches, this erasure of boundaries between consumers and producers has been pushed to the limit insofar as companies play with an intermediary actor—the tribe—which belongs both to the sphere of the offer (the company) and to the sphere of demand (the market). See figure 11.4.

11.7 The limits of tribal marketing approaches: Relinquishing control

Consumer tribes are increasingly capable of collective action and prepared to interact in a way that is more and more entrepreneurial, sometimes to the exclusion of the marketer. Indeed, as recently discussed by O'Guinn and Muñiz (2005), within brand communities, one key element in today's tribe-market interactions is that companies can lose part of their control over a brand, and can be replaced by a consumer tribe that is trying to reappropriate the brand (see Cova, Kozinets, & Shankar, 2007). For Wipperfürth (2005), a "brand hijack" occurs when a group of consumers takes a brand away from its marketing professionals in an attempt to enhance its further development. Such brand hijack phenomena are accentuated when interactions with the brand tribe occur online. Recent research has highlighted the many problems a company can have when interacting with this kind of hard-to-control collective actor whom the internet has spontaneously helped to foster and nurture. Online consumers would appear to be more active, participative, resistant, militant, playful, yet also social and communitarian than ever before. They want to be influential participants in the construction of experiences. Certain consumers' shared passion for a cult brand will translate, through a

range of collective learning systems, into expertise and competency, imbuing online tribes with greater legitimacy in production and marketing matters (O'Guinn & Muñiz, 2005). As a result, the presence of tribes composed of passionate, united, and expert fans has led to a rebalancing of company-consumer power relationships. The strategic options open to an organization are twofold: To try and wrestle back control of the brand, or to engage and collaborate with the tribe in new ways.

When based on a brand hijack, however, this rebalancing of power between brand communities and companies constitutes little more than a passing phenomenon (and one whose importance has been exaggerated by certain researchers and consultants) in a tribal entrepreneurship movement that is in the midst of a broader development process. Tribes are about to become collective actors in the marketplace, much in the same way as companies already are. A tribe's marketing competencies will soon rival a company's marketing competencies. In other words, in the not so distant future, marketing will no longer be the sole domain of a company, but a means for acting upon the market that will be available to all communities. From this perspective, "the brand community is not just formed around a brand; it creates the brand. The brand community is not just formed around a product; it is part of the product" (Mairinger, 2008, p. 118). Our final case demonstrates this possibility.

Geocaching is an entertaining outdoor adventure where people use GPS, or maps, to search for hidden containers, called geocaches, that are hidden around the world by other participants in the activity. Caches can be located by proximity to a particular address, postal code, city, or set of geographical coordinates. On 18 September 2010, there were 1,190,933 active geocaches around the world. Geocaches are currently placed in over 100 countries around the world and on all seven continents, including Antarctica. Numerous websites list geocaches around the world. The largest site is www.geocaching.com which began operating on 2 September 2000. With a worldwide membership, the website lists hundreds of thousands of caches. Other international websites include NaviCache, OpenCaching, TerraCaching, and GPSgames. Geocaching is enjoyed by people from all age groups, with a strong sense of community and support for the environment.

Every geocacher is a producer and a consumer of the game. Gift-giving is central to the development of this game (Boulaire & Cova, 2008) as exemplified by the following quote from a geocacher:

> SOXTER & BILLINI, 2 January 2010: This is my first post and my wife and I have been geocaching since Christmas. We love caching and enjoy all the information available online. The one thing I appreciate is that so much of this info is free and available to members. I would like to do my part and give back to the community. Our first set of caches will be puzzle caches. I first saw online here some members' designs of Cryptex's with many pictures and drawings but I did have to bounce around a lot trying to get the concept. The one thing I found lacking were good quality drawings so I decided to put some of my skills to work and reverse engineered a Cryptex of my own. I used parts available at the local Home Depot but they could be picked up at any hardware store carrying plumbing supplies. Enjoy and share, that's what there here for. This is my first finished product and will be the final stage of my cache.

Geocaching is now so well developed, in part, because of a gift system, that some companies are trying to develop partnerships with the community. The US motor manufacturer Chrysler, for example, has started the Jeep 4x4 Geocaching challenge (see http://jeep.geocaching.com/). Jeep has hidden 8,000 small Inferno Red Jeep Commander replicas with a metal tag attached,

across 48 states, for participants to find and complete different specific goals every month. Here we see how a company is trying to multiply the opportunities of interactions between its brand community members and tribal members in order to enlarge the former. In doing so, it legitimates the tribe as quasi-business partner.

In these examples as in many others (e.g., couch surfing or book-crossing), we see how a tribe is no longer trying to resist economic actors or the market, but instead has itself become a legitimate economic actor in its marketplace, without losing any of its communitarian nature or forms. In particular, note that these tribes' tribal knowledge has given them a significant competitive advantage over their corporate rivals. Tribal knowledge is often tacit and only knowable within a dedicated group of people. It is tantamount to an informal variant of group wisdom. The term is used mostly in management circles when referencing information that other parties operating within a company may need to know if they are to produce a quality product or service. Unlike similar forms of artisan intelligence, tribal knowledge can be converted, albeit with some difficulty, into company property, as demonstrated by Moore (2006) when he describes the thought process underlying decision-making at Starbucks. However, whereas companies are working desperately to develop this type of knowledge, tribal groups are de facto able to renew it quite naturally amongst their members. Tribes work differently: Individuals enter social and economic relations knowing ex ante that giving-receiving is not dictated by somebody, nor can it be weighted in a pure, rational way. For example, the (economic) value of coordinating or being part of a tribe is based upon perceptions, feelings, and even emotions beneath the actual output of the tribe and its perceived value from each member (this calls for a complex set of inducements and cause-effect relations). Tribes are different: Rather than "a new form of organization," they are a new way of thinking about the problem itself, of organizing and offering a viable solution to manage the duality between individuals and organizations. This gives them an undeniable advantage over companies, one they no longer use today to resist the market, but to play with it instead.

11.8 Conclusion: A tribal marketing future

The first step in any move towards a tribal marketing future is nothing less than a real rethinking of the dominant modus operandi in marketing management. "KYC" (knowing your customer) may be a crucial concept in marketing, but it is often given the restricted and manipulative denotation that marketers need to know absolutely everything about consumers to satisfy them and secure their loyalty. Seldom has the idea been proposed in marketing that consumers may possess more knowledge that may be of interest to the company than the company itself. We, however, are of the opinion that in the future, companies will be obliged to incorporate other perspectives, like those put forward by consumers assembled alongside other consumers into tribes. The goal here will not be to use these consumers as a crutch, or leverage them as "loyal customers," but instead to learn from their expertise and experience and for the company to support the sociality inherent to the tribe.

Review and discussion questions

1. During the course of the past week, what groups do you knowingly (and perhaps unknowingly) belong to? Are some of these groups more important to your sense of "who I am," to your identity, than others?
2. Take a closer look at the groups you have identified; are they just groups or can they become a tribe? Which of these groups do you think is capable of taking part in some

kind of collective action? Which of your groups could "do" things? And how could these groups be activated and become a tribe?

3. Make a list of the brands, companies, films, books, bands, or even famous people that you are most passionate about. Now go on the internet and see if you can find the existence of a tribe or brand community for each of your choices. How do you feel towards other people who use these sites? Do you feel a connection towards them?
4. Look at the CouchSurfing website (see http://couchsurfing.org/). Identify a list of companies or brands that could support this tribe. What issues do you think these companies could face in trying to support the tribe and how could these be overcome?
5. For a brand of your choice, identify the criteria that you think have been used to segment the market. What segments emerge from this process? What "bottom up" naturally occurring tribes exist or can be "activated" by your chosen brand?

Keywords

Community, group, linking value, tribe, value creation.

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12 Driving a deeply rooted brand

Cultural marketing lessons learned from GM's Hummer advertising

Marius K. Luedicke

Overview

This chapter explains how marketers can use netnographic, ethnographic, and historical analyses of their brands' sociocultural environments to surface local, deeply-rooted beliefs and values that influence how their brands resonate with consumers. Drawing on General Motors' most (and least) culturally rooted advertisements for its "Hummer" brand of vehicles, the chapter discusses how brands can craft advertising messages that tap into powerful cultural tensions which traditional marketing research, targeting, and communication methods tend to overlook. It suggests that marketers should carefully study the cultural patterns and ideological conflicts that surround their brands; listen to owners' and adversaries' definitions of their brands' cultural meanings; and attune their advertising messages to either strengthening their buyers' ideological position, or trying to bridge the sociocultural divide with conciliatory meanings. This culture-sensitive approach helps brand managers to connect their brands better with existing cultural patterns rather than wasting advertising money on producing harmful sociocultural backlash.

12.1 Driving a deeply-rooted brand

> Every single time I go to the southwest, I get accosted by these monstrosities, these repugnant road beasts, these vile vehicular examples of the greedy, lazy Americans. I hate Hummers. H1, H2 or H3, I hate them with a passion that burns as intensely as a thousand suns. I also have serious questions about the value of Hummer owners as human beings. I'm trying really hard to reserve judgment.
>
> *(Csosa, 2005, http://bakersfield.typepad.com/)*

When General Motors first introduced the Hummer line of vehicles in 2002, the brand almost instantly provoked passionate responses from American consumers. The Hummer truck's iconic, boxy design spoke of freedom, capability, and security. No matter how much the Hummer H2 and H3 vehicles departed from the military predecessor, the High Mobility Multi-Purpose Wheeled Vehicle ("HUMVEE"), their design and functionality left no doubt that owners were superiorly equipped to escape natural or social threats of any profane or epic dimension. Owing to the brand's prominent role in Operation Desert Storm in 1991, Schwarzenegger's dramatic HUMVEE entrance at the Academy Awards in 1991, the perfidious terrorist attacks in 2001, the doomsday movie spectacle "Day After Tomorrow" in 2004, or the devastating hurricane Katrina in 2005, Americans found it easy to imagine themselves roaring away from a desolate scene in a Hummer truck, leaving less fortunate drivers

behind, stranded or washed away. Unlike most brands, the Hummer brand was deeply rooted in American culture long before it entered the consumer sport utility vehicle (SUV) market. Only a handful of brands before built so much on their home market's national identity and developed such a deep cultural connection to American national identity conflicts. Among these deeply-rooted brands are long-standing American brands such as Jeep and Harley-Davidson, but also Coca-Cola, Ben and Jerry's and celebrity brand Oprah Winfrey.

What an exceptional asset for managers to build a brand that is already connected to national meanings so strong that some citizens are ready to defend them with their lives! But what if marketers ignore these meanings and push their own ideas of what the brand should stand for? When starting and managing the Hummer brand, General Motors marketers rigorously followed the classic marketing and brand management principles popularized by the writings of Kotler and Keller (2016), Keller (2013), Kapferer (2012), Aaker (2010), Homburg, Kuester, and Krohmer (2009), and others. These textbooks typically recommend that in order to build a strong brand, brand managers should first create sets of brand associations that respond to existing utilitarian or hedonic wants and needs of a specific, well-defined customer segment.

I will use the case of GM's advertising for the short-lived Hummer brand to explain why these traditional procedures tend to underestimate the extent to which consumers themselves attach meanings to brands that may not overlap with those created by marketing managers, and that the audience relevant for a brand's success is not only the group of people interested in buying it, but also the groups that love to hate the brand. The Hummer case evidences that neglecting key consumer-made social and cultural connections of a brand can produce detrimental marketing decisions that contribute to killing a brand before its time.

This chapter explains how marketers can study the cultural patterns and ideological conflicts that surround their brands, invest them into advertising messages and thus leverage the equity of their deeply-rooted brands, particularly in cases where the story that consumers produce diverge from the narratives that marketers have sought to build. This culture-sensitive approach helps commercial and NGO brand managers to connect their brands with existing cultural patterns rather than wasting advertising budgets on producing value-destroying sociocultural backlash.

12.2 The birth of the Hummer brand

To begin, let us take a step back and sneak into the marketing department of General Motors (GM) on a sunny Detroit day in early 1999. We hear a group of senior marketing executives discussing the latest results from a national market research project that was started to explore opportunities to satisfy customers' exploding demands for extra-large "sport utility vehicles." The research team has confronted potential buyers with a series of prototypes with alternating GM brand labels attached to them. To their surprise, they found that a militaristic, boxy SUV prototype garnished with a fictitious Hummer logo sparked the most remarkable responses among their respondents. These Americans, so the data suggested, wanted to drive a truck that carried the meanings of military ruggedness, security, and sophistication. At the end of this meeting, GM marketers had decided to pitch "Project Maria"[1] to the general management.

Soon after, the GM board decided in favor of running Project Maria. As their first task, the Hummer team started negotiations with AM General, the producer of the military Humvee but also of the first civilian version of the Humvee truck owned and driven by Arnold

Figure 12.1 A Hummer H2

Schwarzenegger. Their goal was to co-produce a new brand of Hummer trucks for American consumers that would cater to the idea of military ruggedness while also offering luxury creature comforts. About three years later, the first Hummer H2 (see Figure 12.1) left the GM production line at Mishawaka, Indiana. The marketing team got it right. In the US market, the brand hit a nerve with its iconic design and its bold claim of distinction. Sales took off right from the start (see Figure 12.2) and the Hummer team jubilated.[2]

12.3 The traditional targeting and communication approach

> At HUMMER our customers can't be labeled by color, gender or creed. HUMMER is a mindset. A mindset of daring, self-assured, entrepreneurial people who see HUMMER as being a reflection of themselves—unique.
>
> *(Randy Foutch, HUMMER marketing analyst)*

Following the prescriptions of the leading branding experts such as Aaker (2010), Keller (2013), and Kapferer (2012), GM marketers targeted the Hummer brand to appeal to affluent consumers who characterized themselves as "rugged individualists;" those people who would skydive, mountain climb, trail bike, camp, fish and hunt; but also as "achievers," who wanted to reward themselves for having accomplished ambitious goals in sports, business, or the arts. According to Hummer's marketing managers, prospective Hummer drivers

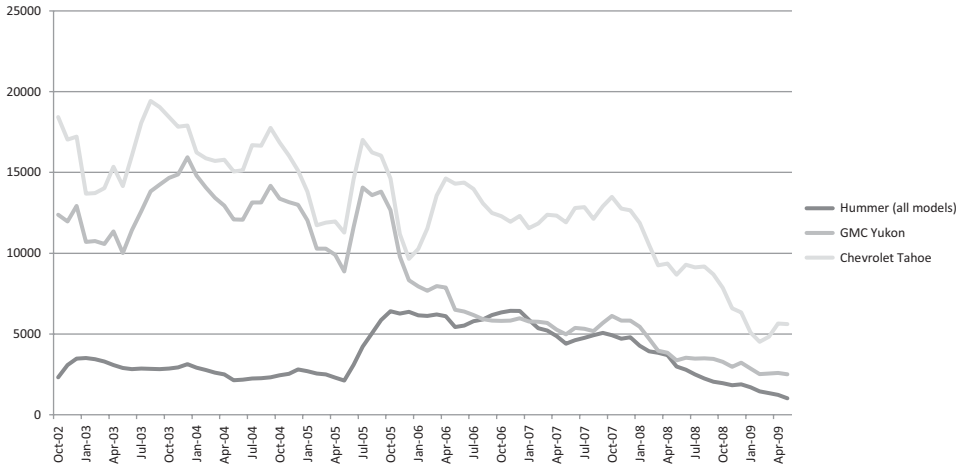

Figure 12.2 Averaged monthly unit sales of Hummer vehicles compared to sales of GM's GMC Yukon and Chevrolet Tahoe models. The Hummer H3 model entered the market in May 2005, which caused a leap upwards around October 2005.

Source: GM investor relations website: https://investor.gm.com/

self-defined as "daring, self-assured, entrepreneurial, individualistic" people, who had no problems with defying social conventions.

In a second step of the traditional branding procedure, Hummer was positioned against off-road champion and World War I veteran Jeep and the existing league of luxurious SUVs. However, even though Hummer was clearly entering an existing luxury SUV segment, it was positioned as being in a "class of its own." The Hummer claim readily reflected this ambitious positioning: "Hummer—Like nothing else." For Hummer marketers, this promise was easily fulfilled. Owing to its iconic, militaristic, masculine, and rugged design, the Hummer stood out in the mass of extra-large Navigators (Lincoln), Excursions (Ford), Tahoes (Chevrolet), Yukons (GMC), or Escalades (Cadillac). Drawing from the Humvee's legacy, the brand also carried deep meanings of militaristic ruggedness and sophistication that was unique in the existing market. For Jeep, who had carried such connotations decades earlier, these associations have long faded. It seemed that marketers would only need to announce the birth of the Hummer to sell out the dealers' lots. In fact, Hummer introduced the brand with TV commercials that almost entirely ignored the trucks' particular cultural legacy. Marketers aired ads named "Urban Techno" and "Giddyup" that appealed to lovers of computer graphics and club culture but seemed surprisingly disconnected from the rugged individual spirit of the core target group. Hummer marketers also broadcasted spots such as "Training Day" or "Submarine" that pointed at the functional capabilities of the truck, but not at its cultural background.[3] It seemed the Hummer brand entered the market with enough history and iconicity to find buyers despite these rather unhelpful advertisements. In fact, customers filled the void left open by GM and attached deep American cultural meanings and associations to the brand that they considered suitable and important. These long-standing cultural narratives were readily represented by the Hummer vehicles but had very little to do with the techno music, submarines, or training day stories that GM thought would appeal to Hummer buyers.

12.4 Limitations of the traditional approach

When the smaller H3 model was introduced to the US market in May 2005, it became even more apparent how little GM's marketers acknowledged the cultural roots of their Hummer brand. GM marketers again followed classic textbook targeting and communication procedures when imagining, designing, and communicating the Hummer H3. As one Hummer manager noted, the marketing team learned from customer surveys that 40 per cent of the H2 buyers were female, that the truck was considered too expensive for selling to a mass market, that it was too thirsty for not being despised as a gas-guzzler, and that it was too big to be effortlessly parked.

Their conclusions were unambiguous: We must build a truck that is significantly smaller and lower priced, ecologically friendlier, and with a less aggressive design that appeals to female buyers. Ironically, the resulting Hummer H3 looked strikingly similar to a 2005 Jeep Grand Cherokee, the model's main competitor.[4]

If we presume that GM's agency Modernista was briefed to communicate these new features, they were right on target. The agency created the H3 ads that were humorous and welcoming to female buyers and highlighted the practical features of the smaller Hummer. For its most straightforward functional ad, Modernista showcased an old-fashioned magician character that showed Americans the "magic" of parking a Hummer H3 in a low-clearance parking garage (pointing at the difficulties that H2 owners reportedly experienced with parking). Lance Jenson of Modernista admits: "The parking commercial, that's pretty, like, 'duh.' But we had to do it because being maneuverable is important to a lot of people."[5] To the outside observer, the magician commercial not only made references to unrelated cultural meanings, but also disobeyed McMath and Forbes' (1998) classic "Don't mess with your cash cow" rule that reminds marketers of not discrediting the features of their most successful product (i.e., large size/not easy to park) when marketing a line extension.

From a culture-sensitive branding perspective, GM's advertising did not get better in subsequent years. In an attempt to connect with younger consumers, Hummer brand managers created a story of a slim, tofu-eating male who buys an H3 to regain the respect of a huge, meatpacking guy that has looked down on the protagonist's tofu purchase at a supermarket checkout. The spot's punch line read: "Reclaim your manhood." This presumably self-ironic ad made strong references to "compensatory consumption" appeals (Holt & Thompson, 2004) by suggesting that consumers can make up for a lack of masculinity by driving a Hummer. The version of the ad that GM eventually made available on the internet surprisingly featured a different claim—"Restore the balance." Yet while this new tagline might have been less insulting than the manhood claim, it still left many Hummer owners insulted and angry.[6]

The second spot in this series of H3 advertisements featured a woman who buys an H3 in response to her child being harassed by the kid of another woman at a public playground. Its claim: "Get Your Girl On" struck a similarly unfortunate chord by ridiculing rugged, individualist woman drivers. Together, these ads suggested that Hummers are made for the weak who seek self-assurance, rather than the self-assured, rugged individualists that appreciated the brand's deep cultural references to American identity (Luedicke, Thompson, & Giesler, 2010). While most successful ads stay somewhere in the digital universe, these unfortunate Hummer ads were quickly erased from the public eye, most likely owing to complaints from Hummer owners and dealers that hated the cultural references that GM suggested (see below).

Lastly, for Super Bowl 2006, Modernista created an advertisement where a giant, Godzilla-type monster falls in love with a similarly gigantic tin toy robot who he meets while devastating an Asian-looking city. They lay together, and soon after, give birth to a small H3 that drives off from their hands through the destroyed cityscape. The tagline reads: "It's A Little Monster."[7]

Hummer owners and dealers that we spoke to over the course of our research project expressed little appreciation for these commercials. Even though these ads addressed the right target group and some even delivered the key messages of practicability, female drivers, and an image of ruggedness, they once again failed to understand what a brand like Hummer meant for American consumers. How had Hummer owners perceived the "Reclaim Your Manhood"[8] and "Get Your Girl On" ads? A top-selling Californian Hummer dealer summarized consumer responses like this:

> These spots were just bad marketing. I think that was very bad marketing. They had another H3 and H2 ad out last year or the year before where they had some weird one with techno music on and the car kept changing shape and there was this weird kaleidoscope thing going on. That was annoying. Those were made to drive the younger people to buy the car. But half of those people haven't graduated from college and can't afford to buy the car. They were like "hey that is a cool little ad" but it had nothing to do with the car really or anything. Then they had the new one where the guy jumps off the pier and kind of goes in the water and his car turns into the submarine and goes into all that stuff. And the Godzilla commercial, that lost me. How you get a car from a robot and Godzilla creature getting together? Poor advertising! I think people looked at it because it was a funny ad, but they couldn't remember what the ad was for or about. They just remembered it was a monster and a robot.

Such responses illustrate that even for the most devoted Hummer enthusiasts, these ads missed the point of the Hummer's deep cultural heritage. The spots insulted existing owners rather than supporting their identity projects. The tofu ad, though intended to be ironically self-critical, mainly delivered the idea to our respondents that Hummer is about improving a weak self-confidence, a notion that was insulting the intelligence of both Hummer drivers and vegetarians. The "little monster" also subtly fired the public discourse about Hummer owners being prodigals of American natural and built resources. The two giants were meeting while carelessly destroying a city of an Asian metropolitan layout before giving birth to the H3 in this foreign country. Apparently, that was not the kind of cultural practice that Hummer owners wanted to be associated with, nor was the Asian city reference particularly well attuned to Hummer's American cultural background.

Despite this heap of "poor advertising," Hummer H2 and H3 truck sales patterns largely followed the typical lifecycle of GM's extra-large mass market SUVs, i.e., the GMC Yukon or the Chevrolet Tahoe (see Figure 12.2 for a comparison). However, in contrast to its siblings that have been around for a century (GMC and Chevrolet divisions of General Motors were founded in 1911), the Hummer brand was discontinued in 2010, after seven years in the market.

Could GM have sold more Hummers or significantly extended the length of the brand life cycle, if they had better catered to the brand's deep cultural connections? While we cannot offer definite answers to such hypothetical questions, we may offer some empirically based reflections:

12.5 The culture-sensitive approach to targeting and communication

> I have 2 Hummers, an H2 & a H2 SUT. Our experiences:
>
> Love—We get waved to by children like we are driving a fire truck. People are constantly asking us to sit in, look in & even feel it. Many thumbs up and "I wish I had ones."
>
> Hate—People actually try and cut us off on the freeway. We have been cussed at, yelled at, given the thumbs down for "killing children" (not sure what that was about). Six times in the last three months people have tried to steal a parking spot from us when we were waiting first. When we confronted one, the guy actually jump[ed] out of his truck and acted like he was going to go after my wife. Then I jumped out and he sped off shouting cuss words at us.
>
> This only makes me want to drive a Hummer more. Why be like everyone else, when you can make a statement and cause much hooplah every day!
>
> *(John, email interview)*

No doubt, defining the target group's attitudes and characteristics such as "daring," "entrepreneurial," and "unconventional" is important for marketers to get a sense of whom to sell to and where to find these potential buyers. But as the Hummer case shows, deeply-rooted brands like Hummer thrive on different cultural narratives, many of which precede the manufacturer's brand building activities. Hummer touches upon more than just individuals' preferences for distinctly designed, comfortable, parkable, secure, and capable sport utility vehicles. It evokes a set of revered national identity narratives that matter to a fraction of American consumers more than its functional, emotional, or social symbolic properties.

While surfacing these influential narratives, we many ask very broadly: What kinds of tensions does the Hummer brand produce in American popular culture? We may ask why Hummer owners—not owners of equally big and thirsty Ford or Cadillac SUVs—have become targets of the most passionate brand-mediated social conflicts in recent history? And why Hummer trucks, not the competitors' Navigators, Escalades, or Excursions, are keyed, spit on, parked in front of, cut off, "flipped off," and aggressively educated about their "misbehavior" most (Luedicke & Giesler, 2008)?

At the same time, we may wonder why so many American consumers passionately love Hummer, even though many of their social peers and international observers considered the vehicle the most ecologically destructive choice on the consumer market. Did Hummer drivers actually hate the environment? What cultural models did they evoke to frame themselves as true and faithful Americans rather than as ignorant, self-interested polluters?

The thesis of this chapter is that finding answers to such types of questions endows marketers with cultural knowledge that is needed for marketing brands that are deeply rooted in culture. The following sections explain how brand managers, but also brand and consumption critics, may gain knowledge on relevant cultural meanings in order to achieve their communication goals. I begin with outlining a procedure of culture-sensitive research that has been proven useful for understanding the cultural grounds on which the Hummer brand thrived and then use the Hummer case to detail three brand communication strategies that build communication on cultural tensions, not utilitarian features.

12.5.1 Study the cultural nexus of the brand

To resolve the puzzle of what Hummer means for consumers in the United States, my colleagues Craig J. Thompson, Markus Giesler, and I drew upon three established consumer

Figure 12.3 A typical fuh2.com submission photo.

culture research methods: Netnography, ethnography, and historical research. Inspired by the passionate cultural conflict about the brand, we started with netnographic desk research as described by Robert Kozinets (2002) to gain a first overview of the diverse discourses that revolved around the Hummer in the US American context. This step included searching the internet for websites, forums, and blogs that held discussions about the Hummer brand. We studied and clustered the themes of texts, conversations, and images that occurred in these online contexts and followed up some of the forum discussions with email interviews. We analyzed myriad online pages on which enthusiasts cheered the brand by exchanging technical and product information (e.g., http://h2fanatic.com/), for example, or organizing brand community activities (e.g., http://thehummerclubinc.com). The netnographic research also revealed that Hummer was a key topic at specialized websites that critically discussed environmental and political issues. One particular page, http://fuh2.com (now offline), gained enough prominence in the public to be listed for months right below GM's official hummer.com page in Google's search results for the term "Hummer." At the time of this writing, the fuH2.com ("Fuck you and your Hummer too/two") website hosted 5,092 submissions by individuals from all parts of the world that expressed their contempt for Hummer trucks and ownership (see figure 12.3 for an example). People uploaded pictures of their middle fingers raised against Hummer trucks and owners (i.e., "flipping the bird") and added comments such as the following:

> *Just one of many of these useless fucking vehicles in AZ. I saw this one in Mesa today, while parking in a business complex, Gilbert and Baseline. My daughter was with me, and asked why I was giving that car the finger. :-) Then she told me when she turns five, she'll be able to do it too!*
>
> *(Jenn Z, Mesa, AZ, uploaded to fuh2.com on 23 October 2009)*

The netnographic study of pro- and anti-Hummer pages proved to be a rich source of insights on what the brand meant to people, not only owners, potential buyers, and target groups, but also those who hated the Hummer for what it seemed to say about Americans and their nation. The webpages and forums held countless implicit and explicit links to the cultural roots of the brand.

Next, we followed up on the most salient themes from our netnographic research with offline research. Following the conventions of ethnographic data collection, I spent several weeks over a course of four years meeting Hummer owners at their homes and "out in the woods" to learn about Hummer brand meanings, politics, national identity, and other topics that were addressed in connection with the brand on the internet. Our goal was to better understand the individuals behind the posts and the cultural context in which these consumers own and drive Hummer trucks. This ethnographic work revealed what the Hummer discourse was about all along: A passionate moral conflict about the national identity of American consumers, their shared ideals, visions, and foundational myths, and about whether Hummer driving legitimately expressed these American meanings or violated them to the disadvantage of the American people.

This broad cultural insight existed on a different plane to individual characteristics, social class, and lifestyle that the GM marketers had used as grounds for targeting and communication. However, a general reference to national identity was not sufficient to build new brand messages on. Instead, this insight required us to gain more knowledge on the shared ideals, visions, and foundational myths that animated this conflict.

A thematically-focused literature analysis of American history and its inflections in American popular culture provided us with useful knowledge about the qualities and contents of these myths and visions. As we explain in our article "Consumer identity work as moral protagonism: How myth and ideology animate a brand-mediated moral conflict" (Luedicke, Thompson, & Giesler, 2010), the Hummer brand discourse can be read as a moral conflict about the current state of a national ideology known as "American exceptionalism" (Lipset, 1996).

The ideology of American exceptionalism embraces a set of beliefs and visions that position the American nation as a global cultural and political leader (in metaphoric terms as a "City Upon a Hill"), as a nation of independent, "rugged" and solitary individuals (the "Cowboy with the White Hat"), and as a nation of forward-looking entrepreneurs with unlimited natural resources (as in the American "Frontier myth"). As a result of the nation's idea of inhabiting an exceptional role in the world's geopolitical scheme, Americans feel they not only inhabit a superior social system, but also one that (almost naturally) attracts the negativity of terrorists, political activists, environmentalists, and social critics that question the morality of America's leading role and discredit the nation as ruthless, greedy, and hegemonic. Historical research has shown that this feeling of besiegement by other nations or internal critics emerged with the nation claiming the moral high ground as a global social, cultural, and economic leader vis-à-vis the encrusted social systems of old Europe. The myth of besiegement continues to be a strong part of American national identity and is frequently

updated. In 2001, the 9/11 terrorist attacks dramatically reproduced the idea of being under siege, which brought many American citizens temporarily closer together in their desire to defend core American values.

Surprisingly, we found that the besiegement motive also serves American consumers to frame environmental, political, and consumerist critics as enemies of American exceptionalism. In this view, Americans who critique other people's consumption choices, for example, by "flipping off" a Hummer driver, are seen as violating core American traditions of *laissez-faire* consumerism and rugged individualism. Critics are consequently compared to the biblical prophet Jeremiah who lamented the decline of his people's morals and cautioned against the imminent end of the world. In our study, we refer to this form of critique as the "Jeremiad against consumerism" (Luedicke et al., 2010). Understanding a social critique of Hummer-driving as an enactment of the anti-American, anti-consumerist, anti-capitalist "Jeremiad" against consumption allowed our Hummer informants to connect these historically rooted feelings of besiegement and legitimated their rhetorical and physical defenses of their Hummer consumption (see John's report on his Hummer experiences above).

The myth of the American frontier originates another view of American consumption that is key to understanding Hummer ownership and critique. We found that Hummer owners have no difficulties in combining environmental protection with less environmentally friendly practices such as off-road driving. In opposition to their critics, our Hummer-driving informants considered off-road driving an appreciation and consumption of a beautiful yet abundant nature, rather than an act of pollution and contribution to the depletion of scarce land. When our informants were criticized for consuming too much gas and caring too much for their own interest, they were likely to respond with two arguments that draw legitimacy from the ideology of American exceptionalism: "What I buy or drive is none of your business" (*laissez-faire*), and "You have not understood what America is about" (besiegement). Because of the besiegement myth, attaching a bumper sticker to a Hummer truck that educates owners about their "excessive" pollution is unlikely to evoke a change in attitudes, and more likely to strengthen the owners' feelings of national identity and tighten the owners' brand relationship with Hummer. Some Hummer owners that I met during our research were biologists, scientists, teachers, and farmers that possessed extensive knowledge about nature. They believed in rugged individualism, self-dependence, and *laissez-faire* as nationally shared cultural ideals. In their view, Hummer consumption is not a threat to the social or ecological system that they hold dear but can even serve the environment and local community. Hummer driver Rob's following note on the activities of his local Hummer owners group reflects an extreme version of this view:

> Why Hummers are good for the environment? [Our group] donated over 2,000 hours to the SBNFA [San Bernardino National Forest Association], donated over $5,000 in cash to SBNFA, donated over $30K in toys to the USMC [United States Marine Corps] reserve for Toys for Tots in 2005, donated over 10,000 hours in disaster relief at Katrina and Rita Efforts: Four Wheeling can be good for the environment and its people.
>
> *(Rob, Interview)*

If Hummer drivers like Rob are criticized for burning fuel unnecessarily, they also sometimes argue that their country has seen at least three media-made peak oil panics that eventually went by without any real impact. Thus, they frame their adversaries as hypocrites who care more for their own media careers than for hard scientific facts.

Taken together, American consumers' interpretations of the boundless frontier, the rugged individual, the city upon a hill, and the besiegement/captivity narrative are splitting the American people (squarely) into two camps: Those who seek to affirm the traditional tenets of American exceptionalism through their consumption behaviors and ideologies, and those who criticize this identity system and its cheerleaders for their self-interest and greed. Of course, both factions claim the moral high ground for their own idea of what should constitute American (consumer) identity today.

But how does this relate to the Hummer brand and its management? Our analyses of the diverging positions that we may call "affirmative" and "critical" American exceptionalism are key for crafting culturally resonant brand messages that do not directly violate consumers' deeply-rooted ideas about their nation and their brands. These cultural insights hold several hints for knowing which kinds of messages are to be avoided and which might gain traction.

Let me offer three examples after reviewing GM's advertisements in the light of our cultural analysis of American exceptionalism:

1. By having connected Hummer owners with insecure vegetarians or fearful mothers in the "Reclaim your manhood" and "Get your girl on" ads, GM not only insulted consumers' sense of rugged individualism, but also advertised the Hummer brand using those people as protagonists that Hummer owners would consider their antagonists, e.g., the insecure "Jeremiad" activists that critique other consumers for their misled consumption choices.

   To the contrary, Hummer marketers aired two spots that catered almost perfectly to the tenets of American exceptionalism as manifest in a Hummer truck.
2. In the spot "The Big Race," a boy builds a Hummer-like soapbox vehicle to beat the competing kids by racing down the hill in a direct off-road route instead of following the serpentine trail like all the others. This advertisement celebrated the mindset of an independent, self-reliant American explorer that breaks with cultural conventions for the sake of progress (and fun). For Hummer haters, however, this commercial offered further food for agitation: Though cute and clever, the Hummer-box kid disobeyed the rules of the game and, later down the hill, blocked the standard road for the faster kids that tried to pass him at the home stretch.
3. The second, and also almost perfect, Hummer ad named "The Right Tool" shows a series of events in which individuals use lifesaving tools under life-threatening circumstances. First, a fire fighter is shown rushing towards a burning wall in full gear (caption: "Heat resistant to 1500°"), then a man is shown on a deserted mountain firing a light bullet into the air to attract help (caption: "Visible up to 20 miles"), then a climber is shown falling into his robe from a deadly height (caption: "8000lb tensile strength"), and lastly, a Hummer H3 is shown climbing up an almost impossibly steep terrain with a powerfully roaring engine with the caption: "Scales 60% inclines." The ad closes with the claim "Purpose built." In my reading, the "purpose built" ad is the most culture-sensitive among all Hummer ads. It builds direct references to 9/11 besiegement motives (the heroic firefighter), the rugged, Frontier-exploring individual (climbers, mountaineers), and the fascination for technical sophistication. As opposed to previous ads, this ad does not raise explicit references to social class (like "First Day" described below) or cultural tastes (like "Techno"). Rather than framing the truck as a toy for self-absorbed urban professionals, GM framed the truck in this ad as a tool for American explorers, which aligns much better to the cultural origins of the brand.

12.5.2 Address cultures, not individuals

How are these kinds of insights useful for other brand managers? Our three-step research, as detailed above, has helped reveal what Hummer means for American consumers, not only at its surface, but also at a deeply-rooted cultural level. Before the Hummer SUV hit the road, the Hummer/Humvee was already a cultural icon, reflecting American military achievement and the nation's globally leading role. Later, Hummer owners used their trucks for pleasure and self-reward, but also for helping fellow citizens (e.g., as hurricane Katrina hit New Orleans in 2005, Hummer owners provided extensive first aid support with their trucks) and for protecting the environment (e.g., a group of Hummer owners frequently supports Californian park authorities to clean up trails of boulders by use of their capable engines) in the spirit of American exceptionalism. Critical consumers instead used the brand as a diagnostic tool for questioning American exceptionalism and its detrimental features for the nation's long-term survival.

Marketers of brands that strike such a powerful ideological chord face a particular challenge: They have to decide whether to ignore and try to overwrite these existing references (as Hummer marketers tried within most of their ads), to affirm the existing cultural beliefs of customers, or to bridge an existing cultural divide. There are no definite answers to this question, but there are three strategies that are worthwhile to consider for marketers of deeply-rooted brands.

Strategy 1: Let consumers do the magic

One option for a brand with strong cultural roots is to let consumers lead the brand-meaning creation. As its products and logos already carry powerful references to culture, marketers may announce the launch of the brand and explain its products' key features without trying to define precisely what kind of people are expected to love, buy, and hate the brand, what the brand stands for, or which values the brand wishes to promote. If the brand resonates with some cultural corner of the market, consumers will take care of the meaning-creation process. This mechanism is akin to what Alex Wipperfürth (2005) calls a "serendipitous brand hijack" and that is widely discussed in studies concerning the rise of co-production between consumers and producers (Arvidsson, 2008; cf. chapters 10 and 11). As with open-source brands (Pitt, Watson, & Berthon, 2006), consumers may surround the deeply-rooted brand with such resonant ideas and discourses that they feel align best to their individual and group identity projects.

The marketing department is called to observe and interpret the meanings, artifacts, and cultural references that consumers create and turn them into culture-sensitive messages. What is it that people see in the brand, and how do they use and frame it? What, if any, contemporary cultural discourses do they carry to this brand?

In the Hummer case, the "First day" ad was the first that seemingly responded to consumers' responses to the new brand. The ad argues against the claim that Hummer owners are selfish, ignorant, and confidence-compensating males. The commercial highlighted just the opposite ideal: A caring mother of three children driving her eldest son to school with the other two kids on the backseats. As the other children watch the little boy jumping out of a black Hummer H2 with great confidence and pass them by into the building, the ad instills Hummer as a way of protecting the family. However, the "First day" ad also speaks to those who see mother and kid as insecure consumers who need the support of brands for compensating insecure personalities. This ad fires the brand discourse, as it provides both parties

with visual and narrative ammunition to defend their side of the moral divide. In this ad, Hummer supported its consumers, and accepted sending a controversial message, a strategy I detail next.

Strategy 2: Support one side of the cultural divide

A second way of building on the above kinds of cultural knowledge is to position a brand to explicitly leverage one side of the ideological divide and expect to provoke a cultural uproar. This strategy is closest to the traditional targeting and communication approach but does not remain on the level of individual traits or preferences. Instead, it leverages one side of a moral or ideological divide and thus leverages a cultural conflict.

In the case of Hummer, such a strategy would have resulted in advertisements that celebrate freedom, independence, reward for individual achievement, enjoyment of nature, solidarity, and rugged individualism, while ignoring (or even mocking) "Jeremiad" anti-consumption discourses. For example, Hummer marketers could have tried to not hide the poor gas mileage of the trucks, but connected its gas consumption to its functional capability (as implied in "The Right Tool"), a link that is well accepted among Hummer owners but also likely to provoke the negativity of anti-Hummer activists who do not belief in the truck's capability. The benefit for a firm is that this kind of strategy appeals to their target customer segment while also creating buzz through negative press.

In the Hummer case, negative publicity has helped foster brand awareness and strengthened consumer-brand relationships. The spot, "Big Race," that I have described above gets closest to this strategy. It conveys a message to rugged individuals who do not care much about other people's opinions while exploring the boundless frontier in their Hummer trucks.

Key to successful communication that aspires to leverage the ideology of American exceptionalism is to cheer the values of the American nation while avoiding complaints about the citizens' or nation's potential failures. Complaints about the status quo, or even calls for more ecological consumption, likely result in the type of anti-Jeremiad counter-resistance explained above and will not help build brands like Hummer (Frank, 2004). Trying to educate Hummer owners is also not the right strategy for environmentalists, as this taps into the Jeremiad discourse, which only strengthens owners' resistance.

Strategy 3: Bridge the gap

The third strategy echoes the suggestions brought forth by Douglas Holt (2003, 2004) in his work on iconic branding. Holt suggests that brands can gain iconic status if they help individuals to attenuate tensions emerging between their own identity position and the demands directed at them by their popular life-worlds. The key to success is a rhetorical resolution of an internal identity tension. This is achieved by implicitly offering an alternative identity position that contradicts and extends predominant social norms.

In the Hummer case, owners cannot easily be portrayed as a marginalized social group that struggles with a lack of recognition in society. Hence, a bridging strategy would have to situate the brand between the two camps of citizens by promoting a view of American exceptionalism that works for both camps. For example, such bridging could have been achieved by addressing shared national identity projects, such as promoting Hummer as the product of a fearless, entrepreneurial nation that does not depend on outside resources for innovation.

However, the Hummer brand had little currency for adopting such a strategy, unless the brand could credibly manage to combine weight and engine power with social and ecological

sustainability. GM left it to Arnold Schwarzenegger to advance this type of strategy with his Hydrogen-Hummer initiative. By promoting the development of a hydrogen drive that was powerful enough to move (even) a Hummer H2 and by calling for a network of hydrogen stations along Californian highways, Schwarzenegger celebrated the affirmative image of Californians driving the biggest and meanest trucks (e.g., *laissez-faire*, rugged individualism), while naturally also conserving Californian air and natural resources. This strategy allowed Schwarzenegger to subtly address the needs of both parties while only earning disapproval at the extreme ends of the political spectrum. While Hummer managers failed to deliver such a bridging strategy (and eventually went out of business), Tesla succeeded by building an electric sports car for the consumer market that easily outperformed most existing street cars. Bridging cultural divides, it seems, is the most sustainable option if a brand eventually goes for a mass market, while letting consumers define the meaning of the brand and then supporting one side of the emerging divide seems to be the most suitable strategy for niche market brands.

12.6 Conclusion

This chapter has illustrated how ethnographic, netnographic, and historical research findings can translate into culture-sensitive advertising messages for brands that build upon deeply-rooted cultural meanings. Such brands forge particularly strong links to history and culture within a given social context, but often also tap into existing sociocultural conflicts.

Using the Hummer brand and its advertisements for illustration, I have argued that managers of such brands are well advised to analyze the social, cultural, and historical narratives that their brands tap into, and study consumers' contemporary interpretations of these narratives to contribute meaningfully to them. Such cultural insights enable brand managers to apply three modes of cultural communication: Letting consumers do the magic, supporting one side of a cultural divide, and bridging the gap between opposing camps. In order to position the brand unambiguously on existing cultural grounds, marketers define which cultural meanings they wish to build upon and leverage them, e.g., by speaking to rugged individualistic drivers, or to environmentalists, or letting consumers and mass media define the cultural meanings that attach best to their brand before they build upon these emerging discourses.

In our empirical case, the Hummer brand unfolded a particularly strong cultural resonance right from the start because it crystallized two opposing visions of American national identity, i.e., one that seeks affirmation and another that seeks to redress the tenets of the ideology of American exceptionalism. Apparently, Hummer marketers have not chosen to consistently support the affirmative side of the cultural divide that drives the brand system (Luedicke, 2005), but have sent ambiguous and sometimes outright insulting messages to owners and prospective buyers. Adopting a more culturally sensitive approach would have opened alternative roads for communication that might have been more successful.

Even though we have only discussed one single empirical case, the market-mediated moral conflict that animates the Hummer debate is not only relevant for SUV brand managers. In fact, any organization that seeks to sell resource-intensive or resource-conserving goods, services, and messages in a United States cultural context is well advised to consider this cultural conflict when briefing their agencies. My thesis is that when Greenpeace, Code Pink, and other social and environmental activist organizations frame their messages in the vocabulary of the Jeremiad against consumerism—that is, complain about the excesses of American consumption and try to educate Americans to consume less—they will produce

a backlash with affirmative American consumers. A CNN news interview with Adbusters founder and activist author Kalle Lasn about "Buy Nothing Day" amply illustrates this mechanism of an affirmative interviewer rhetorically winning over Lasn, the "Jeremiad" activist, and making him look hypocritical and out of touch with reality (see http://youtube.com/watch?v=P8uZEjAsR94 (accessed 22 July 2019). However, when these organizations frame their messages in a vernacular that is more in line with American exceptionalist values—for example, by calling for creative ideas that remind consumers of the entrepreneurial spirit of the American frontier, or addressing cultural ideals such as American independency from foreign economies (as frequently done by www.greenpeace.org, but rarely by www.alternet.org)—marketers are likely to evoke more interest and support of SUV-driving audiences.

To conclude, gaining a better understanding of the deep cultural roots of a brand through netnographic, ethnographic, and historical interpretive research can help brand managers to create more resonant brand narratives that do not offend owners but leverage existing cultural meanings for stronger brand relationships (McCracken, 2009). Cultural knowledge of the historical, local, and particularly national cultures that some brands evoke in consumers (willingly or accidentally) is key for designing culture-sensitive products, agency briefings, and advertising messages, not only in the launch phase, but particularly throughout the deeply-rooted brand's cultural lifecycle.

Review and discussion questions

1. How can proper traditional segmenting and targeting of potential buyers result in detrimental brand messages?
2. Why is tapping into the "Jeremiad against consumerism" vocabulary dangerous to marketers who wish to promote a social or ecological agenda?
3. Watch the spot "The Big Race" on YouTube (Available at: http://youtube.com/watch?v=bV65Z7p2Xy8 (accessed 22 July 2019). How does it express deeply-rooted American values for some people but violate them for others?
4. Observe Kalle Lasn and a moderator talk about "Buy Nothing Day" on CNN (Available at: https://www.youtube.com/watch?v=PPQY_Cb4IlI (accessed 22 July 2019) and study if and how they are expressing the Jeremiad logic and the affirmative American exceptionalism logic. What would you recommend Kalle to change if the goal is to convince the moderator and like-minded individuals?

Keywords

American exceptionalism, cultural analysis, moral conflict, Jeremiad against consumerism, Hummer, cultural branding.

Notes

1 As in Maria Shriver, former wife of Arnold Schwarzenegger and niece of John F. Kennedy.
2 Source: Interview with Hummer's marketing director in 2005.
3 Some of these spots are available at www.hummer.com and on YouTube.
4 Hummer features a series of parallels to the Jeep brand. Jeep was a former military brand acquired by Chrysler in 1985 and offers both off-road and SUV products. The design is signified by a massive front grille. Its similarity to the later H3 grille was the source of legal arguments between GM and Chrysler in 2003.

5 Source: http://nytimes.com/2005/06/28/business/media/28adco.html?_r=1 (accessed 22 July 2019).
6 Source: Author's own primary research.
7 See https://youtube.com/watch?v=GEMRkQmh9WI (Accessed 22 July 2019).
8 The spot is available at https://www.youtube.com/watch?v=lL4ZkYPLN38 (Accessed 22 July 2019), albeit as an updated version. The original commercial features more pointed characters and ends with the claim "Reclaim Your Manhood."

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13 Cultural corporate branding

An encounter of perspectives

Søren Askegaard and Simon Møberg Torp

Overview

We begin with some lines from the famous old Norse poem, Beowulf, who has "come on a quest" to rescue the king of the Danes who is threatened by the monster Grendel, with the warning that "nothing will be concealed" or "held back" in dealing with this "mysterious hate-dealer, with terror displays, unthinkable evil during dark nights, humiliation and slaughter." Beowulf offers "heart-felt friendship" to help the "wise and good" king overcome the fiend," reverse the evil deeds, and offer relief such that "his surges of sorrow then become cooler" (selections from Beowulf, 2005, chapter IV, l. 270–282). These lines inspired this chapter, as Beowulf's promise of help in righting wrongs and soothing anxiety parallels the branding narrative of "coming to the rescue" pitched by the corporate entity that constitutes the main character in the story that unfolds on the following pages.

Branding, it has been stated, is much too important to be left to the marketing department. Whereas the traditional marketing approach to branding is based on single products or lines of products, the marketing value of the brand, not only on the product level but also on the corporate level, has become increasingly obvious. The amount of literature on corporate branding is quickly catching up with the literature on product branding. Branding, whether product or corporate, is increasingly seen not as just a matter of superficial marketing communications, but as a profoundly cultural process reflecting both the organization, its role in the marketplace(s) and the cultural symbolism of the brand as interpreted and enacted in use by consumers (Schroeder & Salzer-Mörling, 2006). Not surprisingly, then, Schultz (2005) suggests that a profound understanding of corporate branding must include input from at least five different managerial disciplines. First of all, *marketing* provides key concepts such as brand image and brand architecture, as well as the customer relations that are both generators of the brand image as it exists in reality and the strategic goal of the brand management. *Strategy* as a discipline, then, brings forth notions of not just customer-based corporate reputation and market-based brand positioning, but also the brand vision as an expression of the strategic goals of the organization as central for the understanding of corporate branding. *Organization theory*, then, must be brought into the picture, with its focus on the linkage between corporate identity and brand identity and the necessity of "living the brand culture." Therefore, employee branding is also a part of the corporate branding process. In circulating narratives of the corporate brand inside and outside the organization, *communication theory* announces itself as an important contributor to corporate branding. Corporate communication is central for legitimizing the link between corporate reality and the corporate brand: In other words, for creating and maintaining the link between what the organization really stands for and what it *says* it stands for. Finally, a central aspect of

corporate communication is *visual identity*, including the style, symbols and aesthetics of the brand expressions.

Here, we focus on the brand universe of a particular Danish corporation and analyze the link between its corporate identity and the ways in which it has been translated into a corporate brand. We consider this a very compelling case of cultural marketing management, since the relationship between organizational culture, market culture, and the ways in which the activities of the organization are translated into brand value are highly strategically reflexive. The strategic goal for the corporate brand simultaneously has been to express and merge the identity of the people of the organization and the people of its markets.

As such, the case is a perfect example of the lived experience of integrated marketing communication (Torp, 2009). There is in this case, not an internal and external communication to different audiences—there is but one communication that permeates the organizational as well as the market reality. Obviously, this does not mean that there are no distinctly internal communicative processes. To the contrary, the case is filled with seminars and other employer and employee brand-generating activities. But these are always aligned with the corporate existence in the marketplace. From this perspective, corporate identity is not an internal affair and corporate image a more or less correct interpretation of the corporate identity. All signs, internal and external, contribute to identifying the organization, and all signs, internal and external, are interpreted and recreated in somebody's mind as an image (Christensen & Askegaard, 2001).

13.1 State of the art

More than 50 years ago, Abraham Maslow (1954) suggested a theory of human motivation that divided needs into five different levels representing, from the bottom to the top: Physiological needs, needs for safety, belonging, esteem, and the need for self-actualization. His point was that needs on a lower level had to be satisfied before the human being could proceed to satisfy needs of a higher order. Thus, the needs are organized in a hierarchy; a pyramid, with the broadest and most basic needs at the bottom and what has sometimes been termed more "luxurious needs" at the top. Maslow, representing the school of humanistic psychology, was keen to underline that the ultimate goal for all of mankind was to reach the self-actualizing state. Rather than seeing self-actualization as "luxurious," Maslow's aim was to plead for welfare politics that would ensure the possibilities of a maximum number of people entering the self-actualization stage.

Maslow's hierarchy of needs has played the role of a solid anchor point in many a marketing textbook, not least when it comes to international marketing and the distinction between different consumers' levels in the needs hierarchy (e.g., Samli, 1995). It has also been used to understand consumer needs in terms of services (e.g., Malhotra, Ulgado, Agarwal & Baalbaki, 1994), not-for-profit marketing (Bruce, 1995) and e-commerce (Shankar, Venkatesh, Hofacker, & Naik, 2010). Frankly speaking, one might say that the application of a Maslowian framework in an international marketing (and branding) perspective presumes a hierarchization of cultures, where the cultural meaning of brands become salient only insofar as lower order needs have been satisfied. Maslow himself would probably have wanted to object to such an interpretation, but this is the way in which his hierarchy of needs has typically been applied in an international marketing context. For example, it is a crucial misunderstanding to communicate to students that "although culture can have an impact on needs of all levels, its impact tends to be greater where higher-order

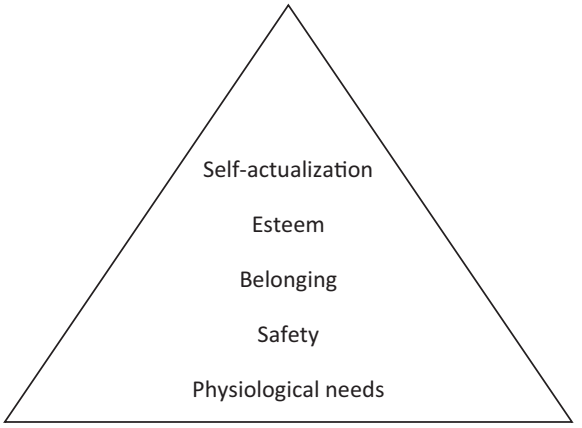

Figure 13.1 Maslow's hierarchy of needs

needs are involved—needs involving emotion and cognition" (de Búrca, Fletcher, & Brown, 2004, p. 69). Just the opening of the phrase and the qualifier "can have" is enough to underline the profound lack of cultural understanding. But also the relative "de-culturalization" of, for example, food and sexuality is an obvious blunder.

But first, let us explain a little more in depth, why Maslow's hierarchy of needs from our perspective is incompatible with a truly cultural approach to marketing management. The hierarchy of needs suggested by Maslow makes intuitive sense which is presumably why it is one of the most cited scientific works ever published. Much like Hofstede's cultural index, it represents a fairly simple and understandable framework for including culture and human behavior in managerial contexts (see e.g., Nakata, 2009). Needless to say, not all citations have been positive and there have been numerous points of critique raised against the hierarchy of needs. Nevertheless, it is one of those theories that—again like Hofstede's cultural index—have gained a strong "lay foothold" in the way business corporations go about reflecting on the complex relationship between society, culture, need, and demand. Maslow's humanistic psychology has a strong element of human development, and points to the quest for and the positive influence on life conditions of "climbing the pyramid." The problem with Maslow's hierarchy of needs is its individualist and "survivalist" perspective and its relegation of the creation of meaning to a secondary position in the formation of human culture. Consequently, it fails to take into consideration that humans do not individually organize themselves in societies primarily in order to survive, but with respect to the individual and collective meaning that they can give to their lives (Baudrillard, 1970). In an anthropological sense, and beyond the narrow modern form of self-actualization that lies behind Maslow's thinking, it is obvious that humans as social beings are characterized as a species that is self-actualizing through all their activities. Even the most basic satisfaction of needs is immersed in social meanings concerning what is edible and what is not (Fischler, 1990), which rules and rituals about sexual relationships to obey, and so on and so forth. The problem with the hierarchy of needs is that it leads us (and not necessarily in accordance with Maslow's original thinking) to believe that societies and life conditions stricken by poverty equals existential misery, since the level of self-actualization is so far removed from the issues that people have to deal with in their daily lives.

The human being is a species that is organized in societies. Societies constitute patterns of meaning that interweave all levels in the hierarchy of needs. It provides simultaneously possibilities and frames for satisfying all those needs, and for ranking them in importance; however, this is not necessarily the same for all social groups. This is quite simply not the way societies work. First of all, it is only when societies have broken down that each man starts to care exclusively for himself. As long as society functions, we are inclined to give up certain individual rights and freedoms in order to respect the laws, God or the spirits, and the community. The hierarchy of needs is a very individualistic model, and as such, it represents a specific Western thinking. Second, as already seen, the human being is an animal that is characterized by always being self-actualizing when he or she is fulfilling very basic needs. We do not just eat but we communicate a lot about which culture we belong to and which values we have through our likings and dislikings of food. Third, the application of the Maslowian hierarchy of needs maintains a hierarchical structure in terms of social development—there are people who are "closer to" the stage of nature and less culturally developed to the extent that self-actualization in the Maslowian perspective is the epitome of cultural development.

Hence, we can argue that the human world is first and foremost an economy of symbols. As suggested by sociologists Nisbet and Perrin (1980, p. 47), "the symbol is to the social world what the atom is to the physical world and the cell is to the biological world." Symbols are the building blocks of the social. Hence, the symbolic is not a "luxury" for humans—as one is inclined to think, based on the hierarchy of needs—but a constitutive element of society. As pointed out by Frankl (1959), the most significant instrument of survival may be the question of meaning. As stated by Nietzsche (cit. in Frankl 1959, p. 16), "He who has a *why* to live for can bear almost any *how*." In other words, our basic message was that the human being is first and foremost a cultural animal, even in the harshest of conditions. And that, rather than considering culture a luxury and a superstructure on human societies who have got beyond the "stage of survival," we concur with French social thinker Edgar Morin, who urges us to get beyond the nature-culture dichotomy by arguing that the human being is a cultural animal because of nature, and a natural animal because of culture (Morin, 1973). By this cunning inversion, he is suggesting that there is nothing "unnatural" about the development of human culture and that the economy of symbols is rooted in the physical and biological complexity of the human brain. At the same time, he argues, it is this symbolizing and cultural ability that has been our strongest asset in assuring our survival as beings in nature. In other words, human culture and human nature are co-constitutive rather than linked in a hierarchical system of survival and surplus.

It is in this sense that we would argue against the "economy of survival" logic inherent in the hierarchy of needs, and align ourselves with anthropologists such as Marshall Sahlins, who are rejecting the thesis that non-affluent societies are preoccupied with an endless fight for satisfying their most basic needs, and therefore cannot be considered affluent (Sahlins, 1972). Consequently, we also oppose the modern Western apotheosis of economics as the decisive science for understanding social development. That the modern, capitalist consumer societies have subjected themselves to a social imaginary permeated by the logic of growth in production and consumption does not permit us to conclude that this is a universal human characteristic. It is, merely, the dominant social logic which we have used to construct our societies and economies through the last centuries. But it is admittedly also a form that has been globalizing to an extent that it today constitutes one of the major challenges to the sustainability of economic activities on this planet.

The present preoccupation with the economy of symbols, through business strategies based on corporate identity, corporate image, and storytelling activities may reflect a growing

awareness that culture is not an additional "internal variable" that must be taken into account in the general, economics-based assessment of a firm or an organization, but a "root metaphor" for understanding what an organization is in the first place (Smircich, 1983). As such, there is much to be gained from understanding organizations as units for anthropological analysis (Moeran, 2005).

13.2 Corporate religion

There is a widespread perception among both practitioners and theorists that the prerequisite for organizational success is consistency (Edwards & Fredriksson, 2017). For some, the focus is primarily on consistency in visual communication, such as in the "one-look, one voice" (Duncan, 1993), or "one sight, one sound" (Schultz & Kitchen, 2000) approaches, while for others, the focus is on consistency between what a company says and what it does. In the most comprehensive version, the goal is normative consistency (Torp, 2009), i.e., ensuring full agreement and alignment between the corporate values of the company and the values of the individual organization members. Efforts to achieve consistency in organizations—and in their internal and external communication—have been predominant for a long time (Torp, 2015).

The consistency ideal exists within a wide range of areas of organizational research and practice, e.g., corporate branding (Balmer, 2001; Hatch & Schultz, 2008), corporate communication (Cornelissen, 2017), integrated (marketing) communication(s) (IMC) (Thorson & Moore, 1996), corporate identity (Leitch & Motion, 1999), and corporate reputation (Fombrun, 1996). Within organizational culture, too, the concept of consistency has strong advocates. In her book *Cultures in Organizations*, the scholar Joan Martin describes three different perspectives on organizational cultures: The integration perspective, the differentiation perspective, and the fragmentation perspective. According to the integration perspective, an organization is like a family (Martin, 1992, p. 46), where there is full consensus and all organizational members share the same values, and in which all aspects of the organization's culture reflect the whole in embryonic form (Martin, 1992, p. 52).

The language of organizations and theories is sometimes religiously inspired (Salamon, 2003), particularly when it comes to articulating the desire for cohesion and normative consistency. An example of a formulation of the ideal of consistency using concepts derived from the world of religion is an American executive who describes his vision (a religious concept in itself) in the following terms: "The vision I have is of an organization that resembles a congregation of believers directed by a unifying force that the members intuitively feel individually and collectively" (McMichael 1998, cited in Salamon, 2003).

One highly influential book expressing this viewpoint (also in the case below) is Kunde's book *Corporate Religion* (2000; see also Kunde, 2017). It deals with the need to secure consistency between the qualitative values of the company and the employee (Kunde, 2000, p. 98). According to Kunde, this is especially important in an organization which operates internationally and employs staff from many different countries. In multinational companies, it is both crucial that values and attitudes do not vary, for example from country to country, and that things should be done in the same way throughout. All staff members should "believe in" or subscribe to the values of the company. Staff should not merely express themselves in conformity with the company's brand and values—ideally, they should also "live out" or, if you like, embody these values in their daily lives. Kunde summarizes his preaching in the following way: "The company which has complete control of—and keeps in step with—its international organization can control both the organization and the market with

the aid of a strong Corporate Religion. A company's success depends simply on direction. … A Corporate Religion ensures that all employees in a company share the same qualitative values. … It might sound totalitarian, but with a clearly defined corporate religion, there is nobody who will have problems on the course because everybody's job is connected to the company's Corporate Religion" (Kunde, 2000, pp. 48, 103).

The symbolic and behavioral dimensions of corporate branding implicate that it naturally involves employees (Christensen & Morsing, 2005, p. 52), for it is they who are expected to comply with and redeem the promises made by the brand in their daily work. From a critical perspective, Christensen, Morsing, and Cheney (2008) point out that identification is an important part of corporate branding since organizational members are often "expected to align their personal values with the identity of the corporate brand." They must allow themselves to be "incorporated" into the organization and hence to become walking embodiments of the corporate brand. They are expected not merely to communicate the brand, but to "live" it.

13.2.1 Corporate history of Kjaer Group

In 1962, Mr. Christian Kjaer founded a car sales company in the town of Svendborg, Denmark. The company initially succeeded by agreeing to deliver cars to customers on the small islands in the archipelago surrounding the town, something other car dealers refused to deal with. This initial corporate policy about not backing down for distance or logistical problems contributed to the development of the specialization that has now secured the company a worldwide presence. No longer selling cars in the neighborhood, what is today known as Kjaer Group Ltd. is a holding company with approximately 200 employees consisting of a number of sub-companies, each with their own name. They specialize in providing and servicing cars and special vehicles in disaster areas (e.g., after earthquakes or other natural disasters) and in developing countries. Consequently, among their most significant customers are the United Nations and Red Cross. Today, Kjaer Group is operating in a number of countries where emergency situations and underdevelopment requires special equipment and special action. The company was voted the best workplace in Denmark in 2003 and 2004, and in 2004, was awarded a prize for "Diversity in the work place" by The Danish Institute for Human Rights, given to companies who are providing good opportunities for employees regardless of gender, ethnicity, age, disability, religion, or sexual orientation.

The corporate logo includes the company name under a stylized Viking long ship crewed with seven seafarers (figure 13.2). The logo refers to the legend of the hero Beowulf, who sailed with his men to save the Danish king's court from the monster Grendel, which attacks and slaughters the king's men. In Kjaer Group, Beowulf is interpreted as a symbol of the willingness to expose oneself to risk and trouble in order to help others. In formulating the values of the company, Mads Kjaer, son of the founder who became chairman in 1986, had been influenced by Maslow's hierarchy of needs, since the company operates mainly in Africa, where satisfaction of the most basic human needs is not something that can be taken for granted. The humanistic motif is thus central to Maslow's thinking as well as to what we could call the corporate religion of the Kjaer Group.

13.2.2 Corporate religion in Kjaer Group

In 1997, Kjaer Group published a small book entitled *Corporate Religion—Kjaer Group*, which was reissued in a slightly revised version in 2000. This was clearly drawing on the

Figure 13.2 Kjaer Group corporate logo and mission triangle

Table 13.1 "Corporate values" in Kjaer Group

- You make a difference
- We care
- Respect and trust
- 24 hours reply
- Proactive
- Red button—help
- F1: Fix it right, first time
- Win-win

(Kjaer, 2000)

ideas of Kunde (2000). In this book, the company describes its mission and vision, history and organization, and fundamental value system. The aim of the book, as expressed in the foreword, is "for all of us to know what it takes be a 100% committed teamplayer" (Kjaer, 2000, p. 1). The book represents a collection of "all good values that informally described our culture—and was created through the people's creative thinking at several years of summer seminars, education and teamwork" (Kjaer, 2000, p. 9). The values and attitudes described in the book (see table 13.1) derive from and reflect how "we established the company and became successful" (Kjaer, 2000, p. 1). As a consequence of the manner in which the company's values came into being—over many years, and with many contributors in many different contexts—these values display great diversity.

As can be seen, there is a general confusion in the list between values properly speaking ("respect and trust") prescriptions for action ("24 hours reply," "fix it right…") and expected or requested outcomes ("you make a difference," "win-win"). Furthermore, it is clearly expressed that the book is not meant to be a manifesto carved in stone. Just like human beings, it says, the contents will undergo change over time: "Our only constant factor is our corporate religion and changes" (Kjaer, 2000, p. 1).

This philosophy is also present in the Kjaer book. The description of the company's vision is introduced with the words: "We are all brands: you and me, the companies in Kjaer Group, and the products we represent" (Kjaer, 2000, p. 5).

13.2.3 The value explosion and confusion

Through being set out in writing, the company's values went from being informal to formal. The formalization and formulation of the values in print revealed to the management that the number of values was too large, and that these did not always display internal consistency. Because of its growing involvement in different markets and collaborative partnerships with several car producing companies, a number of sub-companies and sub-brands had been created. Furthermore, the creative spirit within the company had led to something of an explosion in the number of values that were used to express the philosophy of the company. In short, it was no longer clear what constituted the unifying element and core value foundation of Kjaer Group.

13.3 Brand Base

It was obviously not new to Kjaer Group to work with integrated marketing communication and corporate values. Hence, the issue for Mads Kjaer was one of theoretical and cultural integrity of the corporate value system. The insistence on a theoretical foundation was what had originally led him to adopt the Maslowian perspective, since he considered it a universally valid theory and, as already noted, an appropriate way of thinking about the company's mission and engagement in developing countries and disaster areas. It was exactly the humanistic take on the necessity of development, that made Kjaer group adopt the Maslowian perspective for constructing their corporate value system in the first place. In other words, Mads Kjaer saw it as imperative that the basic corporate values could be founded in a philosophy, a social theory, and a history, and not just the latest advertising agency lingo. In order to ensure a sound theoretical foundation of the reflections on the corporate brand and the corporate values, he contacted Brand Base at the University of Southern Denmark, a research-business collaboration unit with a cultural approach to consumption, branding, and strategic communication. Upon the contact from Mads Kjaer and Kjaer group, a "task force" was created to engage in the strategic reflections on and the development of the value profiling of Kjaer Group and its corporate brand.

13.3.1 An encounter between academic research and corporate identity and image

At the first meeting, the company's managing director and brand manager presented the company's existing value universe, vision, and mission, and described the challenges as they saw them. It was particularly emphasized that the number of values held by the company had vastly increased, and that the company had gradually differentiated itself into a number of sub-brands. In relation to corporate identity, the question was whether these sub-brands should be allowed to become even more independent, or whether the company should "tidy up its values" and attempt to create a simpler and more consistent brand architecture which would secure continuity and recognizability between the various offshoots. In theoretical terms, it was a choice between a monolithic, endorsed, and branded identity strategy (Olins, 1989; for a critique of this distinction see Christensen et al., 2008, p. 65).

The Brand Base taskforce (the authors) consented to the expediency of a simplification process of the corporate brand universe that nevertheless remained respectful to the corporate diversity. It was subsequently decided to go further than merely fulfilling the brief, which was to propose ways of simplifying the company's value universe and raise its brand profile. Instead, the authors would challenge the existing ideological and theoretical basis of the corporate value set and undertake a radical and far-reaching enterprise. In the authors' view, the greatest challenge in relation to the company's marketing communication was that it was out of step with the company's identity. The authors did *not* claim that what the company practiced in the developing countries was in any way incorrect—on the contrary. The purpose was to refute the belief that a Maslow-based approach is a useful way to include a cultural perspective, although that, as mentioned above, is standard within much of the brand management literature (Keller, 1998; Keller, Apéria, & Georgson, 2008). In our opinion, the Maslow-based theoretical perspective and conceptualization which found expression in the company's values, and the hierarchy of which these formed a part, was overly reductionist from a cultural perspective. Particularly when operating in emerging economies, as Kjaer does, it becomes tempting but fundamentally erroneous that culture and symbolic expressions become relevant only after "basic needs" have been satisfied.

One might say that the managing director's political philosophy or view of humanity—in this instance a highly liberal and individualistic approach—had been transferred to the company's philosophy, at any rate, in its formulation. In practice, the company tended to be characterized by a relatively social and meaning-based approach; in other words, it said one thing and did another. There was therefore a disjunction between the company's walk and its talk. The authors felt that by altering the theoretical foundation and removing the Maslowian aspects, it would be possible to get "the talk" to match "the walk" in Kjaer Group (Weick, 1995).

At the second meeting, a presentation was given which drew upon a number of theoreticians from French post-structuralists and German sociologists to Danish theologians and ethicists. The authors attempted to "provoke" the managing director and the brand manager into rejecting Maslow's hierarchy of needs as the basis for the formulation of the company's philosophy and fundamental value system. After some initial debate and a certain (and healthy) skepticism, the authors were challenged to produce a convincing argument against Maslow as a sound source for a culturally based theory of corporate branding values. As some arguments have already been developed against a Maslow-based approach to understanding how meanings and motivations are generated in a cultural context, let us now present some insights into the process of corporate change generated by this encounter.

From an anthropological and sociological viewpoint, the psychological basis of Maslow's hierarchy of needs was challenged—that the fundamental purpose in life is survival and that self-actualization only becomes relevant at the "luxury" end of life's goals. A scrutiny of the values that pervades Kjaer Group was suggested in order to find the "social glue" that really keeps the company a coherent, strong unit, and makes it a great place to work. Kjaer group had already played with the relative similarity between their name Kjaer (the last name is pronounced "care," since the j in the name is almost silent) and "care." Caring for the staff as well as for the people in need of infrastructure and logistics in the world were built-in practices of corporate culture as expressed in the corporate slogan: Love cars, love life, love people." "Care" was then selected as a central axis for future corporate value and branding processes. Obviously, the notion of care could have been fitted into a Maslowian scheme of e.g., security needs, but as already stated and as will be explicated in the following, such a

Maslowian scheme was deemed out of touch with a genuinely cultural perspective on the meaning and value of Kjaer's corporate existence.

As already indicated, beyond a certain initial bewilderment concerning the challenge to what the corporate management considered a well-founded theory of human motivation, the authors encountered openness and curiosity, and a willingness to abandon the usual notions and think outside the box. The result was an exciting dialogue which paved the way for a completely different type of process, and a different kind of interaction between research and practice/management than had been originally conceived and planned by the company and Brand Base. Both the company's representatives and the researchers increasingly felt that fertile ground had been created for some highly fruitful and mutually inspiring cooperation. The company may have been surprised, in relation to their expectations, by the somewhat different and radical approach, while the authors were pleasantly surprised by the openness and goodwill encountered.

Practical cooperation was initiated in a number of areas. Amongst other things, each of the authors subsequently took part in workshops, meetings, evaluations, and presentations, and the company published a folder and a researcher-authored article on the "new" value foundation and approach. This trajectory led to a reformulation of Kjaer Group's corporate brand, of its core values, and of its theoretical foundation.

13.4 Implications for marketers

In the following, we will address the implications of the case of Kjaer group in two sections. First, we will give an account of the specific consequences for Kjaer Group's corporate branding and in the second part, we will discuss some more general managerial implications of the cultural to corporate branding strategies.

13.4.1 Implications for Kjaer: Turning the world upside down

What did these reflections on the anthropological nature of any corporate structure, including Kjaer Group and its corporate culture lead to? Just like the emblem of Kjaer Group is a triangle standing on one of its edges, so it was suggested that Maslow's hierarchy of needs was turned upside down and expressed in terms of a simplified value universe representing the corporation. Instead of underlining the need, the authors underlined the positive value of caring, as a fundamental anthropological construct and a fundamental corporate value. Care expresses that humans are always part of a larger context. One cannot fulfill one's own wishes and needs without considering those of the people one cares for. A person becomes who s/he is through the ties with those close to him/her: Family, friends, colleagues, and so on.

Kjaer Group reformulated the corporate vision and mission and accepted that, for an emergency-oriented corporation like Kjaer, care is the basic thing. This is the most fundamental reason for doing what is done: To show that the corporate employees care and that they are self-actualizing though their caring. With help from the researchers from Brand Base, Kjaer Group translated the upside-down hierarchy of needs to the central values of the company. The central values in Kjaer Group were defined as: Care, respect and trust, proactivity, diversity, and win-win (making a difference). These values were picked from the myriad of existing values that Kjaer Group had developed over a period of years. The rest was abandoned, and the remaining five values were reorganized so that "care" was established as the fundamental value of the corporation. The values became organized according to the

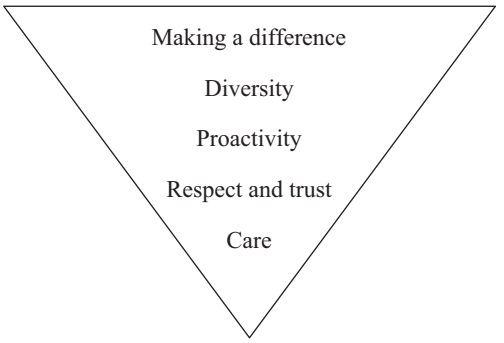

Figure 13.3 Wolsam—A corporate brand turned upside down

following logic based not on Maslow's hierarchy of needs but on the perspective that the human being is first and foremost an *animal symbolicum* (Cassirer, 1944).

On the basis of mutual *care* (figure 13.3), for each other and for their customers, Kjaer aims at building relationships of *respect and trust*. This is true both inside and outside the organization. There is a basic respect and trust among the different parts of the group and the different nations represented, as well as between the various work groups and individuals in the company. Once there is this mutual respect and trust, it is actually not so difficult to go out there and dare, dare to care, dare to do business. This is what Kjaer means by *proactivity*. The firm grounding in caring and respectful relations gives the company the courage to go on doing that which is difficult, to take chances, and to operate even where many others would give up. Proactivity has *diversification* as its logical consequence. The more you try, the more initiatives will actually persist and survive. Opening new markets, including new cultures, joining together people from all corners of the world with very different cultural backgrounds; such is the philosophy of Kjaer Group. The result is a *win-win* situation where the importance is *making a difference*, regardless of which kinds of relationships that Kjaer Group engages in; with customers, with suppliers, with employees and their families, and everybody else with a stake in the company.

Consistent with Kjaer Group's self-proclaimed dynamism, it is interesting to note the organizational developments that have taken place since the process was concluded. Mads Kjaer, confident that the daily management of the business activities was now well framed, has since stepped down as CEO of Kjaer Group to become chairman of the board. As a consequence, the set of values described above has given way to a reformulated set of values building partially on the prior set. Currently, the value profile is "professionalism, respect, honesty, and dedication." The fundamental principle of care, and the priority to the social responsibilities remain, however, as is evident in the current formulation referring to the still valid mission triangle (figure 13.2). "We care for our customers, products and the services we provide, for our colleagues and employees, the environment and the society of which we are part. This is expressed with 'Love Cars, Love People, Love Life' and the UN 2015 Goals and the UN's Global Compact represent important frameworks for our efforts."[1]

Kjaer Group's corporate brand history can be considered a logical strategic result of the attempt to combine the humanism and an economic liberalism that permeates the corporate philosophy of Kjaer Group, which also is expressed in the spirit of the business, profit, and meaning relationship that was added to the "Wolsam" triangle and its organization and

formulation of Kjaer Group's corporate values. Kjaer Group knew that it was important to take culture into consideration—the usage of the humanistic psychology of Maslow, the excellent HRM policies implemented, and the reference to the mythological figure of *Beowulf* clearly demonstrates a profound willingness to take culture absolutely seriously in the corporate culture. Our addition was to underline that the cultural roots ought to be based in a notion of meanings rather than needs. This also entails a skepticism towards the predominance of an individualist perspective for understanding cultural processes.

13.4.2 Concluding takeaways in terms of managing culture

Many classical texts on culture and marketing or management treat culture as a variable. This will typically be the case for sources based on economic or psychological theory. Culture, then, becomes a variable to explain differences in behavior and thinking on a par with other variables like, for instance, education, gender, status, etc. Culture is thereby reduced to a proxy for national citizenship. In practice, the culture as variable, ipso facto, means that there are "a-cultural" variables; that economic or social structures are beyond culture. This is an obvious fallacy. Culture is an anthropological constant. Likewise, the culture cannot be considered a "dimension" since again, this removes all the other possible dimensions to somewhere outside culture. In the human world, culture is—by and large—the dimension of all dimensions.

Culture is thus something we cannot escape. However, while culture as a constitutive condition of humanity is inescapable, specific cultural formats are always constantly undergoing change, at least in what we know as historical societies. Culture therefore represents different perspectives. This is what the Greek philosopher and economist Cornelius Castoriadis (1975) calls the socio-historical. This concept underlines the social specificity and the historicity of the anthropological constant.

This is another way of saying that cultures are always both instituted and instituting. To the extent that this double process becomes clear to people (remember, it is not difficult to find examples of deterministic viewpoints in marketing and management), we can become (self-)reflexive. Reflexivity is to acknowledge that the (cultural) perspective is exactly that—a perspective. Possibly a sanctioned one in the cultural context in which one lives but never a neutral or objective one, nor a closed one. This gives rise to a second paradox. One is aware that one is culturally "embedded" which, paradoxically, leads to a slight diminishing of said cultural embeddedness. In other words, with an understanding of culture as a perspective, we have the ability to be reflexive and critical of the conceptual and processual tools—we are able to understand that what we see we are also simultaneously constructing.

The next take-away we would like to present is how to consider the notion of image, so ubiquitously used in the marketing literature, in the light of the present perspective. Papadopoulos (1993), elaborating on the complexity of imagery attached to country-of-origin of products draws on the following passage from Umberto Eco's "Foucault's pendulum:"

> To each memorable image you attach a thought, a label, a category, a piece of the cosmic furniture, syllogisms, an enourmous sorites, chains of apothegms, strings of hypallages, rosters of zeugmas, dances of hysteron proteron, apophantic logoi, hierarchic stoichea, processions of equinoxes and parallaxes, herbaria, genealogies of gymnosophists—and so on to infinity.
>
> *(Eco, cit.in Papadopoulos, 1993, p. 3)*

The quote underlines, among other aspects, that each cultural image, including corporate images, involves elements of classification and hierarchization (what kind of good/bad company is this?), of symbols that facilitate recall (what do I recognize it from?), of personal imaginations of causality (what made this company what it is?) and chains of beliefs (how does it perform? And why?) as well as potential uncertainties about nearly all of these readings. In the managerial literature, corporate image is often taken to be a superficial and somewhat dubious representation, the perception of us that we (in the corporation) do not control. However, a corporate image is not only external but also internal to the organization, and it is also doubtful whether it is always superficial and simple. As Eco's quote underlines, images are highly complex.

We can now return to Schultz's (2005) five managerial disciplines mentioned in the opening section. We consider Schultz's insights concerning the necessity of a multidisciplinary approach to corporate branding with another significant contribution. Kjaer Group was already a well-performing company in many respects. The attempt to turn Maslow's hierarchy upside down by underlining the central importance of meaning for a company promoting self-actualization both for its employees and its (needy) customers was therefore, as such, the icing on the cake. But the process did contribute to a clean-up of a mess of values and a clarified corporate brand identity (marketing) while defining the strategic goal—"care"—of the company in addition. It also facilitated the inclusion of the strong corporate spirit (organization theory) in the self-image of a socially caring rather than individualistically self-actualizing culture and provided a theoretical and cultural rationale for communicating this corporate spirit to internal and external audiences, as a replacement for the Maslow-based logic. Finally, all this was done while retaining the respect for the *Beowulf* narrative and the visual identification with it through the corporate logo. In this sense, the process represents a truly cross-disciplinary and culturally sensitive case of corporate brand management—culturally sensitive both in terms of being respectful of cultural theory and of the corporate culture of Kjaer Group.

We would like to draw three strategic conclusions in terms of how to understand and operate with strategic corporate branding and corporate value universes. First of all, we would like to conclude with some reflections on the relationship between corporate activity and corporate discursivity (the "walking" and the "talking") as discussed by Weick (1995), since our point of departure was some kind of discrepancy between the corporate activity of Kjaer Group and the way it was discursively expressed through the corporate value system and its references to Maslow's hierarchy of needs. Much literature on corporate branding and corporate values takes its point of departure, that in order to move strategically in the right direction, it is important to first formulate this through the articulation of a corporate value system. In other words, the invitation is usually to sit down around a table and find out which motivating constructs articulate who we are as a corporation, or even more often who we would like to be and how to get there. Once this is formulated, it can be implemented in the organization—in other words it becomes a matter of walking the talk. This, however, runs counter to Weick's suggestions. He says:

> Walking is the means to find things worth talking about. People discover what they think by looking at what they say, how they feel, and where they walk. The talk makes sense of walking, which means those best able to walk the talk are the ones who actually talk the walking they find themselves doing most often, with most intensity, and with most satisfaction. How can I know what I value until I see where I walk?
>
> *(Weick, 1995, p. 182–183)*

What happened in the collaboration between Brand Base and Kjaer Group, was the contrary of asking the corporation to "walk the talk." Instead, the "talking" was reformulated so that it became more expressive of "talking the walk"—the walk was, so to speak, built into the corporate formulation of its own corporate brand. This, according to Weick, has important consequences for the dynamism and the innovativeness of the corporation:

> … [P]eople walk in order to find what is worth talking about. When told to walk their talk, the vehicle for discovery, the walking is redirected. It has been pressed into service as a testimonial that a handful of earlier words are the right words. What people forgo is the chance for the walking to uncover something for which the current words are inadequate and for which new words are needed. To "talk the walk" is to be opportunistic in the best sense of the word. It is to search for words that make sense of current walking that is adaptive for reasons that are not yet clear.
>
> *(Weick, 1995, p. 183)*

The strategic reflection behind the collaboration was that the "talk" had become outdated and inadequate for expressing the "walk" of Kjaer Group. Hence, the prime contribution was not so much to invent a new "talk" (new corporate values) but to orchestrate the existing value universe into a coherent system that had firm anthropological and culture theoretical roots. It is, however, not the case that "talking the walk" is without its problems or challenges either. The talk may lack subtlety in terms of being able to express the logic behind the walking. And, needless to say, the choice of words matters a lot. Ultimately, neither walking the talk nor talking the walk should dominate the formulation of a corporate brand. But since the standard practice is to walk the talk, we would like to make the opposite point here and stress the significance of talking the walk.

The second strategic point we would like to stress draws from practice theory, developed not exclusively but largely by French sociologist Pierre Bourdieu (see e.g., Bourdieu, 1998; for a good introduction, see Reckwitz, 2002). The theory of practice is basically opposed to rational choice theory, arguing that choices are normally not based in rational decisions but in culturally and even bodily embedded practices. It is apparent that this approach, and in its focus on the discrepancy between how we talk about our actions and what actually lies behind them, it is deeply connected to our reflections on Weick presented above. This time, however, our point is methodological rather than strategic. Much too often, in strategic analysis of an organization, we are much too dependent on the verbal formulations of corporate programs, evaluations, strategies, etc. Whereas these textual formulations are of course highly significant, practice theory teaches us that much of what is governing the routines and the behaviors in an organization is embedded and embodied in practices that are not necessarily accessible for the members of the organization themselves. Hence, practice theory challenges models of decision-making in marketing and consumer research by underlining that the reasons for our consumer or organizational choices are not entirely clear to us, and also how culture works beyond its presence in cognitive decision rules that will guide choices. In other words, culture is deeper than we can normally account for in verbalized decision rules or decision principles. Consequently, in order to better grasp the organizational being behind the discursive presentations, we need to apply methods of organizational analysis that do not solely consist of verbal material. Since most of our research apparatus is highly verbalized, be it in the form of questionnaires or in-depth interviews, this methodological point challenges much existing research and thinking of corporate branding (cf. chapters 14 and 15).

A third strategic point that we would like to stress pertains to the relationship between the notions of culture and economy. Managerial approaches have traditionally considered economic theory in both its general and managerial forms as the most decisive one for explaining the functioning of the corporation (or any other market agent) and neglecting culture or relegating it to secondary importance. In the last few decades, we have witnessed changes in the market that have been interpreted as an increased "culturalization" of the economy. In contemporary managerial theorizing of branding processes, storytelling, corporate culture and so on, this culturalization is given increased strategic importance in terms of corporate culture and "cultural orientation" becoming significant assets in the market competition. What is overlooked by proponents of this approach to the increasing intertwining of cultural and economic processes, is that such epochal theorization maintains an artificial distinction between culture and economy. If we go back to Sahlins' (1972) economic anthropology, his main point is exactly that we cannot assume an a-cultural universality of the economic theorizing that has been dominating Western social sciences for two centuries. In other words, all economies are equally cultural.

So, our overall efforts can be concluded by referring to the fact that just as Beowulf came to help the Danes threatened by the monster Grendel, and just as Kjaer Group sees it as its mission to bring care (in the form of motor transportation) to the needy in this world, we (and the authors involved in this book in general) would like to help in "capturing the markets from the economists" (Slater, in du Gay & Pryke, 2002) by pointing out the cultural character of any economic and managerial practice. If we realize this, we will be better off in terms of understanding and navigating the marketplace.

Cultural brand management is not for lovers of simplicity or certainty!

13.5 Final conclusions and pedagogical suggestions

We have decided to summarize the conclusions and insights in the form of an "executive summary," a set of one-line bullet points that express in ultra-short format the core of our arguments. These are followed by a small set of pedagogical exercises.

- Cultural forms of practice are not a luxury.
- All humans are self-actualizing regardless of their economic living conditions.
- Culture is not a variable.
- Culture is not a dimension.
- Culture is a perspective—but one that always includes a reflection of itself due to the culturally embedded nature of knowledge.
- Our understanding of the world is always socio-historical.
- Corporate image is not a more or less true or false simple belief.
- Corporate identity is both a matter of walking the talk and talking the walk.
- Culture is deeper than we can normally account for in verbalized decision rules or decision principles. Corporate reality should therefore be investigated as much through observation as through interviews.
- Any economic and/or managerial practice is cultural.

Review and discussion questions

1. What are the most important differences between a classical and a "cultural" perspective on brand values? Which ones are salient in the case of Kjaer Group?

2. What is the relationship between activity and discursivity (the "walking" and the "talking") before and after the change in the corporate value structure? What are the consequences of the activity-discursivity relationship for how you have to conduct culturally-oriented research in organizations?
3. It obviously means a lot whether a society is very poor or very rich—or somewhere in between—with regards to how life and its priorities are organized. However, that does not mean that culture is less relevant or less enriching in poor societies. Try to discuss and explain this based on the arguments concerning Maslow presented here.
4. Discuss the possibilities and difficulties that meet the culturally-oriented marketing consultant.

Keywords

Corporate branding, brand values, (critique of) Maslow's hierarchy of needs, consultancy project.

Note

1 http://kjaergroup.com/about-us/mission-vision-values (Accessed 31 October 2010).

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Part III

Researching consumers, marketers, and markets

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14 How you see is what you get

Market research as modes of knowledge production

Sofie Møller Bjerrisgaard and Dannie Kjeldgaard

Overview

The chapter first outlines the basic tenets of the marketing concept and the idea of market orientation. This is seen as the underlying ideological frame of reference for various market research paradigms. Following that, we discuss two predominant ways of thinking about market knowledge—what we term "modes of knowledge production" identified in the market research literature. Next, we illustrate how these two modes are circulating and are in tension in the organizational setting of a global advertising agency. From the ethnographic study we illustrate through a number of brand case stories how the different modes of knowledge production influences the type of practical advice given to clients and how the modes of knowledge production lead to quite different brand positioning strategies and product development processes.

14.1 Introduction

The point of departure for this chapter is the assumption that the type of market research technique used in the search for market and consumer insights matter. The outcomes of market research depend upon the nature of the methods applied. To most marketers this is common knowledge, but the questions of *how* different methods impact on market research outcomes and how organizations should handle this are not equally obvious. In this chapter we examine how divergent practices and orientations of market research frame the type of knowledge generated about consumers, markets, products, and brands in global markets. We do this through an ethnographic study of research practices in one particular organizational setting—a global advertising agency.

This chapter discusses the embeddedness of global market research in discourses and mythologies of markets, consumers, products, and globalization which frames market research practices and consequently brand communication and product development. We argue that practitioners should acknowledge such embeddedness, understand the nature thereof and through such reflexivity (Peñaloza & Venkatesh 2006) improve their understanding of the cultural meaning system of the global marketplace.

By focusing on the embeddedness of market research, we present an alternative understanding of the role of market research practices as co-constitutive of global marketplace culture. This should be seen in opposition to a more traditional understanding of market research stressing the ability to enhance market transparency and hereby permit rational, strategic, and profit maximizing decisions through market orientation and the fulfillment of

consumer needs, desires, and aspirations. Instead of viewing market research as the transmitter of objective and external market information into the organization, we argue that markets are constituted by systems of meaning under continuous (re)-production. Hence market research is viewed as a central practice of meaning construction and reproduction in which the cultural myths and codes of the particular organization and the wider market system in which it is embedded are articulated. This does not mean that market research is useless, lacking in value, and should be abandoned altogether. What it does mean is that organizations should take advantage of understanding their own cultural embeddedness in the global marketplace. Through reflexivity of the cultural myths of the market system, organizations potentially become capable of challenging dogmatised ways of thinking about both their market research culture and market conditions. Hence a reflexive approach to market research contains a potential for transformation and may instantiate a redefinition of organizations' positions in the meaning system of the market.

14.2 The marketing concept and market orientation

In this section we briefly look at the historical contours of the rise of classical marketing philosophy and management with an emphasis on the idea of market orientation. The market orientation logic suggests a certain relation between organizations and markets in which practices of market research play crucial roles. It is furthermore argued that the cultural turn in the social sciences has influenced practices of market research in becoming increasingly attuned to cultural dimensions of market research. As a result, different techniques of market research based on a more constructivist epistemology are implemented as an alternative to the existing functionalist logic.

The marketing concept and marketing as a business philosophy and academic undertaking developed as Western societies in the post-Second World War period experienced extensive growth and affluence among a large proportion of their populations. Society, now described in terms of consumer society (Baudrillard, 1988), was characterized by material abundance standing in distinct contrast to experiences of scarcity of the preceding decades (Webster, 1988, p. 31). The notion of consumer society not only signifies an increase in the number of market offerings and competing brands but equally marks the beginning of an era in which structures of consumption gradually replace structures of production as the dominant space for social and cultural reproduction (Ritzer, 1997, p. 35, Featherstone, 1991). Marketing, both as managerial and academic practice was part of, and became the answer to, these transformations. It was argued that the economic and social transformations inherent in the transition to consumer society challenged organizations to redirect their primary concern from optimizing production to satisfying customers. This argument was presented by Levitt in his seminal 1960 *Harvard Business Review* article in which he stated the following:

> … the organization must learn to think of itself not as producing goods and services but as buying customers, as doing the things that will make people want to do business with it.
>
> *(Levitt, 1960, p. 149)*

This development equally involved a reorientation from short-run tactics of production to long-run strategic marketing in which the needs, wants, desires, and aspirations of customers became pivotal and decisive for the running of the organization as a whole.

As such, marketing is often defined as a business philosophy governing organizational culture and management horizons with consumers center stage, as well as a concept guiding everyday business operations within the logic of that general business philosophy (Christensen, 1994, p. 21).

The organizational implementation of the marketing concept in correspondence to the overall marketing philosophy is what Kohli and Jaworski (1990, p. 1) in their frequently cited article define as market orientation. It is argued that organizations, in order to be market-oriented, should commit to organization-wide generation of market intelligence, dissemination of intelligence across departments, and organization-wide responsiveness to it. This advocacy in favor of market orientation is based on a statement of continuous change of customer needs and expectations (Jaworski & Kohli, 1993, p. 53). Market research practices play core roles in the establishment of market orientation and are as such, closely linked to the essence of marketing as a persistent organizational interest in understanding markets and consumers in order to assure long-term profitability. There are many different techniques of market research. Each of these contributes in its own right to the understanding of markets and consumers. Market research methods are often divided into groups of quantitative and qualitative techniques in order to point towards the different criteria of reliability and validity. Throughout this chapter, we suggest a division of market research practices in terms of epistemology which is related but not restricted to issues of reliability and validity or to techniques of data collection. Within philosophy of science debates in marketing and more widely in the sciences, epistemology denotes different ways of gaining knowledge about reality. Here, we choose to use the term "modes of knowledge production" to emphasize the practical implication of epistemological considerations for the managerially-oriented reader. We hereby create the following two categories of market research identified in the market research literature: A *functionalist* mode of knowledge production and a *cultural* mode of knowledge production. Both categories are, despite their differences, embedded in the market orientation logic and serve organizations' attempts to understand markets and consumers.

14.3 The eternal battle in/of marketing research

In this section we argue that the ideological embeddedness of market research practices can fruitfully be seen in the light of the continuous discussion of epistemology and philosophy of science in/of the marketing discipline. It is by no means our intention to reproduce the discussion, nor to participate in judgment of superiority, but merely to draw on the distinction between positivist/logical empiricist/rationalist and constructivist/interpretive/humanistic approaches to marketing research emphasized in the literature (Hunt, 1976, 1990; Peter & Olson, 1983; Deshpande, 1983; Hudson & Ozanne, 1988; Hirschman, 1988; Brown, 2001). This distinction is made due to significant differences in epistemology which refers to divergent conceptions of the nature of reality and access to knowledge about reality. Below, the main characteristics of what we tentatively label positivist and constructivist philosophy of science positions are briefly recaptured in order to establish a platform for discussing divergent modes of producing market and consumer knowledge in practices of market research. Market research practices embedded in either a positivist or a constructivist epistemology are equally engaged in market-oriented efforts of representing consumers and markets to organizational decision-makers (indeed it has been pointed out that ethnographic market research is equally obsessed with the individual consumer as "fetish") (Arnould & Cayla, 2015).

Yet it is the purpose of the following section to discuss how this task of representation is constituted differently within the two modes of knowledge production. We should note here that outlining two modes of knowledge production is an analytical split made to draw out ideal typical characteristics of different practices.

14.3.1 Mirroring and measuring market demand

The positivist approach emphasizes the existence of one single physical reality characterized by discrete elements related through causal relationships. The role of research is to establish objective and value-neutral knowledge and measures, representative across time and context. For market research practices this epistemological stance implies a focus on understanding individual consumer actions as the causal effects of intrinsic preferences. In one of the most widely used textbooks on applied marketing research, *Marketing Research: An Applied Approach* by Malhotra and Birks (2006) the purpose of market research practices is stated in the following manner:

> The role of marketing research is … on the identification and satisfaction of customer needs. To determine customer needs and to implement marketing strategies and plans aimed at satisfying those needs, marketing managers need information about customers, competitors and other forces in the market place.
>
> *(Malhotra & Birks, 2006, p. 5)*

The quote clearly reproduces the focus on individual customer needs as the major determinant for understanding markets and it takes for granted that people are equipped with internal needs which can be articulated and measured and eventually satisfied upon request from market researchers. It is argued by Slater and Tonkiss (2001, p. 46) that the extensive interest in individual consumer preferences as the determinant for market demand is inherited from the discipline of micro-economics and the notion of "Homo Economicus." In classical economics, all human behavior is reduced to the subjective maximization of marginal utility (Becker, 1993). Following the logic of marginal utility, this appears at the individual level as consumers behave in correspondence to their internal wants, ranked in order of preference. The methodological individualism predominant in the positivist paradigm has uncritically adopted the assumptions of value-neutrality and objectivity of marginal utility theory—an objectivity established through the theory's mathematical nature, mimicking conditions of the natural sciences. This approach to understanding consumers includes what Østergaard and Jantzen (2000, p. 14) label buyer and consumer behavior. Buyer behavior is based on behaviorist psychology in which humans are seen as purely physiological, and consumption is evaluated as the response to instinctive needs such as hunger or sex. Consumer behavior is primarily concerned with understanding consumption choices as a rational cognitive process inspired by cognitive psychology. In this approach, the focus is removed from physical needs to rational wants based on extensive information processing. Both buyer and consumer behavior hold the individual as the central unit of analysis and assumes the possibility of market researcher and their techniques to be able to adequately mirror and measure the internal needs and wants of consumers and subsequently transform the information into satisfying products.

The next quote from the same marketing research textbook establishes the link between consumer needs and wants, relevant market information, and improvement of organizational decision-making.

> The overall purpose of marketing research is to assess information needs and provide the relevant information in a systematic and objective manner to improve marketing decision making.
>
> *(Malhotra & Birks, 2006, p. 28)*

The citation first pinpoints the objectivity of practices of market research assumed in a positivist epistemology. This evaluation of market research practices as objective stands in sheer contrast to our argument of the ideological embeddedness of these organizational practices. The extract from the book furthermore stresses how knowledge about consumers is supposed to improve decision-making. What is not even mentioned in the quote, but taken for granted, is that improved decisions on the basis of market research are implicitly expected to enhance business performance. This relation between rational decision-making and business performance constitutes the core of the market orientation logic, mentioned earlier. Hence it becomes clear how not only consumers but also marketing managers are perceived as rational actors seeking to maximize utility.

This brief description of the role of market research practices has emphasized the focus on individual consumer preferences displayed by positivism. The assumed objectivity and neutrality of market research has been foregrounded and described as a heritage from microeconomics. Finally, the logical relation between the assessment and measurement of consumer preferences through market research practices, the improvement of management decision-making, and subsequently improved business performance in accordance with the market orientation logic has been explicated.

14.3.2 Interpreting and understanding consumers

As a contrast to the positivist paradigm, the constructivist approach stresses the mutual interdependence of the researcher and the phenomenon examined. This implies that results are subjective, value-laden, and differ according to context. The ideal is ideographic and rich descriptions of the phenomenon. The focus is removed from causes and effect to a holistic and emic understanding stressing on the one side the processes through which individuals construct a meaningful life through acts of consumption and, on the other, how consumptions objects are inscribed with cultural/symbolic meaning through which social life is organized. According to Østergaard and Jantzen (2000), consumer preferences are no longer a matter of rational decision-making but of emotional and narcissistic desire. Alternatively, they argue, understanding consumption should abandon the methodological individualism and approach the topic as a matter of sociocultural means of communication and integration. This change of focus in marketing can be seen as equivalent to the interpretive turn in the social sciences at large (Sherry, 1991) with focus on the role of language and signifying practices (Ray & Sayer, 1999) and on the interpretive activities by which people make sense of their lives (Thompson, 1997, p. 438). The marketing research methods embedded in a constructivist paradigm are not uniform but draw equally on the understanding of reciprocity between individual level perceptions and actions, and cultural meanings (McCracken, 1986).

From the constructivist paradigm, market-oriented ethnography (Arnould & Wallendorf, 1994) and hermeneutic interpretation (Thompson, 1997) are presented as two marketing research methods particularly forceful in developing strategically useful marketing insights from qualitative data. Through market-oriented ethnographies, the focus on the individual embeddedness in cultural patterns of meaning potentially result in models for understanding patterns of consumer actions that are cultural and/or social rather than cognitive (Arnould

& Wallendorf, 1994, p. 485). In a similar vein, hermeneutic interpretation of consumption stories are intended to contribute to the understanding of consumers through in-depth analysis of the symbolic meanings and patterns framing their sense of self-identity and life-world context (Thompson, 1997, p. 451). Both approaches to market research remove the emphasis of positivist marketing research on individual preferences and focus on the notion of cultural meaning and its relation of mutual constituency to individual and collective consumer perceptions and behavior.

Due to significant vocabulary differences, the market orientation logic does at first glance not seem to include the constructivist approaches. Whereas the market orientation logic and the positivist paradigm both center on individual preferences and the satisfaction of these through adequate market offerings, methods within the constructivist paradigm are focused on understanding cultural meanings. At a closer look though, the insights into the patterns of cultural meanings governing consumer behavior are also intended to equip marketing managers with better prerequisites for making strategic decisions, targeting consumers more efficiently and ultimately increasing organizational performance.

It has been described how marketing research is divided into two distinct epistemological paradigms. Each paradigm operates according to a set of assumptions about reality and the nature of knowledge about reality. Another core difference concerns the perception of human behavior. Whereas the positivist paradigm conceives of behavior as the result of intrinsic needs or wants, the constructivist approach evaluates human behavior as the outcome of processes of sense-making based on cultural patterns of meaning. The rest of the chapter is dedicated to the empirical examination of how the epistemological variations in marketing research play out in an organizational context.

14.3.3 The empirical setting, data, and strategies of interpretation

The empirical material used for this chapter comes from a study of a strategic unit for global ethnographic market research, named SignBank, in a global advertising agency. The study is based on several types of data. A total of 20 unstructured interviews were conducted with organizational members engaged in SignBank. Most important were interviews with strategic planners across 11 countries that developed and implemented SignBank throughout the organization. Interviews with global top management on the implications of SignBank on new business development, PR, agency creativity and strategy, organizational skills development, and corporate culture allow for a more comprehensive understanding of the role of ethnographic and more traditional research techniques in global market research and advertising more generally. The study also builds on the analysis of extensive amounts of documents concerning SignBank, describing both the method per se and the use of it in client business. Furthermore, observations have been made during local, regional, and global meetings concerning SignBank. SignBank is, according to the originators, initiated on the basis of a feeling of insufficiency of market and consumer knowledge relying on traditional qualitative and quantitative market research. SignBank is based on the idea of using the agency's 13,000 employees worldwide to observe and report on small changes in everyday life in their area. These observations are termed "signs" and delivered to designated "Friends of SignBank" who have participated in formal training sessions in the method. The "Friends of SignBank" are clustering and organizing the signs into meaningful patterns in accordance with the underlying methodology.

14.3.4 Modes of knowledge production

Based on close readings of informant interviews and textual material, the following paragraphs describe the cultural categories and patterns of meaning along which market realities are shaped through different modes of knowledge production of market research practices. The two modes of knowledge production identified are coexisting in the organizational setting and we have labeled them functionalist and cultural. These labels are chosen in order to point to the primary orientation of each production mode. The functionalist mode of knowledge production is embedded within the positivist paradigm and evaluates market research by its function to transmit market and consumer knowledge to managers. The cultural mode of knowledge production is embedded within the constructivist paradigm and characterized by its attempt to understand markets in terms of cultural narratives. It is exemplified how the functionalist and cultural modes of knowledge production are at stake in the organizational setting and subsequently the implications for market communication and new product development are outlined. The results are summarized in table 14.1.

14.3.5 Product category and consumer preferences—The structures of a functionalist mode of knowledge production

The structures along which markets are defined are identified as central elements in participants' narrative attempts to make sense of and organize what they perceive as their external market reality. These structures are emphasized in order to allude to the argument that practices of market research and the specific techniques used for the production of market knowledge are by no means neutral in terms of mirroring a pre-given external world. Instead, it is argued that practices of market research organize the generation of market knowledge and hence the way in which organizations conceive of their market reality—not within a value-free vacuum but within the web of symbolic meaning of a specific cultural context (Geertz, 1973).

In a functionalist mode of knowledge production, markets are, above all, organized along structures of product category. The notion of product category occurs in the discourses of informants as an objective and naturalized concept through which the organization can meaningfully reduce complexity by dividing the external world into manageable markets. The notion of product category serves as a means for identifying which business/market the organization is operating in. Through this process of complexity reduction, the organization is enabled to direct the attention of their market research effort.

The citation from the global new business manager of the advertising agency below illustrates how he understands markets through a division into product categories. He also assumes that marketing CEOs of the large companies the agency is pitching to are engaged in the same view upon market realities.

> From Brand Capital (the agency's global quantitative survey) we could get very very brand specific, we could go into a number of categories. We could go market by market by market and show a chief marketing officer where his brand tracked on a bunch of attribute versus his competition. So it became very brand specific. That's the type of thing that to some extent SignBank has to get into, I would love to figure out, how we open categories and then use SignBank and say if you're a pet food manufacturer these

> are the observations from SignBank that are very interesting, and then allow that company to have some more in-depth and engagement.
>
> *(Global New Business Manager, New York)*

> With SignBank, I think we need to zero in on category … otherwise it's totally uneffective because they (CMOs) just, they screen it out.
>
> *(Global New Business Manager, New York)*

He suggests that SignBank should be able to deliver marketing insights along the same lines of division as traditional market research techniques. The citations illustrate his embeddedness in the functionalist mode of constructing knowledge about markets. Furthermore it becomes very obvious that he does not recognize SignBank as an alternative way of understanding markets which potentially would enrich his own and clients' market perceptions.

Beyond the overall division of markets in terms of product category, the functionalist mode of knowledge production amplifies certain structures in order to make sense of each of these. Consumer preferences are in accordance with the overall logic of market orientation installed as the primary locus of attention. The notion of consumer needs and preferences is within the market orientation logic and positivist market research treated as given phenomenon which only demand the right techniques in order to be properly unveiled, measured, and eventually satisfied by marketers and their product offerings.

The understanding of consumer preferences as a structure which shapes and co-constitutes organizational market realities renders visible through informants' discourses on consumption and consumers, products, and the organizational role of market research. The market orientation discourse represents consumers as consuming agents with intrinsic preferences, needs, desires, and aspirations which are met through the consumption of specific products. So as for practices of market research and the knowledge produced within, the detection of consumer preferences concerning a specific product category becomes central. The following quote from an executive strategic planner in Malaysia illustrates the contrast of producing market knowledge through a functionalist or cultural mode and equally pays attention to the potentially different strategic outcomes of the two research methods.

> When you are trying to understand liquorice, what normal marketers do in this modernised professional world is that they commission surveys of around 800 to 1000 people, and they ask them every damn question you can imagine about liquorice. Whether they like it in animal shapes or if they like it in alphabet shapes … I mean they will ask you 800 questions about liquorice. When you buy liquorice, what you eat, how many grams of liquorice do you eat, all sorts of stuff, because they try to exhort all the information they need on liquorice. They might even ask about other types of sweets like candy, gum, and so on, because it's in the candy category. What they don't do is they ask is when you watch TV, do you like stuff to be very sweet or be medium sweet or do you like stuff to be bitter. They don't ask about your taste in entertainment. What they don't ask you is how are you treating your children these days? Are you disciplining them or are you not disciplining them, which might affect how often you buy sweets. Those things are what SignBank uses to understand categories. You don't understand categories from that small percentage of time you spend thinking about liquorice. When would you ever think 800 different things about liquorice? You would never. But all the other stuff that you are thinking about … oh, no my children are getting very spoiled or … I don't like … I have lost my taste for sweet stuff. Or I think I should reward myself more often with

> small things. All these kinds of ideas have nothing to do with candy, but inform how and when you purchase candy or what kind of candy you like. You might … if you feel like you need to reward yourself more often, you might want to make this liquorice more luxurious, more of a decadent luxury than it is now. If you wanted to … if you are more health conscious obviously, you would have less sugar on it.
>
> *(Executive Strategic Planner, Malaysia)*

In this quote, the executive strategic planner illustrates enormous reflexivity upon the functionalist mode of knowledge production without herself subscribing to this understanding of markets. She nearly ridicules the concern for individual consumers and the trust by traditional market research techniques in the display of consumer preferences upon request from market researchers. The primary division of market realities by product category is equally brought into play as the informant stresses the fact that potentially "800 questions" would be asked about what consumers think about liquorice but not a single one trying to contextualize the answers. SignBank is emphasized as a possible way of contextualizing consumer behavior and understanding consumers in relation to issues of conducting a meaningful life and not the small percentage of time spent wondering about a certain product and its specific attributes.

The categorization of traditional market information based on functionalist modes of knowledge production produces frameworks of segmentation through which organizations are able to assess the profitability of various segments. Both quantitative and qualitative techniques of market research are engaged in the structuring of market realities according to notions of intrinsic consumer preferences and subsequently profitable market segments.

The dimensions of time and space have proved important for understanding how different modes of knowledge production in practices of market research are co-constitutive of organizational market realities. The reference to space within a functionalist mode of knowledge production becomes relevant in terms of markets as discrete geographical units. These units are often determined through nationality but may also refer to larger regions such as Asia or Europe. In a world of globalization in which an increasing number of organizations operate across borders, this conception of space requires market research methods capable of representing and mirroring consumer preferences in specific product categories across many countries. Processes of globalization in a functionalist mode of knowledge production are perceived to contribute to a sense of accelerated change in which consumer preferences and lifestyles become increasingly unstable. As a consequence, the date of expiration of market knowledge is drawn ever nearer. The same global new business manager who earlier advocated for product categories as the best way of understanding markets here addresses the issue of rapid market changes and the challenge this poses for functionalist market research.

> There are two problems with Brand capital. It was a very expensive study for us and once it was say one year old it was, it might as well be ten years. Because prospects and clients say anything over a year old, if in January I start talking about 2005 you might as well be talking about 1910, and whether it's valid or not, the feeling is that the world is moving so fast these days.
>
> *(Global New Business Manager, New York)*

The new business manager reflects upon the soundness of his feeling of accelerated change processes whereas he refers to the demand of clients and prospects as legitimization of the continuous renewal of market knowledge. These perceived requirements of

globally representative and up-to-date market information form a serious financial and practical challenge to organizations and to the functionalist mode of knowledge production as such.

14.3.6 Summarizing

It has been described how what we term functionalist modes of knowledge production are framing the process through which organizations are engaged in to make sense of their market realities in a specific way. As an a priori reduction of complexity, markets are divided along a structure of product category which determines the relevant area for further market research. In the case story below it is illustrated how market actors determine the relevance of information in terms of their own position within a specific product category. Hereafter the notion of consumer preferences is identified as an important structure according to which organizations understand consumers and consumption, the role of market research, and products in respectively detecting and satisfying these preferences. Finally it has been noticed how processes of globalization in terms of, on the one hand, an increasing number of organizations operating across national borders, and on the other hand, a perception of acceleration of changes in consumer preferences and lifestyles, display a magnificent challenge to practices of market research based upon functionalist modes of knowledge production. This challenge occurs as market research is expected continuously to deliver up-to-date, representative market knowledge on consumer preferences across segments, product categories, and national borders.

14.4 Cultural narratives as the structuring of markets

In this section we continue the argument that practices of market research form ideological frames of reference through which marketing practitioners make sense of their market surroundings. We describe how changes in the choice of market research techniques and a different mode of producing market knowledge lead to alternative understandings of markets. The second mode of knowledge production is characterized by a more cultural perspective of the market, and primarily utilizes ethnographic techniques. It looks at demand and consumption as sociocultural phenomena through which consumers create meaningful lives and personal identities.

Different techniques and modes of knowledge production not only reshape marketing practitioners' understanding of the market in which they are operating, but equally open up new opportunities for product development, positioning, and market communication. With a cultural mode of knowledge production, markets are primarily divided along the structure of what we term cultural narratives, which cut across product categories and industries. The following citation from a managing director in Singapore is illustrative of the perception of new opportunities opened through the application of SignBank.

> I think that's what SignBank does; it gives you permission and this is an important point, it gives you permission to look at other, seemingly unrelated areas and allow yourself to try to make the connection between those things. Other methods don't allow these relations of what's going on with let's say the apple business, it's not something related to what's going on in the technology sector or the finance sector, it's all unrelated, but what SignBank does is it allows you to bring that together and it allows you to look at the differences and the changes and the ups and downs of that industry and

> make analogous connections to something else … SignBank allows us to look everywhere for solutions.
>
> *(Managing Director, Singapore)*

Informants' descriptions of how SignBank facilitates new market perspectives are less precise and characterized by a larger degree of uncertainty and hesitation than the notion of product category organizing the functionalist mode of knowledge production. This can be understood in terms of the relative novelty of the method and the vocabulary used in describing and using it. Cultural narratives establish an equivalent a priori reduction of complexity to that of product category in the functionalist mode of knowledge production. It is assumed by marketing practitioners ascribing to ethnographic market research practices that markets are meaningfully divided and understood in terms of underlying cultural streams of meaning. As a consequence, consumption is not a matter of satisfying consumer preferences through the acquisition of products specifically targeted towards certain needs, wants, and desires. Instead, consumption is evaluated in terms of contributing to a meaningful life of consumers and products are thought to be inscribed with cultural meaning and hereby play a role as resources for consumer identity projects. Case 14.1 below describes how the insight into specific cultural narratives informed the product development and market communication process of a specific technology product.

Case 14.1 Cultural narrative of micro-sphearing

One of the managing directors of the agency's San Francisco branch reported on the development of both market communication and product development for a specific smart phone brand based on SignBank. The North American SignBank had on the basis of the collection and structuring of signs identified a cultural narrative on people's increased concern with filtering and controlling the character and amount of information and stimuli reaching them. This was labeled "micro-sphearing." In connection with the development of smart phones, this insight pointed towards the importance of being able to control the stream of ingoing information, but at the same time, being able to use the phone. Existing smart phones in the market would either be turned completely on or off whereas this particular brand was equipped with the feature of being able to use the phone without being disturbed by incoming calls or emails. This feature was also stressed in the market communication for the brand.

As a consequence of the focus of cultural narratives, practices of market research are no longer primarily concerned with the detection of consumer preferences and the division of these into segments according to demographic and lifestyle components. Instead, cultural modes of knowledge production are bound to the understanding and description of cultural patterns and changes in these. As a consequence hereof, the cultural mode of knowledge production does not focus solely on acts of consumption but more broadly on the notion of "people in life" which is supposed to indicate a more general interest in all aspects of human life. This understanding of consumers is reflected in a mantra-like sentence which occurs repeatedly in both interviews and document material. It is stressed that: "People only spend 3 percent of their time consuming" and therefore market research should be concerned

with a much broader approach to understanding the role of consumption and products in people's lives.

Whereas the functionalist mode of knowledge production is structured by temporal and spatial references shaping markets in terms of discrete geographical units and shorter periods of validity of market knowledge, the cultural mode of knowledge production is, according to informants, formed differently by processes of globalization. In the process of uncovering cultural narratives through market ethnography, the spatial genesis of specific observations become more or less irrelevant. It is the contribution of market observations to a holistic, coherent, and meaningful cultural narrative which counts for its validity and legitimacy and not the degree of statistic representation in a given geographic area. The second case story at the end of the chapter concerning the new product development of a premium beer in Denmark is based on signs from many different geographical locations but the product is only launched in the home market. Hence the role of spatiality is assumed to be one of interconnectedness of places through shared cultural patterns brought to life through ethnographic market research and its cultural narratives. This means that markets are not divided along structures of separate geographical units, but in terms of shared cultural patterns of meaning which may be geographically dispersed. As a part and consequence of processes of globalization, these cultural narratives are flowing in an increasingly disjunctive way, forming new and unexpected interconnections of similarity and difference across national borders (Appadurai, 1990;see also Bjerrisgaard & Kjeldgaard, 2013 for more detail on the space and materiality-making outcomes of global market research). The following account of how ideas and meanings are transcending borders but manifested differently according to local cultures and the influence hereof on advertising illustrates the understanding of markets in terms of interconnectedness of places through varying degrees of similarity and difference in streams of cultural meaning.

> I think that the idea can be assured globally, I generally think it's maximized when the actual interpretation of that idea is done at the local market level. So I'll give you an example of it; so this brand of cleaning products has always been about these disinfecting products. So both in Latin America and in North America we came up with the idea that it was all about growing happy healthy kids so it wasn't about killing germs it was about the kids you grow. So that's a North American idea, and you have to look at how that interprets itself in Buenos Aires, it might be really different than how it might manifest itself in China, what is a happy healthy kid, how is motherhood portrayed, all of those things have very local cultures associated with them. So, I do believe that ideas transcend, but are interpreted when they're brought to life at the local market level. So in my sense there're some fat things that people will love in every culture, you know like having healthy kids right, so the core of the ideas can be the same, but I think the local market interpretations will always be really valuable.
>
> *(Managing Director, San Francisco)*

Spatial references and geography do not turn obsolete due to the shaping of market realities through cultural narratives. But instead of organizing markets along lines of separate national boundaries, informants perceive places to be connected through systems of meaning.

The cultural mode of knowledge production also relates in its own way to structures of temporality. As ethnographic market research techniques are assumed to uncover the shared structures of meaning constituting the horizon of conceivable consumer thoughts, actions, and aspirations, these are not assumed to change completely overnight. Through continuous

observations in the marketplace, SignBank practitioners seek to catch both gradual and more radical changes in the cultural narratives and be able to translate these into new market opportunities. Due to their relative stability, knowledge of past and present cultural patterns are viewed as resources for understanding and foreseeing future market potential.

14.4.1 Summarizing

In market research practices ascribing to a cultural mode of knowledge production, market realities are structured through cultural narratives. These narratives are not thought of as mutually exclusive and independent but as interconnected and overlapping. The lack of more clear-cut division of markets into separable units of business is in line with the overall wish to establish a more holistic view of the marketplace. Yet, as a way of reducing complexity, the cultural mode of market research offers cultural narratives as the main structure of division. The narratives form coherent discourses representing products as cultural resources of meaning, taking in consumers' continuous engagement in identity projects and performance of a meaningful life. Hence market research practices are thought to operate in order to unveil the underlying streams of cultural meaning in order to strategically apply this market knowledge in the development of products, positioning, and market communication.

The challenges of globalization processes posed to functionalist modes of knowledge production amplified in the previous section are partially overcome through a cultural approach to market research. As cultural narratives are neither defined in terms of discrete geographical units nor fall victim to accelerated processes of change in consumer preferences, they do not meet identical requirements of representation and freshness. As an alternative, the narratives are imagined as translocal cultural patterns which only change gradually and therefore constitute symbolic flows of meaning across boundaries and hereby become both part and consequence of globalization processes.

14.5 Two modes of knowledge production

Table 14.1 summarizes the ideological structures of functionalist and cultural modes of knowledge production organizing market realities within a global advertising agency.

As it has been stressed throughout this chapter, organizational commitment to specific techniques and modes of knowledge production in market research practices is by no means value-neutral but co-constitutive of the way in which organizational market reality springs into existence. The assumptions underlying this argument are born out of the linguistic turn in the social sciences in which the social construction of reality forms one of the primary pillars. We wish to allude not only to the consequences of different modes of knowledge production for the perception of market realities but equally to the managerial implications hereof on product development, market communication, and corporate identity.

14.6 Marketing implications: The cultural mode of knowledge production in new product development

The following case illustrates how the cultural narratives identified through SignBank structured the market reality of the advertising agency in a very specific way and hereby became co-constitutive of a business solution for a large Danish brewery facing declining market share in its core business. The cultural narratives were translated into manageable and meaningful market information concerning the beer business in Denmark. The beer case

Table 14.1 Ideological structures of functionalist versus cultural modes of knowledge production

	Functionalist mode of knowledge production	*Cultural mode of knowledge production*
Consumption	Fulfilling specific needs, desires and aspirations	A part of creating a meaningful life
Products	Satisfying specific needs, desires and aspirations	Ascribed with cultural meaning
Market research	Detecting consumer preferences and market opportunities	Identifying cultural patterns and the implications of these on consumption
Consumers	People as consuming agents	People in life
Generating consumer insight	Acts of consumption Consumption narratives Demographic and lifestyle variables Creating segments	Approached through their symbolic universes
Market communication	Consumers understand and engage in marketing communication	Consumers use and mold marketing communication
Time	Up to date vs. outdated	Knowledge of past and present as resources for understanding the future
Space	Geographical units	The interconnectedness of places
Market research and the shaping of markets	Product categories	Cultural narratives

is an example of the eye-opening potential of the method as used by the agency in reconfiguring the understanding of markets and the successful outcome in terms of sales and market share of the product.

Case 14.2 Cultural narratives for a leading beer brand in Denmark

The leading Danish beer brand experienced throughout the late 1990s increasing difficulties in preserving the price premium, and market share, of their big mainstream product. Private labels had taken about 30 percent of the beer market within a very short time. Two main challenges were defined by the company and the ad agency. On the one hand, the price premium had to be legitimized through increased attraction and trustworthiness of the master brand and on the other hand, new market and growth opportunities were sought.

The overall cultural narratives identified through SignBank were creatively applied to the realm of beer business and resulted in two primary insights on the challenges of the company:

- The mainstream product was caught in a market position between cheaper private labels and more expensive premium brands. This position appeared unattractive due to cultural changes towards, on the one side, cynicism in consumption choices invisible to others leading to the purchase of cheap private label products, and on

the other side, flagging success and identity through consumption of luxury and premium brands.
- SignBank indicates that as they turn towards seriousness and occupation with material success in life, consumers do not engage in market communication just for the fun of it. Instead, SignBank indicated the need for brands to "walk the talk," not remain in ad-land, and become real physical manifestations in people's lives.

The reasoning behind the identification of these cultural changes can be exemplified by a couple of signs used in the process of constructing the cultural narratives. It was noticed that the public heroes and icons celebrated had changed from actors and TV stars to successful CEOs and CFOs. Another sign of what SignBank labels "consumer sobermindedness" (with a focus on materialism, bottom line, and ambition as opposed to the creativity, curiosity, and self-realization of the 1990s) is the clear lines drawn between good and evil, enemy vs. hero and friend vs. foe, as exemplified in George W. Bush's rhetoric of the axis of evil. The signs used in the formulation of these cultural changes and narratives are derived from a large variety of countries but applied within the national context of Denmark illustrating the meaning of space at stake in the cultural mode of knowledge production.

Based on the cultural narratives developed through SignBank which pointed towards the position of the master beer brand as between cheap private labels and premium brands as the major challenge, the ad agency formulated the following strategic recommendations:

- Create a true superior specialty beer carrying all elements of the master brand; quality, uncompromising attitude to beer, dedication, heritage, and pride.
- Make the elements of the master brand a part of people's lives through this beer; reopen the old brewery of the founder, make a superior beer with exclusive packaging, design, bottle, pricing, distribution, and communication.
- Make a beer for the modern side of the consumers who are willing to pay, and increasingly eager to differentiate themselves, through their ability to appreciate high-quality premium products.

It is noticed by the leading strategic planner involved in the project that "the logical thing to do would have been to enter the discount and private-label category and [fight] for market shares within the battlefield of price." Hereby the market knowledge created through SignBank is clearly marked as a crucial source of information leading to different solutions than those generated within a functional mode of knowledge production.

The recommendations of the agency were followed by the brewery and within a six-month period of the launch, it was reported that the new product had turned negative growth in sales of the mainstream brand into positive growth rates. The goals for sales and market share of the new brand were both superseded within one year of the launch and the new brand had a market share of more than one-fifth of the market for specialty beer.

14.7 Conclusions

This case illustrates the way in which different modes of knowledge production significantly shape the outcome of product development processes. The implications for managers are to understand the ideological embeddedness of market research practices, and to appreciate markets as social constructions (Peñaloza & Venkatesh, 2006). Hence, markets are not discrete units of analysis waiting to be mirrored and unveiled through market research and other marketing activities, but rather that they as practitioners constitute market realities through ideologically embedded modes of knowledge production in their routine practices of market research (Nielsson & Helgesson, 2015; Ruiz & Holmlund, 2017).

The implications of the embeddedness of market research primarily have to do with organizational introspection. Through reflexivity upon the cultural and ideological embeddedness of market research practices, researchers gain an understanding of their own position and roles in the cultural meaning system of the marketplace. This insight can be used to engage divergent modes of knowledge production in the strategic and creative processes of market communications and product development. Involving different modes of knowledge production in practices of market research sensitizes the organization to its co-creative resources, and serves the purpose of gaining a more nuanced view into the nature of markets. Hereby, consumer preferences can be demystified and released from the cognitive black box of consumer minds which marketers from a positivist stance desperately need to measure ever more precisely. Instead, consumer preferences should be reinterpreted as market opportunities created through the integration of market insight produced through practices of market research and other organizational resources of sense-making (Cayla, Beers, & Arnould, 2014). More specifically, we recommend that:

1. Managers become more reflexive of the way marketing theory provides normative ideas of practice. Marketing education in business school programmes propagates particular ways of thinking of markets, consumers, and knowledge. Dominant modes of thinking are often communicated without the effort of legitimization. Organizations need to build skills that can identify a variety of modes of thinking so as to make the organization aware of the perspective it employs.
2. Analyze how the organization is embedded in—rather than situated outside of—the markets they are strategically engaged in.
3. The organization must become aware of what kind of mode of market research knowledge they employ, including how the adherence to a specific mode of market research knowledge inflects strategies and practices. That is, at the tactical level, they must be able to identify and make decisions between particular modes of market research knowledge.

These are by no means easy tasks and the solution lies not in searching for the "ten easy steps." Rather, it requires organizations to recruit human resources that have been trained in multiple scientific paradigms and that the organization encourages and gives opportunity for self-reflection.

Review and discussion questions

1. What are the most important differences between a cultural and a functional perspective upon market research as presented in this chapter? How does the shift in perspective upon market research alter the understanding of what a market is?

2. How does the shift in perspective upon market research alter the understanding of the consumer?
3. What are the organizational challenges related to the cultural perspective upon market research practices?
4. What kind of new skills and competences do organizations need in order to become a) more competent in a variety of market research methods, and b) more reflective of their market research practices?
5. How are globalization processes involved in the transformation of market research?

Keywords

Marketing research, interpretive analysis, researcher introspection, reflexivity.

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15 Interpretive marketing research

Using ethnography in strategic market development

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Overview

This chapter focuses on interpretive research in marketing. As a methodological approach, interpretivism is argued to be particularly well suited for gaining Thick Data—data that is rich in context, authentic details, and narrative quality—and for developing customer-oriented strategies. It provides scholars and marketers alike with in-depth qualitative insight into markets and customers' everyday lives, thus enabling them to keep up with and anticipate the continuous changes that are taking place in the marketplace. The chapter starts by discussing the general goals, principles, and practices of interpretive research, comparing it to the more traditional approaches of marketing research. Then, the chapter turns to exemplify the interpretive perspective by discussing how ethnography—a key methodology in the interpretive research paradigm—might be fruitfully employed in the context of strategic market development and branding. To conclude, the chapter outlines some challenges that marketing managers face when buying and evaluating interpretive research.

15.1 The case for interpretive marketing research

In most well-managed business organizations, marketing is based on research. Marketers systematically gather and analyze data and information about their target markets so as to gain strategic insight into their business environments and to learn about the ways in which they need to relate to their customers, competitors, and other important stakeholders to succeed in the market. And with the ever-increasing availability of Big Data, marketing management has become even more data-driven and evidence-based. Marketers now use a range of analytical approaches and technologies developed in computer science and machine learning that are leveraged to learn about and predict their customers' behaviors.

In producing these strategic insights, researchers draw on the body of knowledge that has accumulated in the field of marketing and consumer research, also borrowing from other disciplines, such as micro-economics, consumer psychology, sociology of consumption, anthropology, and information science. Using experiments, surveys, interviews, and observational methods, marketers seek to render their target markets and customers knowable and predictable as objects of marketing activities. The different models and techniques of marketing research are thus important intellectual tools—strategy tools—that enable marketing practitioners to make evidence-based decisions and to function effectively in creating and implementing marketing strategies.

Traditionally, the objective of marketing research has been to support managerial decision-making by providing information—facts and figures—for well-defined marketing problems,

typically by measuring and monitoring processes, activities, and preferences that already exist in the market. The focus has been on things that can be measured and quantified, because this type of information is often considered as reliable and valid in the boardroom. As an organizational function, marketing has often been accused of poor accountability and failure to show its impact in terms of achieving financial business objectives. This means that marketing managers often experience the burden of having to continuously defend their position within the company. Hence, to deliver the facts and figures expected of them, marketers have tended to rely on tools and research instruments that allow them to systematically measure particular indicators of performance such as consumer brand awareness, purchase intentions, and customer satisfaction.

We contend, however, that while the traditional tools of marketing inquiry are undoubtedly useful for addressing some of the questions that marketers are used to being asked to address in their day-to-day activities, they may not necessarily help them to ask the right questions—questions that allow them to gain insight into and predict the future desires and preferences of their customers or to identify new opportunities for market growth. For marketers, even Big Data—the patterns of behavior identified by means of complex algorithms—are meaningless without intelligent interpretation. As McAfee and Brynjolfsson (2012) put it, "Big data's power does not erase the need for vision or human insight." Hence, we argue, Big Data needs to be complemented with Thick Data: Interpretive data that are rich in context, authentic details, and narrative quality.

In this chapter, our aim is to introduce interpretive marketing research (Moisander & Valtonen, 2006; cf. also chapters 14 and 16) as a way of generating such Thick Data. "Thick data" is a term coined by the corporate anthropologist Tricia Wang (with a "nod" to anthropologist Clifford Geertz) and it denotes "data brought to light using qualitative, ethnographic research methods that uncover people's emotions, stories, and models of their world" (Wang, 2016). Compared to Big Data, Thick Data comes from a relatively small sample of customers, but it offers much context, depth, and emotions that Big Data and other quantitative techniques are unable to provide.

As a theoretical and methodological approach, interpretive marketing research is well suited for producing Thick Data because it helps marketers to explore and gain insight into the particular sociocultural categories (like gender, nationality, age, musical genres, or hobbies) that consumers commonly use to create a sense of self and differentiate themselves from others. Furthermore, Thick Data produces insights on the relationships between consumers who share their experiences and interact with each other in diverse consumption communities both online and offline. A particular strength of interpretive methodologies arguably is that they focus attention on the everyday contexts of consumer behavior and help marketing practitioners better understand the sociocultural dynamics of marketplace behavior.

In the sections that follow, we thus discuss interpretive marketing research as an intellectual technology that is particularly well suited for gaining Thick Data and for developing customer-oriented strategies in the contemporary multicultural and continuously changing market environments. We begin by briefly explaining what we mean by "interpretive methodologies" and what makes a study "interpretive." Then we elaborate on the nature of interpretive marketing research, using ethnography as a paradigmatic example, discussing the tools and methods that it offers for marketers to learn more about their customers and about ways in which products, brands, and services are used in everyday life.

First, we discuss the ways in which ethnography can be used to develop brand strategies, and then how it can be used to shape markets. Finally, we describe the ways in which

interpretive inquiry may help companies to improve the effectiveness of their marketing strategies, offering two illustrative cases.

15.2 What makes a study interpretive?

While the interpretive turn in marketing research arguably refers to a fairly heterogeneous body of research that draws on multiple theoretical traditions (Moisander, 2008; Moisander, Valtonen, & Hirsto, 2009), what makes a study "interpretive," is that it is based on theories and methodologies that draw on the interpretive approaches to social theories and philosophies of science. From this perspective, social action is intentional, and rule governed; it is performed in order to achieve particular purposes and in conformity to some rules (Fay & Moon, 1994). Therefore, social action such as marketplace activity can only make sense or be interpreted based on knowledge of these intentions and social rules. To illustrate, if we observe a man lifting his hand, we have no way of knowing what this bodily movement or gesture means unless we also have information about the intentions of this person or about the social context, i.e., the particular circumstances of the setting, in which it takes place. If the action takes place in a gym, we may interpret that the person is stretching and warming up before a workout. If, on the other hand, the action takes place in a classroom, we might think that the man is asking for permission to speak. In a corporate meeting room, he might be voting, and in a restaurant, signaling the waiter to come to the table. And in the street, he might just be happily greeting a friend. Hence, this single bodily movement—the lifting of a hand—counts as a vote, a signal, a salute, or an attempt to get warmed up before physical exercise, depending on the set of social rules and conventions that are applicable in the situation, and obviously also on the purposes that the actor engaging in the behavior happens to have for the activity. So, at an auction it might not be a good idea to stretch your shoulders by lifting your arms when the bidding is on!

Consequently, interpretive approaches to social inquiry are generally based on the idea that social action can only be interpreted by contextualizing it in the cultural system of concepts, rules, conventions, and beliefs that give meaning to that action. There are different streams of interpretivism (Schwandt, 2003), which differ in their conceptualization of the system of rules that give meaning to social behaviors. These rules can be naturalized cultural conventions and social practices, agreed-upon rules and regulations, or discursive systems. But in general, all interpretive approaches to social inquiry would seem to be based on the basic methodological principle that the concepts that are used to theorize and analyze social action (be it physical activities, mental events, or institutions) must capture the specific individual and/or collective meanings that these phenomena have among the social actors that are studied. In research practice, this means that researchers must try to use the same concepts and meanings that the subjects of their studies themselves use. Interpretive research and empirical analysis are, thus, "data-driven" and based on "emergent designs." The theoretical concepts that are employed in the studies are not fixed at the outset but rather drawn from the social life that is being studied—from the empirical context in which the action takes place—and gradually worked out from the data with the help of existing theories. In ethnography, for example, this means that researchers not only conduct open-ended personal interviews but also engage in systematic observation of the ways in which the members of the particular culture or community under study use language and other systems of meaning to make sense of their everyday life and to achieve social order. It also means that the research problems and the interpretive framework that guide empirical analysis are

continuously revised and further developed as the researchers get familiar with and learn more about the objects of their study.

Furthermore, interpretive research, ethnographic research in particular, is based on studying people in their natural environments, in situ, as active social beings and members of communities and cultures with particular collectively shared understandings, rituals, and social rules that guide and give meaning to actions within the immediate social context of the activity. It is emphasized, particularly in the cultural streams of interpretive marketing research, that people live in households, belong to groups and organizations, and define their identities in relation to ethnic, professional, and other subcultural communities. Therefore, they must be studied, addressed, and targeted as members of these groups, communities, and cultures (Moisander & Valtonen, 2006; Peñaloza & Venkatesh, 2006; Moisander, 2007; Moisander, Peñaloza, & Valtonen, 2009). Interpretive research differs from the more traditional research approaches in many ways. While aware of the risk of simplifying, in table 15.1 we summarize and compare the two different perspectives and research orientations that the interpretive and traditional approaches to marketing research offer, outlining the corresponding shift in the way the consumer market is thought of and worked upon. The next section turns to scrutinize in more detail the benefits and drivers of using interpretive research to understand consumer markets by way of referring to existing business examples and academic studies.

Table 15.1 Comparison of traditional and interpretive perspectives on marketing research

	Traditional perspective	*Interpretive perspective*
Goal of research	To provide generalizable knowledge and "facts" for decision-making	To provide in-depth understanding of a specific consumer market
Research design	A priori, theory-driven	Emergent, data-driven
Unit of analysis; how customer markets are understood and conceptualized	The goal-directed individual; individual needs and wants; socio-demographic variables; resources	Individuals as members of culture and community; socially and historically situated actions; meanings, myths, and symbols
Examples of marketing problems typically addressed	Measuring brand awareness; monitoring marketing performance; calculating market share; analyzing available income; tracking the effects and outcomes of marketing strategies	Understanding brand meanings; gaining detailed understanding of customer-marketer interaction; understanding marketplace symbolism; building, refining, and re-evaluating marketing strategies
Examples of methods used	Experiments, surveys (mail, telephone, personal, internet)	Ethnographic research, interviews, focus groups, observation, projective techniques
Empirical materials	Mostly quantitative: "Facts and figures;" quantitative representations or measurements of preferences, attitudes, perceptions, intentions, and behaviors, etc.	Mostly qualitative: Interviews; discussions; photographs; videos; drawings; web-based materials; field notes and journals; diaries; stories; first-person narratives; documentary materials, fiction, and media texts, etc.

15.3 Why is interpretive marketing research important for marketing strategy?

The contemporary marketing environment is turbulent and complex. Social media and the development of different communication technologies have resulted in changing the way consumers interact with each other and with corporations in the market (Fırat, & Dholakia, 2017; Moisander, Könkkölä, & Laine, 2013). On the one hand, an abundance of relevant information can now be stored about consumers automatically through their mobile devices and browsers, as well as customer membership cards. This information can then be used by marketers to better segment, target, and position their offerings for consumers, to build loyal customer relationships and to find new market opportunities. On the other hand, consumers can no longer be seen as passive recipients or spectators of marketing messages. Consumers are actively engaging in conversations with other consumers and this interaction takes place on various platforms. With the help of technology, content production becomes more "democratic" and almost anybody can rise to fame in record time, gaining millions of followers. For instance, popular YouTube vloggers and social media celebrities have multiple times the followers that brands or companies have, and they distribute information readily and speedily to each other. In these consumer-to-consumer communities and networks or "crowd cultures" (Holt, 2016), marketers are not always welcome (Lillqvist, Moisander, & Fırat 2018).

In the age of Big Data, there is also increasing concern over the privacy of the data generated about consumers—who controls this data and who determines how it can be used for marketing purposes. For instance, the EU's General Data Protection Regulation that will apply in all member states in 2018 sets new demands for corporations regarding citizens' data protection rights. Critics of Big Data have also pointed out that it reinforces the tradition of prioritizing and valorizing quantitative data as the only valid and trustworthy form of data in guiding managerial decision-making. Furthermore, it may result in less human reflection of data generation procedures and their ethical aspects (see chapter 26 by Zwick & Dholakia).

Both the more traditional quantitative surveys as well as the new Big Data generated automatically by using algorithms ignore the social and cultural context of consumption. This includes the emotions and meanings that are important for consumers. Consumers' hopes and fears, as well as their everyday routines of product use are changing, and these aspects cannot be captured through numbers. Although Big Data may reveal precisely when and how often the consumer clicks on something in a company's online store, for instance, it provides less in terms of answering *why* they did it (Madsbjerg & Rasmussen, 2014). Interpretive marketing research helps marketers to tap into the experience and practical knowledge of their customers—and of marketing practitioners who work in close interaction with the customer, such as salespeople and customer service specialists—to gain strategic insight and to build new planning models for marketing management (Schultz & Hatch, 2005).

Therefore, in contemporary market environments, interpretive approaches to marketing research are becoming increasingly popular, particularly in the field of consumer marketing (Sunderland & Denny, 2007). Over the years, an increasing number of interpretive research strategies and methods have emerged for the study of the culturally shared or collective understandings and social practices that give meaning to and guide marketplace activity (Belk, Fischer, & Kozinets, 2013). These approaches complement and add depth to the insights gained through Big Data tools.

Douglas Holt (2016) argues that the era of social media has not magically transformed strategic brand management in the way it was expected to. He argues that brands have actually become less relevant because consumers now have the means to ignore branded content through ad-blockers and other applications. In order to really succeed, the brand needs to be culturally relevant and this depends on the marketers being able to interpret, understand, anticipate, and control the consumption-related meanings relevant to their markets. To carry out successful, innovative, and customer-oriented marketing strategies, marketers need to improve their ability to recognize and understand the prevalent symbols, myths, images, values, and narratives of the culture of their targeted markets (Holt, 2004). Such cultural knowledge enables them to design products and services that add value and make sense in the everyday life of their customers. For instance, photos posted by consumers on social media and tagged with a brand's name may have a lot of valuable information for companies regarding the ways in which consumers use their products, where they use them, and with whom. Rokka and Canniford (2016), for instance, compared the selfies of champagne brand consumers on Instagram with the official images posted by the brands. The consumers' photos were very different to the brands' official images and told completely different narratives than what the company perhaps intended. As Holt (2016) adds, marketers must also partner with "crowd cultures"—the content and interaction generated amongst consumers themselves in order to promote their brands and add value for their customers. At its best, this partnership may result in companies finding new innovative ideas for their marketing communications and product development.

15.4 Ethnography as an intellectual tool for gaining Thick Data on consumers

In this section we discuss ethnography, which arguably epitomizes interpretive research, as an intellectual tool for gaining Thick Data on consumers (see e.g., Arnould & Wallendorf, 1994; Elliott & Jankel-Elliott, 2003; Peñaloza & Cayla, 2007; Scott, Cayla, & Cova, 2017; Woermann & Rokka, 2015). Ethnography refers to a research process in which the researcher participates in the daily life of consumers in a particular social setting and collects data using a set of ethnographic fieldwork methods (particularly participant observation and personal, in-context interviews) and then writes accounts of this process. Essentially, ethnography encourages marketers and their researchers to make sense of human social behavior in terms of cultural patterning. As Harry F. Wolcott has argued, "to pursue ethnography in one's thinking, doing, and reporting is to engage simultaneously in an ongoing intellectual dialogue about what culture is *in general*—and how … culture influences without controlling—while attempting to portray specific aspects of the culture of some human group *in particular*" (Wolcott, 1990, p. 48).

Originally, ethnography was a research strategy developed by cultural anthropologists for the study of "other" people in faraway places. Anthropologists would typically participate in the everyday life of an exotic tribal community, for example, over an extended period of time, trying to learn the language and cultural traditions of the tribe. But today the fieldwork methods perfected in anthropology are widely used in all areas of interpretive social science, and also for the study of cultures and subcultures that are more familiar and closer to home.

Many companies ranging from technology firms like Intel, IBM, and Samsung to consumer product companies such as Adidas or Lego, and even companies in the healthcare sector have employed anthropologists or trained ethnographers to conduct market research (Madsbjerg & Rasmussen, 2014). As a result of globalization and technological development,

consumers, consumer markets, and consumer cultures have changed, and corporations need new knowledge and new ways of gaining insights into not only how consumers have changed but also into the complex social and cultural processes through which this change has taken place. Anthropologists are particularly well suited for studying these changes because the ethnographic methods and techniques that they use are specifically designed for delivering insights into the unfamiliar and the strange.

The task of these ethnographers usually is to immerse themselves in the everyday life of consumers to provide detailed accounts of their patterns of behavior. The customer-centric knowledge that ethnographic methods produce is then injected into marketing strategies and tactics, product and service development, and even corporate strategy processes. Areas where ethnographic insights are particularly valuable are unfamiliar social and cultural contexts (e.g., expanding to a new geographical market or new generation), addressing novel problems or when customers are behaving in unexpected ways (e.g., loyal customers suddenly stop buying the product) (Madsbjerg & Rasmussen, 2014). Insights gained through ethnographic analysis also allow managers to approach familiar situations with a fresh perspective.

In the field, the ethnographer typically systematically observes and makes notes of the everyday activities and interactions that take place at the site, trying to make sense of the cultural patterning of social action in the setting. The strength of these observational methods and techniques is that they allow the corporate ethnographer to record the mundane incidents, activities, and practices of everyday life that tend to remain unnoticed as self-evident to consumers themselves. Much of consumer behavior involves everyday routines and practices that consumers do not actively think about. And when asked, they do not necessarily come to talk about—or do not even know how to talk about—these routines and patterns. The ways in which people use technological devices in their everyday life, for example, may be so habitual and routine-like that in an interview situation it is difficult for them to elaborate on or even describe how they actually use them in their day-to-day work. These types of practices and the associated purposes of use are therefore difficult to capture with traditional survey methods and interview techniques, which are largely based on the assumption that people are conscious of and able to reflect upon their personal motives and behaviors. In focusing on what people actually do, and not on what they claim to do, ethnography thus responds to people's inabilities to talk about and account for habitual and culturally complex behaviors (Arnould & Wallendorf, 1994; Arsel 2017).

As part of their fieldwork, ethnographers typically also do interviews, both in structured and informal forms, as well as keep a diary of their casual conversations with the participants of the study. In ethnographic research, the interview is not so much a method of extracting information from informants, but rather a vehicle for producing cultural talk, which can be analyzed to gain cultural knowledge about the marketplace. By "cultural talk" we refer to social texts that are produced, shared, and used in culturally specific, socially organized ways (Moisander & Valtonen, 2006, p. 68).The interviewee is not viewed or treated as a "passive vessel of answers" or a repository of facts, feelings, and information about the topic under study (Gubrium & Holstein, 2003, p. 31). An interview is rather understood as a collaborative undertaking and as a dialogue that takes place between the interviewer and the interviewee, who actively uses the cultural resources that are available at the setting to construct meaningful accounts of the social reality in that setting (Moisander et al., 2009).

Besides these basic methods, ethnographic fieldwork may also involve using various visual research methods, such as taking photographs and video recordings, and gathering material cultural artifacts such as brochures, flyers, business cards, newsletters, or newspapers to

obtain detailed information about the setting from multiple perspectives (see e.g., Peñaloza & Gilly, 1999; Peñaloza, 2001; Peñaloza & Thompson, 2013). The study of visuals, things, and qualities that appeal to the sense of sight, is important because visual representation is an essential element of contemporary Western consumer culture (Schroeder, 2002). Visibilities, not only images but also visible objects and visual arrangements of all kinds, carry meanings in the marketplace. For instance, the display of objects in a store and the design of a servicescape such as a restaurant, play a significant role in creating meaning in the spaces. And people routinely draw on these meanings when they communicate and interact with each other in their day-to-day transactions. For marketers, it is therefore important to study visual representations and the meanings that can be read from specific visibilities, such as package designs and brand logos, by the potential customers of their target markets. There are now also mobile applications that enable consumers as participants to take an active role in generating ethnographic data about their lives. By downloading the mobile application onto their phone, they can post photos, videos, and answers to researchers' questions and tasks at their own pace and without the presence of the researcher. Mobile ethnography facilitates the generation of data and makes it less costly but is also a way to empower the consumer as a co-researcher. As an example, see figure 15.1, which is a photo collage from a study conducted by the second author and her colleagues. In this study, a mobile ethnographic approach was utilized to investigate how Japanese consumers reduce food waste in their everyday lives. The collage includes photos submitted by the study's participants as

Figure 15.1 Mobile ethnography collage

responses to researchers' questions and tasks. At the top left, the interface of the application to its user is presented and, on the right, the researchers' view.

Ethnography and ethnographic methods also offer valuable information about consumption communities. The term "consumption community" refers to a group of people who share the same consumption objects and/or practices (Närvänen, Gummesson, & Kuusela, 2014). Members create and co-produce content surrounding brands and are a valuable source of consumer insight for companies. This consumer-led interaction may take place both online and offline. In the online context, communities now exist for almost any interest or pursuit imaginable. Often these communities revolve around consumption lifestyles such as food, music, hobbies, or traveling. The online platforms offer consumers a site where they can share their experiences with like-minded others and also try to influence their opinions. The method of netnography (Kozinets, 2010) has been developed specifically to study these online communities. Today, the method has been developed to account for various computer-mediated interactions including social media and other social spaces of online environments (Belk et al., 2013). The key differences in studying online social worlds compared to traditional ethnography is that the nature of communication is different (e.g., linguistic and technical conventions), more anonymous, accessible to large groups of consumers, and archived and stored instantly (Belk et al., 2013). Netnography is, however, distinct from data mining or social network analysis because it emphasizes the ethnographic participation and deep cultural understanding of the studied phenomena. Netnographic studies can provide relevant qualitative insights for corporations about their consumers. For instance, in a study of an online forum devoted to the low-carb/high-fat lifestyle, Närvänen, Kartastenpää and Kuusela (2013) found that members construct and negotiate their identity through different types of discursive practices which can be defined as collective and shared patterns of interaction. Analyzing these practices in detail reveals many interesting insights about favored (and hated) brands as well as how the community influences each member's lifestyle choices.

In sum, studying communities with traditional methods like surveys does not provide rich data about their meanings, rituals, and traditions. Furthermore, communities are not assets of the company—they belong primarily to their members. Therefore, to conduct market research related to consumption communities, marketers need to adopt methods that respect the community's culture and values. Using the example of the highly successful Harley Owners Group (HOG), Fournier and Lee (2009) suggest that in order to "get brand communities right," companies need to raise them into the company's overall business strategy. In order to do this properly, ethnographic research on relevant communities is needed to build a strategy that respects and nurtures the communities instead of aiming to control them hierarchically. For Harley-Davidson, the strategy was, among other things, for employees to be in constant contact with the community members in different events, becoming riders themselves. Furthermore, the community was recognized as the true owners of the brand and respect for their opinions was required throughout the organization, to build a community-oriented market strategy (see also Närvänen, Koivisto, & Kuusela, 2018)

More recent forms of ethnography have begun to draw attention to the ways in which all the senses—sight, sound, touch, taste, and smell—are involved in the phenomenon under study and in the process of doing ethnographic fieldwork (Valtonen, Markuksela, & Moisander, 2010). The sensory ethnography relies on the same principles and procedures as traditional ethnography but pays detailed attention to the sensorial qualities of the market phenomenon and data to be gathered. For instance, the sensory ethnography of an angling community (Valtonen et al., 2010) focused on analyzing how anglers employed their senses while fishing: How they interpreted the changes of the weather by listening to the sound of

the wind, or employed the sense of touch to detect the proper movements of a lure. Thus, instead of paying attention merely to discursive practices such as the shared and collective sayings, proverbs, and visuals that the fishing community employs, the sensory ethnography pays concerted attention to the ways in which the anglers make sense of their environment through their senses. This kind of sensory data is valuable for marketers of fishing-related products and services. For instance, knowing how anglers seek to extend their senses via technological devices, such as radars, or employ lures that appeal the senses of the fish, is of great value for designing efficient marketing strategy of those kinds of offerings. When analyzing the cultural aspects of the senses, attention is drawn to the context-specific use of the senses and the way they are given meaning in that context. For instance, while the scent of a fish on the hands might be a sign of success within an angling community, a different interpretation might take place in the context of a home. The sensory ethnography is particularly apt methodology in the current era that has witnessed an increase of sensory marketing (Hultén, 2011). Increasingly, marketing practitioners are appealing to consumers via multi-sensorial messages to forge relations to brands and products, and to create emotional and aesthetic experiences. For instance, airlines have branded scents, car factories have developed distinct sounds of doors for different brands, and restaurants may employ darkness as a way to create extraordinary experiences for customers.

Overall, the interpretive approaches to marketing research, such as ethnography, constitute a powerful intellectual technology for studying marketplace activity at the grassroots level and for gaining consumer marketing insight into the contemporary multicultural and rapidly changing cultural environments. Using the basic tools and techniques of interpretive marketing research, marketers are able to gain valuable cultural knowledge about the ways in which consumer experience—and satisfaction—are constructed and negotiated in the marketplace. This knowledge can then be fed into marketing strategies to design customer-oriented market offerings that are based on orchestrating consumer experience in and through complex encounters between the customer, the service provider, and a particular visual and spatial environment (see e.g., Arnould & Price, 1993; Kozinets et al., 2004). Next, we shall illustrate the benefits of interpretive marketing research with a case example.

15.5 Using ethnographic participation in revitalizing a brand

This case is based on an extensive qualitative case study conducted by the second author, related to the Finnish footwear brand Reino & Aino (Närvänen & Goulding, 2016; Närvänen et al., 2014). This is a brand that was successfully revitalized in the market without active brand management by the company in the traditional sense. Instead, the company employed ad hoc, ethnographic participation to gain insights about their customers and what was relevant for them.

At the starting point around 2005, the company was faced with the challenge of revitalizing a brand that had historically been enjoying high awareness and familiarity among consumers. However, now the brand was in serious decline and had become associated exclusively with elderly people. Believing in the heritage of the brand, the entrepreneurs decided to approach brand management in an unorthodox manner. Furthermore, the managers did not have a big marketing budget to use in traditional advertising or other brand-building activities. Without planning anything in advance, they went "into the field" like ethnographers, to observe and meet their potential new customers in different sites where different communities of consumers spent their time. These included music festivals, cultural events, ice hockey games, and rock gigs. Often, the entrepreneurs wore the footwear

themselves which created a strange ironic performance, because people had been used to seeing only elderly people wear the Reino & Aino footwear, and mostly in care homes rather than out in the streets. The brand owners also asked consumers to send them stories and memories about the brand. Hence, they allowed for consumers themselves to create brand-related content and construct the relevant sociocultural meanings for the brand. As more and more consumers started to adopt the brand as a humorous but sympathetic symbol of different types of community connections, different types of communities emerged around the brand (see Närvänen & Goulding, 2016). These included families using the footwear to symbolize their closeness, offices adopting the footwear as a communal symbol of relaxation and friendship, and the music enthusiasts and ice hockey fans starting to wear the footwear in their own events together. As this happened, the brand owners started to respectfully support and listen to the communities—inviting their members to innovate and co-design new products and to participate in different events with them. In this way, consumers took on new tasks in various marketing functions that are usually controlled within or by the company, including marketing communications, event marketing, and product development.

By using ethnographic participation and immersion in the customers' worlds, the sales of the Reino & Aino brand multiplied year by year, reaching a peak in 2010 (see Närvänen et al., 2014). What was most critical in the success was that the brand owners never wanted to control the consumers, but rather facilitate and support them. Instead of sponsoring the events in a traditional manner, the brand owners would participate in the community-organized events, help them advertise and get publicity for them, and invite the communities to visit their factory and other events. As consumers are ultimately the ones deciding whether brands succeed or fail, it is important to respect and co-operate with them rather than only see consumers as data points or targets of marketing campaigns (Fournier & Avery, 2011). The Reino & Aino brand was developed with an open-source attitude: Offering customers and other actors the chance to participate in branding and marketing instead of implementing well-planned and often expensive marketing campaigns. This open-source branding approach of course has its risks because the power balance shifts to the consumers and their communities—there is always the possibility that unexpected negative meanings are being associated with the brand. In the case of Botox cosmetics (Giesler, 2012), the company took a more proactive role in combating negative brand images generated by the wider public, activists, and competitors with more positive socioculturally relevant meanings.

Ethnographic methods allow marketers to gain insight into the ways in which the product and brand meanings are actively produced, mediated, and shaped in the midst of consumer culture. This viewpoint brings to the fore that meanings are not, and cannot be, fabricated only in brand management offices, nor in advertising agencies. They are—ultimately—fabricated and deployed in the field. For branding to succeed, managers need to be able to interpret these meanings and support them with their own brand meaning creation. For instance, when families adopted the Reino & Aino slippers as their symbol, the company introduced baby sized "first step" slippers which became immensely popular as a gift. Making this brand extension built on an understanding of the symbolic meaning of "family" that consumers connected with the product.

15.6 Market shaping through ethnography

From the viewpoint of interpretive marketing research, markets are not seen as existing "out there" as such, but instead they are viewed as social systems constantly in the making (Peñaloza & Venkatesh, 2006). Markets continuously shape and are being shaped by the

actors involved in them (Giesler & Fischer, 2016). These may include for example managers, entrepreneurs, journalists, policymakers, and consumers. Further, market institutions such as the norms for exchange and actors' practices and roles continuously influence how markets work. Ethnography can provide a way for managers and companies to gain a more holistic view of markets not only in the present time but also in terms of where the market is going to go next. It facilitates understanding marketplace activities in their wider context.

Even though markets are always co-constructed by several actors, ethnographic insights can be used to proactively shape the market in ways that are beneficial to the company. This is particularly useful in situations when new innovations are introduced to the market—the company first needs to create the need and legitimation for their new product or service in the customers' everyday life, before they can utilize more traditional marketing communications. This process requires taking into account customers' norms, values, and goals of their daily lives. For instance, Sandıkcı and Ger (2009) have studied how Islamic veiling, which was previously seen as a stigmatized practice, became legitimized as a fashionable consumption choice in Turkey. As this study also shows, ethnographic understanding of the sociocultural context where targeted consumer groups are living will facilitate the development of market strategies that are more relevant and resonate with consumers. As an example, IKEA has sent anthropologists to live with customers as well as insert cameras in households that document the use of furniture, for instance. This research found that in Asia, people did not sit on the sofa, but rather sat on the floor, using the sofa as a backrest (Kowitt, 2015). Furthermore, IKEA has learned that people are much more flexible with rooms and furniture today, using them in ways that they perhaps are not traditionally used. This has made IKEA for instance reinforce their dressers, as they've witnessed people putting heavy toys, rather than light clothes, inside them (Khemsurov, 2016). Hence, the same IKEA piece of furniture, when designed as multifunctional and flexible, may serve different customers. With this knowledge, they have not merely tweaked their products and improved product features but instead, been able to create low-cost one-size-fits-all solutions that can still be transformed for consumers' use all over the world (Kowitt, 2015). This has helped the company to gain global market dominance in their business, simultaneously transforming customer expectations and shaping the market.

Sometimes market changes take place as the result of customers adopting new technologies and more active roles in the market. For instance, Dolbec and Fischer (2015) describe how fashion bloggers and street photographers have transformed the field of fashion by adopting social media. They have blurred distinctions between professionals and amateurs in creating trends and transforming the distribution channels of fashion. Hence, a regular consumer may, through social media, gain status as a trendsetter even without the education or a formal employed position in the fashion industry. Ethnographic insights may be used to understand such large-scale changes taking place in the company's industry landscape and to be able to proactively adapt to them.

Netnographic insights generated online can also be used to understand emerging consumer trends, needs, and segments. Netnography, as opposed to traditional ethnography, is characterized by a significant amount of the data generation originating and manifesting through the data shared freely on the internet (Kozinets, 2015, p. 79). Hence, even though offline participant observation may be part of the data, a major part of netnography takes place online: Through gathering and analyzing various computer-mediated interactions including blog posts, social media posts, online communities, photos, and videos. For instance, Scaraboto and Fischer (2012) studied how plus-sized fashion bloggers and their audiences mobilized to change the fashion market to include more options for plus-sized

consumers. Proactively understanding this consumer-driven change in the market and in customers' needs and preferences may provide a significant competitive edge for companies, because they can adapt to these changes quicker than their competitors.

Sometimes ethnographic insights may also be used to go against the grain and differentiate the company from its competitors. As an example of such market shaping, Madsbjerg and Rasmussen (2014) describe how the LEGO company, going along with the toy industry's trend to offer kids fast-paced electronic games, first failed to understand their customers in a deep sense. When the company decided to focus instead on understanding the broader phenomenon of play through ethnographic inquiry conducted with families, they found out that escaping their overly orchestrated lives and rehearsing a skill are why children like the LEGO toys. By concentrating on these aspects, in addition to involving the users in co-creating the LEGO world, the company has become a market leader in the toy business.

15.7 Conclusion: The managerial challenges of deploying interpretive analyses

In the current constantly changing market environments, marketers are increasingly opting for new tools and techniques that interpretive methods and approaches now offer to gain strategic insight, particularly for consumer marketing. Here we have concentrated on ethnographic methods, but the set of methods and methodologies developed in the field of interpretive marketing research is much broader (see e.g., Belk et al., 2013), and draws on multiple disciplines and theoretical traditions besides anthropology, ranging from literary theory to visual studies. No matter which interpretive tools and techniques are used, however, it is important to remember that the use of interpretive data per se does not ensure valuable insight into the cultural complexity of consumer experience and marketplace activity. Only the practitioners and researchers who are able to make insightful interpretations of that data may gain knowledge that is valuable for designing customer-oriented strategies and for building a competitive advantage in the market.

In practice, buying and evaluating interpretive marketing research for business purposes may often be challenging because the philosophy of interpretive marketing and consumer inquiry challenges the marketing practitioner to rethink many of the received wisdoms in the trade. In setting objectives for interpretive analysis, marketing executives and managers need to reject the idea that there is "one truth to be discovered" and accept the basic assumption of interpretivism that all empirical phenomena are open to multiple interpretations, which vary with the frameworks and mindsets that are used in making sense of the phenomena. For this polyphony of social life, it is critically important to carefully reflect upon the managerial mindsets and implicit frameworks that guide the process of inquiry. To fully benefit from interpretive analyses of marketplace activity, marketing practitioners need to unlearn many of the managerial truths about customers as decision-makers and goal-oriented individuals who need to be addressed as demographically defined targets of marketing communication (cf. chapters 10, 11, 12, and 18 in this volume). Instead, in defining objectives and research designs for interpretive inquiry, the focus should clearly be set on exploring and elaborating on the cultural complexities of marketplace phenomena.

Moreover, when evaluating the reports on interpretive analyses, marketing executives and managers need to put aside—at least for a while—their preoccupation with facts and figures, as well as their fixations with accurate measurements and predictions. They need to be able to broaden their views about what constitutes data and appropriate knowledge of marketplace phenomena. Instead of drawing attention merely to issues such as the size of

the sample, the accuracy of information, or the generalizability of the results, it is important to evaluate the insightfulness of the interpretive frame, the variety and quality of empirical materials, or the creativity in drawing up conclusions. While interpretive research cannot offer quantitative estimates and predictions, it does provide us with other forms of valuable strategic understanding based on rich qualitative analyses of visuals, texts, and the soundscape.

Overall, the set of issues to be considered when making decisions about buying ethnographic market research is often much broader and more complex than when ordering a standard customer survey. To illustrate, when commissioning a market research company to carry out an ethnographic study on shopping behavior, for example, it is important to carefully reflect upon the selection of the research site (e.g., malls, marketplaces, online stores), the timing of the fieldwork (e.g., the time of day, weekend versus weekdays), and the adequacy of the empirical materials (e.g., pictures, observations, and interviews) that are to be used in the study. Moreover, before closing the deal, it is also necessary to know something about the individuals who will actually do the fieldwork. In selecting the researchers, it is important to pay attention not only to their analytical skills, but also to their social position (e.g., their age, gender, ethnicity) in the community that is being studied, as the position opens up a particular analytical perspective on the research site. A good ethnographer also needs to have good social skills to engage in fruitful interpersonal interactions at the site, as well as an adequate cultural sensitivity for making sense of the sociocultural order that prevails in the community. Finally, the ethnographic researcher needs to be capable of producing good ethnographies: Vivid, sensitive, and down-to-earth descriptions and interpretations of what happens in the field (e.g., in the form of films and stories).

Furthermore, as we have discussed in this chapter, many contemporary companies hire professional ethnographers trained in disciplines such as anthropology or sociology. Their key competence is to gain in-depth customer insight and to transfer this knowledge to business processes. Importantly, many employees come to work as ethnographers, without any training—or without even recognizing that they are acting like ethnographers. Think, for instance, of the amount of tacit knowledge salespeople gain while interacting with their customers as part of their profession, or how designers or other creative people make constant observations of the market trends as part of their lives. Then, the managerial task is to develop practices through which the company can utilize the customer data residing within the company.

Overall, to successfully develop and deploy interpretive consumer market insight, marketing executives and managers may well need to rethink their strategic mindsets and routinized practices. Working with interpretive analyses requires not only a methodological but also an epistemological shift in managerial thinking (cf. Chapter 14 in this volume). To gain consumer market insight, it is necessary to not only adopt new techniques of analysis but also new conceptual tools and ways of thinking about marketing and consumer behavior.

Key takeaways

1. The traditional tools of marketing inquiry, including customer surveys and measurement of key performance indicators, are not enough to gain in-depth customer and market insight.
2. Interpretive marketing research is well suited for gaining Thick Data—data that is rich in context, authentic details, and narrative quality.

3. Social action such as marketplace activity can only be made sense of through interpretation, which draws from the cultural system of concepts, rules, conventions, and beliefs that give meaning to that action.
4. Interpretive marketing research is based on an emergent research design that is continuously revised and further developed while the study is ongoing.
5. Ethnography refers to a research process in which the researcher participates in the daily life of consumers in a particular social setting and collects data using a set of ethnographic fieldwork methods and then writes accounts of this process.
6. Different forms of ethnographic research include mobile and online (or netnography) as well as sensory ethnography.
7. Ethnographic methods allow marketers to gain insights into the ways in which brand meanings are actively produced, mediated, and shaped in the midst of consumer culture.
8. Ethnography provides a way for managers and companies to gain a more holistic view of markets and to proactively shape markets in ways that are beneficial for the company.
9. To successfully develop and deploy interpretive marketing research, executives and managers need to rethink their strategic mindsets and routinized practices.
10. The development of "interpretive mindset" is beneficial as it helps executives and managers to gain competitive advantage by providing tools for getting "close to culture" of customers, and for anticipating changes in customer markets.

Review and discussion questions

1. Outline and elaborate the characteristic features of an interpretive study. What, in your opinion, are its key strengths and challenges from the perspective of strategic market development?
2. Reflect and discuss how marketing managers could combine the strengths of Big Data and Thick Data in marketing research.
3. Write an outline for an interpretive marketing research plan for strategic brand development or market shaping, based on ethnographic methods. What is the field site or sites? How long will the fieldwork take? Which types of data will be collected?

Keywords

Consumer market insight, market development, interpretivism, ethnography, branding, coolhunting.

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16 Research methods for innovative cultural marketing management (CMM)

Strategy and practices

Samantha N. N. Cross and Mary C. Gilly

Overview

The search for knowledge about marketing and consumption practices can come from a variety of perspectives. The approaches outlined in this chapter are not necessarily new; someone somewhere has usually tried something similar, as you will see from the examples given. What is different is that the approaches outlined all incorporate a cultural perspective. Cultural influences are often unnoticed by consumers, so creative approaches to research are needed to gain an understanding for marketing decisions.

Our examples come from both practitioner and academic sources, for innovative approaches to understanding marketing practice and consumer behavior stem not from any particular realm or any specific methodological focus. Often it is the combination of methodologies or perspectives that yield new insights, which we emphasize. One of the best ways to sensitize readers to unconventional approaches is through exposure to varied examples of innovation in practice. By the end of this chapter, we hope readers will appreciate that a researcher's approach to understanding marketing or consumption phenomena is limited only by 1) his/her imagination, 2) constraints of researcher training, 3) research goals, and 4) the nature of the phenomenon itself.

16.1 Introduction

What do we mean by innovation in research? Brianna Sylver, founder of Sylver Consulting, a product innovation firm in Chicago notes that "technically, 'innovation' is defined merely as 'introducing something new;' there are no qualifiers of how ground-breaking or world-shattering that something needs to be—only that it needs to be better than what was there before" (Sylver, 2006). Thus, innovation in research is more than a creative idea. Creativity is indeed the starting point; however, the innovative approach needs to be useful; to add value; to improve upon what was there before. It needs to assist the researcher in gaining insight into some behavior or practice in marketing that was previously not fully understood.

The chapter has three main sections: 1) data collection, 2) data analysis and presentation, and 3) multi-perspective approaches to understanding consumers. Throughout the sections, three basic tools will be discussed—observation, participant involvement, and co-creation—and will draw on a mix of examples as illustrations, providing step-by-step guidance as to what to do or avoid in combining similar approaches. The chapter ends with a set of broad recommendations as to how these and other seemingly novel but simple methods can continue to be used in future research studies in marketing. A sample list of helpful publications is provided.

16.2 Data collection

Over the years, companies have come to realize the value of simple observation as fascinating, insightful, profitable and increasingly less complicated, given today's technology. Unlike the stealth tactics employed by companies a few years ago to observe customers without their knowledge, and often without their consent, many of the methods used today start with the full permission of the customer. Companies are asking and consumers are inviting researchers to observe them at work, home, and play. While participants are usually rewarded for their cooperation, in many instances, the motivation to participate goes beyond financial compensation. Consumers enjoy feeling that they are co-creators in the development process for new products and services.

Observation itself isn't new. Ethnographers (cf. chapter 15) have been observing people either individually or in groups for decades. What is new is how consumers are observed, what is observed, and who is observing. Increasingly, corporate researchers are going directly into the home to see, record, and analyze the daily routines of consumers. Ethnographic methods are becoming more important in corporate market research, often as a complement to other research methods. Traditional marketing departments are being renamed and redesigned. Executives now have such titles as VP, Global Consumer Insights (General Mills), VP, Open Innovation and Investment Strategy (Kraft Foods), and Manager, Innovation – Global eBusiness (P&G). The focus is on understanding the customer in his/her environment and from his/her perspective.

Yet while researchers are clearly very interested in how consumers use products, they are even more interested in the motivation to consume or purchase products in the first place. What drives consumers to make choices given the many options available today? Researchers are becoming very creative in answering this age-old question.

A remarkable example utilizing observation and interview techniques with digital technology is a hookah study by three academic researchers. Examining a cultural tradition entering the US and targeting young people, Griffiths, Harmon, and Gilly (2011) combine participant observation and interviews with analysis of websites of hookah retailers and lounges. A Middle Eastern tradition, hookah smoking involves burning flavored tobacco heated by charcoal, creating smoke which is filtered through water and ingested through the mouth using a hose. Hookah lounges are increasingly locating around college campuses in the US and websites offering hookah paraphernalia target American high school and college students.

The aim of the research was to investigate consumer beliefs and attitudes toward hookah smoking and the way it is portrayed online. Potential negative health effects are ignored on these websites and in hookah lounges, and college students underestimate the risks involved. Young people believe smoking sweetened tobacco through a hookah is non-addictive and safer than cigarettes. Traditional tobacco warnings are not seen in lounges or on websites. These findings are consistent with research conducted in Middle Eastern countries where hookah smoking has a long tradition. We will now examine the data collection steps and key challenges.

Data collection steps

- Websites for hookah lounges and retail hookah sales were examined. The language (e.g., "The New Chill"), promotions (e.g., student discounts), pictures posted of hookah smokers, and product offerings (e.g., starter packs for newcomers) suggested that college students are the primary target market.

- Interview participants were college students who self-identified in a short survey as having past or current experience with hookah smoking.
- Interviews took place on college campuses and hookah lounges.
- Each 30–120-minute interview was transcribed verbatim.
- Analysis revealed several themes across participants: Hookah initiation and practice involves socializing with friends; hookah smoking is viewed as less addictive than cigarettes because it is an occasional practice; hookah smoking is believed to be safe because the smoke travels through water.
- The researchers returned to the hookah lounge and retail websites to compare and contrast the messages with participant beliefs about hookah smoking.
- Websites were found to support students' erroneous beliefs in the safety of hookah smoking.

Key challenges

- Hookah smoking is not a common practice in the US, and it was not always easy to find students willing to be interviewed about this practice.
- It was necessary to gain the trust of those students who did agree to be interviewed.
- Websites often hide any mention of health concerns about hookah smoking, so it was necessary to examine all pages of the sites.
- The iterative process (going from websites to interviews and back to websites) made record keeping of data difficult. It was necessary to capture and store website content as it was updated and altered.
- Studies of hookah smoking in the medical literature focus on the practice in Middle Eastern countries where it has a very different tradition than among US college students.

Key implication

- In 2018, hookah is being called the new "social smoking" trend in restaurants and bars. Local communities are starting to regulate hookah lounges, but national health policy regarding hookah lags. Given that studies indicate that teens who smoke hookah are more likely to use marijuana later, education about hookah risks needs to start in the teen years.

In a second example, researchers also used technological advances to both observe and involve the consumer as part of their data collection efforts. Researchers Cross and Gilly (2017) used a combination of digital technology and a series of email communications to encourage over 70 participants nationwide to take and transmit photographs of their Thanksgiving celebrations.

By examining the blending strategies used by culturally diverse families in food consumption celebrations, Cross and Gilly (2017) showed that families in the US have very fixed internalized conceptions of the way this US holiday should be celebrated. Including immigrants helped to crystallize and define what the quintessential American holiday is in terms of food consumption. These are traditions so culturally close to Americans that they are less able to articulate them. The researchers also learned that there are several challenges to using this type of multi-method approach.

To start, the researchers realized that to gather data from multiple celebrations all occurring on the same day, they would need the assistance of their participants. They thus proceeded with the following steps:

Data collection steps

- Approximately two months prior to the annual Thanksgiving holiday, the researchers contacted around 140 personal contacts across the US and asked if they would be willing to participate. They had a 56 percent response rate, or around 78 participants over a two-year period.
- Participants were then contacted two weeks prior and again a few days prior to the holiday, reminding them of the project and providing instructions as to the data to be collected on Thanksgiving Day.
- Participants were asked to take detailed photographs of their Thanksgiving meals and to send them to the researcher, along with specific details of the meals.
- The following information was also collected from the participants: 1) countries of origin of the members of the participant household, 2) approximate number of people present, 3) their nationalities or ethnic affiliations, and 4) the town location of the Thanksgiving celebration.
- This information, along with any other comments made by the participants, was entered into a spreadsheet, with codes created to link the photos received to the appropriate household. Photographic and menu data were then examined and analyzed to pinpoint patterns and linkages.
- Selected follow-up interviews of individual participants were then conducted, ranging from 60 to 90 minutes. The photos they had previously submitted were used to promote the dialogue between researcher and participant.

Key challenges

- While the data collected were rich and varied due to the involvement of participants, the quality of the photographs taken also varied. Having another version of the data (the menu data) became crucial to understanding it.
- Participants were eager to participate, but it was necessary to provide clear, detailed instructions about the type of data to be collected to retain consistency.
- Responding and following up with participants about missing data, points of clarification, and expressing appreciation needed to be done on a timely basis. The researchers had to pre-designate time to do this during the holiday weekend and the following week.
- Using a spreadsheet or some systematic manner to organize and link the textual and visual data was a major task, also best done in as timely a fashion as possible upon receipt.

Key implication

- The unique balance of conformity, deviation, a "psychologically safe" inclusive context and a common philosophy or shared meaning, allows for openness, understanding, empathy, and the freedom to take interpersonal risks. These characteristics are evident in flexible, collaborative institutions at both the family level (e.g., bi-national families), the societal level (e.g., Thanksgiving), and the organizational level (e.g., innovative technological/design companies).

The next set of examples provides a final illustration of employing unusual methods or combinations of methods in the data collection effort to build knowledge around a particular theme—in this case, food consumption. Marketers and researchers have always been interested in understanding food consumption choices and preferences as a way of understanding cultural issues of taste, identity, and brand relationships. However, while there have been many studies involving food purchase and choices, not all studies take into account the particular cultural and personal context of consumers (cf. chapter 1). So, what are researchers, both practitioner and academic, doing to understand how consumers make decisions about the food they purchase and consume?

In October 2005, the book *Hungry Planet: What the World Eats* was published; a compilation of photos of food consumed by 30 families in 24 countries and an interesting example of ethnographic photojournalism. The authors, a photojournalist and a writer, shopped, ate, and lived with each of these families for a week as part of the project. The project began in 2000 and lasted for five years.

Menzel and d'Aluisio (2005) describe their work as a "culinary atlas" and feature families in their homes surrounded by a week's worth of groceries as a global portrait of food consumption practices. These photographs starkly illustrate the differing food consumption practices in the cultures portrayed, contrasting the mainly pre-packaged consumption items of a family in the US, with the grains, fruit, vegetables and nuts that comprise the food purchases for a family in Mali. The participants agreed to be part of the project and be photographed with a week's worth of groceries. The authors, in turn, paid for the groceries for the week.

In their latest book, *What I Eat*, Menzel and d'Aluisio (2010) again examine food consumption behavior in context, with a focus this time not on the family, but on the individual, looking at food consumption in the context of his/her world. They focus on daily caloric requirements and sustenance in the individual home, work, and social environments of 80 participants in 30 countries and over a dozen US states.

In the methodology sections of their books, the authors discuss some of the steps and challenges of collecting their data.

Key challenges

- Working on multiple projects simultaneously and the expense of traveling causes difficulties and confusion in the photography and reporting.
- The choice of countries, individuals, and families was not simple. The authors tended to choose countries if they were already working there; a country that they hadn't been to before or a country that balanced their sample. They chose families based on a snowball sample (even if not statistically average), through colleagues and other encounters, focusing on representative people and proximity to stimulating situations and events.
- Gaining access to participants was difficult, especially in remote locations.
- Gathering and calculating supporting data, such as individual caloric count and ingredient lists for unfamiliar foods, proved challenging.
- A lengthy process of systematically ensuring accuracy of information received was required.

Cross and Gilly (2014a) also used a combination of observation, elicitation techniques, and interviews conducted in the kitchens of their participants to better understand the symbolic

role of food and the consumption compromise strategies used by spouses of differing cultural backgrounds who unite to create bi-national households. Let's go through the data collection steps.

Data collection steps

- The authors had to begin with a clear definition of the concepts, particularly that of the different types of participant households, to help the reader understand why these participant households were the focus of the study.
- Data for the study were collected in participants' homes over a one-year period, using a purposive sample.
- Data were gathered through a combination of in-depth interviews, observation, and photographic elicitation.
- Data gathered on the families were compiled to form a profile of the interview participants.
- Photographs were taken by participants prior to the interviews and sent to the researchers. Photographs received from each household were compiled into color print collages and used as elicitation tools during the interviews to stimulate discussions.
- The interviewees were actively involved in an ongoing dialogue while initiating the exposure and display of the various food storage areas, which the authors describe as "interactive observation."

Key challenges

- Again, the variability in the quality and clarity of the photographs collected by the participants was a problem. Personal observation by the researcher during the interviews proved to be an important alternate method of verifying the initial photographic data.
- In addition to facilitating data collection, technology was also a challenge in the actual mechanics of gathering the interview data during the interactive observation process. The ongoing dialogue combined with the constant movement of the researcher and participant proved difficult for the audio recording devices at times. Thus, each interview had to be carefully transcribed.

Key implication

- As immigrant consumers adjust from preferred brands to new brands, they may undergo a type of brand acculturation process—acculturation to and through brands. Thus, brands and consumption items may be seen as treats, norms, or must-haves, depending on the context, level of access, and perspective.

Summary

These data collection examples run the gamut from simple observation of the consumer in his/her environment to the use of online tools. Researchers use observation and differing levels of participant involvement to better understand the consumption patterns and choices of customers. However, companies are seeking not just the cooperation of the consumer, but are engaging them even further, soliciting their ideas for product improvement and the creation of new goods and services. Researchers are increasingly using online environments to

reach a wide range of consumers and inviting them to collaborate with the company in the search for a better product (cf. chapter 11).

All the methods share two characteristics. The researchers tried something new—sometimes something a little different, at other times a totally radical approach. They also explicitly include a focus on the cultural perspective in the research design and provide examples of an ethnographic, context-driven approach to data collection. Yet, all research methods have flaws (McGrath 1981), including innovative ones, which need to be minimized or avoided.

- Observation, whether in person or indirectly using video cameras and other sophisticated aids, can be intrusive and can affect the behavior of the participants.
- Consumer involvement can be costly for the researcher, both in terms of time and expense.
- There is also the risk of both researcher and participant bias, with the possibility of over-immersion in the project.
- Including a cultural perspective may involve translation services and recruiting a culturally diverse research team.
- Huge amounts of data are often collected, and the researcher has the onerous task of deciding what is relevant for a particular decision or insights s/he wishes to share.

Yet in spite of the cons of collecting data with the cultural perspective in mind, one key advantage underlying all the approaches discussed is that behavior is examined *in context*. Researchers are learning that behavior should not just be studied as isolated events, but that what drives behavior may have as much to do with the social and cultural setting as the personal characteristics of the individual.

Observing, asking, and involving the consumer provide a multi-method approach to collecting data that is intrinsic to ethnographic research. Doing all of these with a cultural twist is aimed at answering not just the question of 1) what is happening, but 2) how, 3) in what context, and 4) whether we can learn something new if we look at the consumer through a different lens.

For additional detailed information on the steps, challenges, and rewards of using the data collection methods portrayed, the reader is directed to the following references in the list at the end of the chapter: Kozinets (2009) on netnography; McCracken (1988) on interviews; Lofland, Snow, Anderson, and Lofland (2005); and Spradley (1980) on observation.

16.3 Data analysis and presentation

The process of data analysis brings to mind the image of the exhausted researcher poring over mounds of textual or numerical data in an effort to make sense of it. However, while analyzing data is still often a lengthy, time-intensive process, it can also be a fascinating one. Analyzing research data need not be a tedious, isolated procedure, but can be enhanced through presentation and collaborative techniques, with the purpose of simplifying and illuminating the data. Levine (1996) stresses that "data analysis is about the world, asking, always asking, 'How does it work?'"

Yet so many researchers, both in academia and corporations, seem confined to a particular way of trying to understand how the world works. Even those who collect data in exciting new ways often seem constrained by the familiar, well-worn techniques of analyzing the data collected. Data analysis does need to be done carefully and systematically, always, but

as with data collection, innovative approaches to analyzing data can often yield insights that may have been otherwise overlooked. The techniques highlighted in this section focus on research tools used by academics and practitioners to help the researcher better understand and explain the insights revealed by his/her data. There are two broad categories—observation through visualization and researcher/participant collaboration.

16.3.1 Observation through visualization

Donald Hoffman (2000, p. XI) argues that humans have three types of intelligence: The rational, the emotional, and the visual. Yet the visual, which he describes as "so swift and sure, so dependable and informative" that we take it for granted, is often overlooked, both as a source of research information and as a tool in the analytic process. Humans are generally regarded as highly visual animals, yet as researchers, we do not always use our full analytical capabilities.

In the previous section, it was shown that data collection is enhanced when an innovative approach is taken. Observation can also be an important tool in data analysis, particularly observation of the data through simple visualization techniques. Looking at data, whether numerical or textual, from a different perspective usually provides insights not previously considered. The traditional use of the image has been as visual stimuli in experimental settings or as corroborative data in ethnographic studies. In this discussion, a simple technique is shared for observing data through visualization, where the image serves as a crucial aid in the analysis of the data.

The feasibility triangle is a perceptual mapping technique originally suggested by Wolfe (1959) and later used by Davis and Rigaux (1974). As with other perceptual mapping techniques, such as multi-dimensional scaling, factor analysis, or correspondence analysis, the feasibility triangle represents consumer perceptions in a multi-dimensional space. The vertical axis of the triangle represents the relative influence of the husband and wife in the decision, ranging from husband-dominant = 1, joint = 2, to wife-dominant = 3, as indicated by the respondent. The horizontal axis shows the extent of role specialization as measured by the percentage of families reporting that a decision is jointly made. The two axes then converge at a point 2, 100 percent; the triangular feasibility region reflecting the fact that the axes are non-independent (Davis & Rigaux, 1974). The locations of the decisions on the triangle are based upon an average across the differing aspects of the decision process and across the participants.

This method of mapping data allows easy visualization of data versus a table of percentages and means. The researcher can also easily gauge both the average relative influence and extent of role specialization for each decision, as well as the similarity or dissimilarity among decisions with respect to marital roles.

This technique was later adopted in 1987 by corporate researchers Mandy Putnam and William Davidson, for their study of family purchasing behavior in The RIS Consumer Focus Series reports for Price Waterhouse. Twenty years later, this simple approach to observing decision data in a graphic rather than tabular form has only been used in three published studies. In these studies, the feasibility triangle has been used solely to map household decision perceptions and thus aid in understanding relative power and influence in the household.

By using the feasibility triangle as an analytical tool in a different context (figure 16.1), Cross and Gilly (2014b) were able to argue that for bi-national families (families where the spouses were born and raised in different countries and cultures), the sources of conjugal

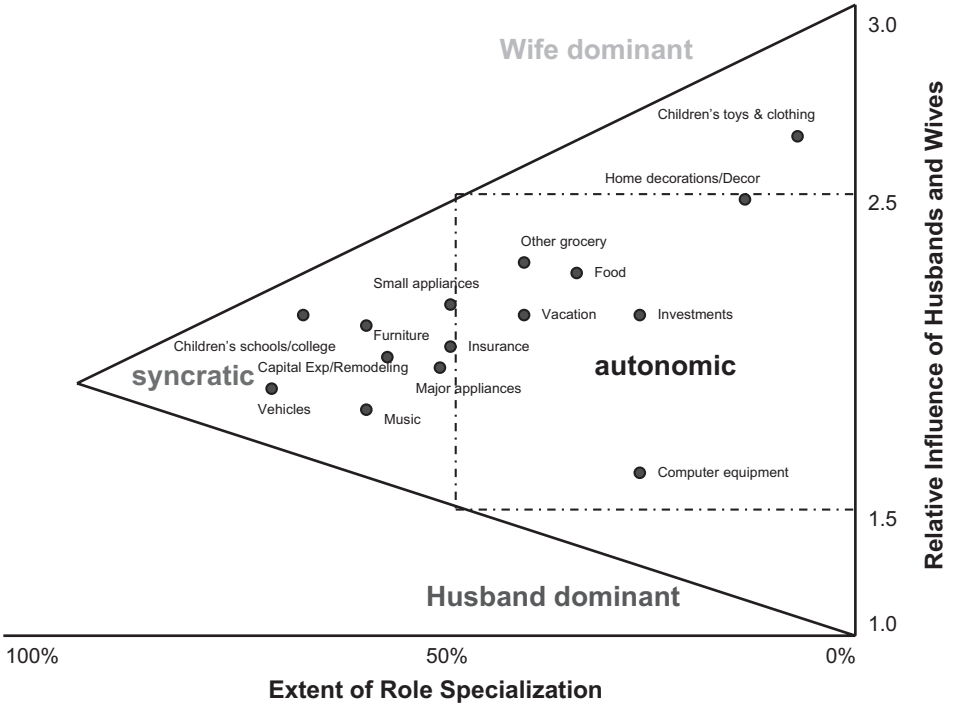

Figure 16.1 The feasibility triangle
Source: Cross & Gilly, 2014b

power must be examined from a different perspective. By focusing on a context that explicitly examines cultural interactions within the home, and comparing feasibility triangles for differing household compositions, they demonstrate that expertise, as a source of power, has four different dimensions. A particularly important dimension is expertise based on cultural competence and savvy. The researchers arrived at their findings by using the following steps:

Data analysis steps

- The survey instrument (independently completed by both spouses in each household prior to the actual interview and also discussed during the interview) was based on prior studies and designed to ensure easy extraction and coding of data.
- The data were coded as 1, 2, or 3 depending on the participant's response and entered into a spreadsheet program, like Microsoft Excel, where husband-dominant = 1, joint = 2, and wife-dominant = 3, based on the original Davis and Rigaux (1974) study.
- Once coded, statistical averages across categories and across respondents, and response congruency between spouses were calculated.
- Congruency tables were created and the data averages plotted on the feasibility triangle based on the mappings by Davis and Rigaux (1974).
- Total data were portrayed and mapped, as well as sub-data based on the gender of the immigrant and native spouses.

Key challenges

- After coding the data for the first spouse, reverse coding of the responses was required for the partner spouse's responses, which added a layer of complexity.
- Mapping the data accurately within the original guidelines using a visual presentation software program was necessary.

Key implication

- Culturally diverse units (familial, organizational) and teams are disruptive. It is this disruptive influence that encourages cross-fertilization of ideas, fluidity of perspective, openness and tolerance for difference, providing inspiration, insights, and creativity.

For the innovative researcher, combining this little-used approach with other data perspectives—tables, figures and/or transcripts—yields additional insights into consumer decision-making.

16.3.2 Researcher/participant collaboration

Examples highlighted in section 16.2 show that participant involvement in data collection fosters cooperation and provides fresh insights and new ideas for products and services. However, participant involvement can take place at any stage of the research process. Involving participants in the data analysis stage can be extremely beneficial for the researcher. Joint efforts of researcher and participant in analyzing data can be a valuable tool in the development of sound, relevant, and important research.

Two things are important to note here. First, the researchers in each study recognized that the direct involvement of the participants in the data analysis process would be an enhancement to the research and aid in construct development. Second, in each study, data analysis starts early and overlaps with data collection. There are several techniques that can be used by the innovative researcher to foster researcher/participant collaboration and enhance the findings from the study. The researcher simply needs to start with the question: How can I best work with participants to maximize insights?

Photo elicitation is one technique, which can often foster researcher/participant collaboration. Photo elicitation uses photographs of participant behavior during the interviews to stimulate discussion and examine behavior from another perspective. Photographs are either taken by the researcher as in autodriving (Heisley & Levy, 1991) or by the participant as in photovoice or photo novella (Wang & Burris, 1994, 1997).

Photo elicitation was used by Cross and Gilly (2017) in their Thanksgiving research, with participants taking photographs at the beginning of the research project and photograph collages later used to enhance the interviews. Collages are often compiled by the participants themselves, but in this study, the researchers produced the collages.

With modern technology, photo elicitation has been updated, with websites being used as stimuli. Schau and Gilly (2003) describe online profiles as a type of collage which represents a conspicuous form of consumer self-presentation. They find that brands are frequently used as shorthand for describing selves to others. The researchers examined the content of online profiles and also used them to drive interviews with creators of those profiles, following up with research participants as they revised the content of their profiles. Here are the steps they took to analyze the data collected.

Data analysis steps

- Long interviews, consumer-created documents (online profiles and postings), and co-created documents (electronic exchanges) were analyzed for deep meanings.
- Interviews were coded and themes were distilled.
- The initial interview was analyzed separately and then reinterpreted in a comparative manner. Subsequent interviews were analyzed in light of previous interviews.
- Using online profiles as consumer-created digital collages to augment the interviews allowed informants to influence researcher interpretation.

Key challenges

- While the internet is global, the face-to-face nature of the interviews required limiting the sample geographically.
- The researchers attempted to have informants create a real collage where they would not be limited by online resources; however, this technique was not as useful as the actual online profiles.
- Informants were constantly revising their profiles, sometimes in response to interview questions. Keeping records of profile content at various stages was difficult but important to see the evolution of the profiles.

Key implication

- Consumers digitally associate themselves with signs, symbols, material objects, and places when presenting an online profile. Digital association can be seen as a new form of possession, with consumers curating a life that may or may not be what they experience in real life.

Examples in this section demonstrate that data analysis can be an interactive process, not simply an isolated activity. While the bulk of the analysis will still be done by the researchers, engaging participants in preliminary analytic activities can yield valuable insights. This process can start at the end of the data collection stage. Simply inviting the participant at the end of the interview to provide feedback and comments on the questions asked, the themes raised, the format, and approach of the interview is one technique used. Another is member checks, where participants are invited to comment on the findings of the study as the analysis progresses. This approach involves the consumer by inviting them to comment on the analysis to discern if, and how, the research resonates with them.

If the goal of the corporate researcher is to find information that can lead to better products and services for the consumer, then maximizing consumer involvement, whether in data collection or data analysis, can be rewarding for both researcher and participant.

16.4 Multi-perspective approaches to research

In his paper on the dilemmas inherent in research design, McGrath (1981) reminds us that all research methods are "seriously flawed." Some methods enhance generalizability (such as surveys and to a lesser extent, experiments) based on the causal nature of their findings, their larger sample sizes, and the high level of precision in control and measurement. However, experiments and surveys are seen as being low in realism. Other more qualitative methods emphasize behavioral context, focus on underlying meanings, and are

high in realism. However, qualitative methods are generally lower in generalizability, with smaller sample sizes, and measurement precision. Experimental research settings are often contrived, whereas ethnographic settings are existentially "real." McGrath (1981) points out that researchers must be aware of trade-offs between the strengths and weaknesses of a particular method. He advocates the use of multiple observations and multiple perspectives to maximize methodological strengths and counteract methodological weaknesses.

A multiple perspective approach to research is inherent in many culturally-based research methods. This convergence of perspectives occurs across methods, disciplines, functional areas, and contexts. The goal of this section is to show that innovative ideas often spring from pooling disparate resources, viewpoints, expertise, and methods. We will discuss some of the pros and cons of two approaches: The multi-method approach and the cross-disciplinary approach.

16.4.1 Multi-method approach

Ethnographic-based researchers typically combine observation, discussion, and interaction in their study of human behavior. Many of the examples given throughout this chapter show a triangulation of techniques to understand consumption. The authors of this chapter use a multi-method approach in much of their research, combining archival data with longitudinal surveys to understand consumers who succeed versus those who fail in a debt management program (Celsi, Nelson, Dellande, & Gilly, 2017); interviews and projectives with network analytic techniques to examine blending processes in culturally diverse families in the context of food consumption celebrations (Cross & Gilly, 2017); and interviews and experiments with neuro-decision techniques (Lin, Cross, Laczniak, & Childers, 2018) to understand the effect of advertising strategies, given individual differences in consumer olfactory sensitivity.

A multi-method approach has both advantages and disadvantages. Multi-method research is generally more time-intensive and usually requires multiple researchers with differing expertise in the particular methodologies employed on a project. Combining multiple methods can sometimes be regarded skeptically, particularly by those with a strong affiliation to a particular methodology. However, a multi-method approach also addresses and balances the methodological weaknesses of a single method and provides a richer, more holistic view of phenomena. It also allows the consumer behavior researcher to better capture both the overt and latent motivations for behavior in culturally diverse and non-traditional consumers.

16.4.2 Cross-disciplinary approach

Collaboration across disciplines and areas of expertise is another innovative way to approach research studies from multiple perspectives. In 2004 and 2005, a collaborative effort between research firms GfK NOP and Social Solutions, Inc. led to the creation of an unprecedented visual database to study global consumers. Labeled the "Visual Survey of Domestic Space," this project is viewed as the most comprehensive project of its kind. Anthropologists and sociologists spent over a year photographing an average of 20 household interiors in 12 countries and compiled nearly 13,000 comparable photographs. The photographs were then linked to quantitative data to document and examine cultural nuances and consumer preferences across the globe. This project is an amazing example of collaboration across disciplines, companies, contexts, and methods (Fielding, 2006).

Cross-disciplinary research is also actively encouraged in academic circles. Several campuses have interdisciplinary centers which encourage collaboration on research projects

across disciplines. Students value the multidisciplinary faculty, and research projects (particularly those looking at human behavior in context) benefit from the multiple perspectives provided. Two such centers are the Center for Human Computer Interaction (HCIS) at Iowa State University and The Center for Research on Information Technology and Organizations (CRITO) at the University of California, Irvine. Researchers are given incentives such as grants and awards to collaborate across disciplines. For example, "The Best Idea" grant, from American University's Center for Teaching, Research and Learning (CTRL), provides funding and support to a team of multidisciplinary faculty working together to develop critical knowledge on a research subject. In 2010, a four-person team of researchers from Psychology, Marketing, Philosophy and Global Environmental Politics was awarded the grant for their innovative proposal to examine environmentalism from a different perspective: Mindfulness and contemplation.

However, cross-disciplinary research does have its limitations. For academics, interdisciplinary work can be time-consuming and may not fit neatly into any of the research paradigms or disciplines traversed. For corporate researchers, research projects involving a variety of business units can be a source of frustration. These projects are often large and require a huge commitment and level of support from the organization or corporate leaders. Yet in spite of the limitations, collaborative consumer research embracing multiple approaches can be exciting. Studies have shown that diversity often leads to creativity, which we know is the first step in the innovation process (Amabile, Conti, Coon, Lazenby, & Herron, 1996). Consumers are complex and research must address that complexity.

The multi-perspective examples discussed ranged from academia to corporate practice, from multi-method research to interdisciplinary and international collaborative projects. There are many other examples, but the ones highlighted give a sample of the kinds of approaches available to researchers.

16.5 Summary and recommendations for future innovative research

Sunderland and Denny (2007, p. 48) point out that cultural analysis helps to make "visible the invisible." Cultural aspects can be so tacit and familiar that neither the researcher nor the participant is always aware of its existence. Thus, innovative methods for collecting data are needed that enable researchers to uncover cultural information that will help them better understand consumers and help marketers satisfy their customers. Creative ways of analyzing data and involving consumers expose researchers to new ways of thinking about the data they collect. Finally, finding new ways to present findings aids researchers in conveying information to marketing decision-makers effectively.

Yet how do researchers move from data analysis to innovative strategic thinking? How are innovative consumer insights used to develop and revise strategy? How do researchers effectively communicate their insightful analyses to clients or managers? These are difficult questions, even for the experienced researcher. We offer a few suggestions to get you started and help you think about this important step.

Key takeaways

Contemplating data holistically

- Start by systematically analyzing the data gathered. Software packages appropriate for the type of data gathered are recommended. For example, QSR NVivo or ATLAS.ti are

two commonly used software programs for storing, sorting, and coding textual data derived from interview transcripts and other data collection sources.
- Contemplate your data deeply, noting points of similarity and contrast, systematically probing to understand what additional strategic insights were gained from the individual and collective research approaches.
- If the research was done within a cross-disciplinary team, analysis is typically done separately, then as a team using discussion, brainstorming, and critique as techniques to dig deeper and uncover what the data are trying to reveal. It is important to draw on the strengths of the individuals in the team (or capitalize on the strengths of the methods), while acknowledging the limitations.
- Really listen to the consumers—listen to your data—and what they are trying to communicate. Listen audibly and visually to seek the underlying meanings behind the words and the behavior.
- Think about the data within its context and then consider what similar behavior in another context might reveal. Thinking out of context forces deeper contemplation.

Communicating data insights—Establishing credibility, validity and support

- Establish your qualifications and goals for the research. Outline any research questions or conceptual propositions.
- Describe your approach, ensuring the audience understands the context, importance and motivations for the choice of method(s) and team.
- Give the audience a sense of the data. For example:
  - Create a participant profile with demographic and behavioral information using pseudonyms, so your audience has some sense of your sample.
  - Include verbatims or comments from your participants to support your analysis and give credibility to your insights.
- Use visual summation methods—tables, figures, charts, and photographs, as illustrated in earlier examples, to effectively summarize the data and communicate patterns or trends.
- Be clear, organized, concise, and enthusiastic about the insights gained and the advantages of using a multi-perspective innovative approach.

With advances in technology, the door is open for additional innovation in research methods for cultural marketing management. Constructing virtual worlds in which consumers can interact with marketers and their products; tracking consumer-generated content for authentic conversations about products and services; using mobile devices across cultures as a tool for understanding nuances in behavior and preferences; and allowing data to be presented from multiple perspectives within particular cultural contexts are just now being explored by marketers. Technology allows cultural boundaries to be bridged in ways that will enlighten marketing decision-makers and researchers about culture's influences. Analysis of those cultural influences "unpacks and illuminates the implicit," (Sunderland & Denny, 2007, p. 51) helping us as marketing researchers to better understand human consumption.

Review and discussion questions

1. What is innovation? What is innovation in research?
2. What is the difference between innovation and creativity?
3. Why are innovative approaches to studying cultural issues necessary?

4. How does using more than one research method improve the quality of consumer insights? What are the challenges of multi-method research?
5. What are the challenges of using cross-disciplinary research teams?
6. What are the various ways in which consumers can participate in the research process?
7. What is a feasibility triangle? How is it used in visualizing data?
8. Understand the consumer in his/her environment by going grocery shopping with a friend or family member. Ask about each selection, e.g., why that brand, what will it be used for? Compare their shopping style to your own.
9. Consider your friends' use of social network sites by noting mentions of products and brands. How are products and brands used to communicate with others?
10. Go to an ethnic grocery store (different from your own ethnicity). Choose a product category and compare the display, pricing, assortment, etc., to your own grocery store.

Keywords

Research methods, data collection, data analysis, feasibility triangle, collage, visualization, photo elicitation, multi-perspective approach.

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17 Action research methods in consumer culture

Julie L. Ozanne and Laurel Anderson

Overview

Action research is an alternative approach to conducting marketing research that works with consumers and producers to co-create empirical findings that are timely, relevant, and implementable. These methods are appropriate when consumption phenomena are culturally embedded, multifaceted, and involve diverse stakeholders. The action research process is explained and compared with traditional research approaches. We highlight the cultural basis of different methods by offering illustrations that either draw on the local cultural resources or imported cultural resources. The use of local cultural resources is demonstrated through oral histories that leverage the traditional practice of embedded storytelling. But we also explore using web-based collaboration as a method, which is also a cultural resource native to youths in industrialized countries. Imported cultural tools are examined through the use of expressive collages for individuals to convey their life experiences. Also, the use of cameras is another imported cultural resource that can help people deeply reflect on social problems and engage in productive social change. Today's marketplace is dynamic and increasingly global, and new market opportunities exist in subsistence and emerging economies, as well as in highly developed economies. The methods discussed here highlight how cultural practices can inform the way managers gather data to better capture insights about diverse consumers.

17.1 Introduction

The relationship between the firm and the consumer is generally characterized by control and separation within much of marketing research. The firm creates and coordinates the research processes, often in secret; the consumer participates compliantly by filling out opinion surveys or voicing their views in directed focus group discussions. Yet a new model of marketing research is emerging in which many consumers participate in the idea generation, construction, and market testing of new products. Perhaps best exemplified by the creation of the Linux operating system, in this new approach, little clear delineation exists between the producer and the consumer who are both working together using different resources, guided by different agendas, and using different approaches. What may at first blush look like the colorful and noisy chaos of a market bazaar, instead, is an efficient way of developing an innovative and reliable product. In this new model, consumers create, alter, interpret, and give meaning to products and experiences (Visconti, Sherry, Borghini, & Anderson, 2010). Thus, the consumer is both a producer and a consumer—a prosumer (cf. chapters 8, 9, 10, and 11), who is often part of an energetic community sharing a "creative commons." While

the idea of co-creating products has precedent in the area of services, the online community is opening up additional opportunities, such as the case of Web 2.0. Other contributions in this book illuminate the active role played by consumers in the market; here we aim to locate such agency within research and from a specific methodological perspective.

Action research shares a similar approach to co-creating research and is an alternative research method for gathering information about consumers. Action research is defined in numerous ways and utilized in such far-ranging domains as management, education, and economic development among others (cf. Elden & Chisholm, 1993; Bailey 1994). We utilize a form of participatory action research (Ozanne & Saatcioglu, 2008) that focuses on consumers and has three basic components: The attainment of a deep understanding of a group or community of consumers, the collaboration with consumers in the research process, and the co-development of some marketing action. Action research takes an additional step beyond traditional marketing research to include consumers in the design of marketing action as part of the research. Action research is particularly relevant when the problems investigated are complex, embedded in cultural contexts, and solutions require the involvement of many different stakeholders. In this chapter, we briefly highlight the general differences among traditional marketing research approaches and the action research approach. Next, we explain the steps that are involved in doing action research. Throughout this discussion, we illustrate the process by drawing on our own case study of action research which has been done in the area of health services (Ozanne & Anderson, 2010). Finally, we delve more deeply into research in this area by focusing on four concrete methods—oral histories, collages, web-based collaboration, and photovoice. We demonstrate these methods drawing once again on our health case study, but also bringing in additional examples to illuminate the strengths of these different methods.

17.2 General approaches to research methods

Two general approaches to gathering data about consumers are popular within the field of marketing management: A quantitative and a qualitative research approach. Borrowing from the hard sciences, the quantitative approach involves the researcher controlling the design, collection, and analysis of the data; the goal is to collect precise, numerical data, submit this data to rigorous statistical analysis, and generate an exact answer. An exemplar of this approach would be a controlled laboratory experiment in which different advertising appeals are tested for their impact on consumers' recall of brand attributes. Or two different versions of advertising copy might be tested in identical magazines and consumers' recognition of the brand could be measured. These methods work best when the problems under investigation are narrow and a specific answer to a well-structured problem is sought.

The qualitative approach to gathering data is also very popular and includes such techniques as in-depth interviews, focus groups, and ethnographic field research (see chapter 15 on ethnographic methods). Within this approach, the researcher also decides the general questions to be examined, the methods used, and the analysis of the data. However, in an effort to generate more in-depth and holistic understandings of the consumer, the qualitative researcher relinquishes more control to the consumer and allows the research process to unfold and emerge. For example, during an in-depth interview, the researcher might plan to examine family decision-making, but new issues will likely emerge that would also be explored, such as managing conflict in family finances. Because these methods allow consumers considerable opportunities to expand upon and explore their ideas, these tools are particularly useful for discovering deeper insights into consumers' motivations and the

meanings they attach to different phenomena. Thus, qualitative methods are useful when the marketing manager seeks new insights into less well-defined problems, such as developing a profitable brand extension or creating a brand identity for a new product.

While action research methods originally evolved within organizational research to increase worker involvement within decision-making (Lewin, 1946), many of the recent innovations have evolved from field research in developing countries (Chambers, 1997). In this context, new methodological innovations were needed because many consumers in subsistence markets had low levels of literacy. Despite their lack of formal education and training, these consumers have had significant life experiences that can inform the development of strategic interventions. As we will see, action research methods have been extended into a range of situations within both economically developed and undeveloped countries.

All consumer research methods aim to increase the understanding of consumers and their behavior. To this traditional goal of both quantitative and qualitative consumer research, action research adds the explicit goal of increasing consumers' wellbeing. Action research is unique in that it explicitly researches actions that might change behaviors that affect consumers' wellbeing. As such, an action research project seeks to create knowledge, propose and implement changes, and improve practice and performance (Stringer, 1999). Thus, the ultimate outcome of action research in marketing management is to develop marketing actions that increase consumer wellbeing, which is particularly relevant for firms that seek to be profitable in the long run by developing more authentic relationships with consumers. For example, this approach would be useful for utility companies trying to decrease energy consumption that can save money for both the firm and the consumer.

While action research approaches may use data-gathering techniques from both quantitative methods, such as surveys, or qualitative methods, such as interviews, this research approach differs on two basic assumptions that guide the research process. First, because change in behavior is desired, action researchers assume that the consumers being researched and other stakeholders should be collaborators who are actively involved in the research process (Ozanne & Saatcioglu, 2008). This desire to include consumers in the research process means that qualitative methods are often preferred since consumers are sometimes better able to understand these methods (Ozanne & Anderson, 2010). Moreover, sometimes new methods need to be customized to the knowledge, skills, and sociocultural understandings of the consumers. Thus, action research is a hotbed of methodological innovation (see, for example, Mukherjee, 1993). Finally, the research findings are collectively shared and used to benefit not only the firm, but also the consumers being studied (Lewin, 1946; Reason & Bradbury, 2001).

In understanding consumers, Calder (2001, p. 155) emphasizes that for marketing researchers, the "crucial thing is to have an explanation … to start with an explanation … think about explanations first and data second." This traditional quantitative approach to consumer research is in stark contrast to action research. Action research differs from traditional marketing research in that it does not privilege the position of the marketing researcher to understand consumers, design the research, interpret the results, and develop a marketing action. It is collaborative and strives to include consumers in these processes. This approach works when the product involved is experiential and is thus co-created with the consumer (such as in the case of services). This approach also works well when the product is high involvement and the wellbeing of the consumer is paramount. It is evident that in these situations, culture is fundamental to understanding consumption. For example, relevant cases might include developing retirement facilities and services for the elderly, services for

pregnant teenagers, or programs aimed at reducing obesity in children. All of these examples are deeply nested in cultural meanings and discourse.

17.3 Overview of the action research process

The action research process can be broadly viewed as three overlapping stages (Ozanne & Anderson, 2010). The first stage is building relationships within a consumer group or community where a focal issue arises. The researcher seeks to identify individuals or groups who could be partners in the research process and could offer their help in understanding the issue as well as identifying resources and constraints (Koch & Kralik, 2006). Participants from the community are collaborators in the research because it is believed that effective interventions require the consideration and respect of the social and cultural constructions of the people involved (Reason & Bradbury, 2001). This view is consistent with core ideas within the field of marketing. For example, the marketing concept is a foundational concept based on the assumption that effective strategy is based on the needs of the consumers. Action researchers believe that if consumers are involved in researching problems that are important to them, then they will be more invested in the research outcome and will produce more reliable findings and enduring changes in behavior. Action researchers' interests align with the rise of companies who seek to be more socially responsible and use more sustainable business practices (Kotler & Lee, 2005).

In our own health action research, we studied the problem of diabetes in an economically poor town in southwestern United States where 23 percent of the people suffered from the disease, which is three times higher than the national average. This community was primarily composed of immigrant Hispanics and Native Americans. Managerial questions regarding the diabetes problem might include: Who is the best service provider? What would a service look like that would have a significant impact on this problem and bring about actions that would change this high rate of diabetes? In the first stages of research, we sought out a range of partners who could provide different insights including the staff at a health clinic, members of a health advocacy group (with representatives from different social and governmental services), staff and students from a community college, and other community members. These groups provided different perspectives on the illness and access to different stakeholders within the community.

The second phase of action research involves collaborating with willing partners who help plan, design, and conduct the research. For example, the director of the health clinic advised us on the locally appropriate methods and arranged interviews with health workers and patients so we could better understand the problem of diabetes. Similarly, we worked with and trained students and faculty from the community college in research methods in order to examine town members' experiences of diabetes through the use of collages and photography (we will discuss these methods later in the chapter and highlight findings from our health study). During this stage, findings are often presented to groups affected by the problem for their reflection and are then used to inspire discussion and the development of deeper insights. Action research benefits consumers and communities when people are able to learn new skills, analyze their social and economic conditions, and then look for solutions and actions. For example, in our study, the photography technique that we employed was adopted by a teacher for use in a tribal educational program. Since this method assumes that two-way learning and sharing will occur, it is a good approach to use when a firm seeks to develop long-term relationships in the community based on respect and trust.

Finally, in collaboration with the research partners, an action plan is implemented based on the emergent findings. Following the implementation of the plan, additional research may be needed to see if the goals were accomplished, which often leads to a new cycle of problem identification, research, and action (Stringer, 1999). In our study on diabetes, one of the action plans that emerged from discussions among community stakeholders was the need for a local health worker program. The residents felt that health workers who share a similar social and cultural background would be better able to work with local community members who suffered from diabetes and could help customize more culturally appropriate interventions.

In the next section, some of the interesting methods employed within this broader action research process are explored.

17.4 Four different types of action research

Action research is a broad research process and many different methods can be used to gather useful information and improve consumer outcomes. We highlight the diversity of methods by organizing four different action methods along two axes to examine the resources leveraged and the focus of the research insights. To a great degree, the methods used can be based on local embedded cultural resources or they may rely on imported cultural resources. Or, the methods may focus more on insights from individuals or the community at large (figure 17.1). First, we discuss oral history as a method that explores individual life histories using embedded storytelling traditions. Second, we examine an imported tool, collages, and show how this tool can be used by individuals to express their life experiences. Third, we explore the web as a method that has deep cultural roots in some communities, such as teenagers in industrialized countries, and can be used to explore community strengths and opportunities. Fourth, photovoice is examined as an imported method that has considerable power to engage the community in deep reflection, problem solving, and social change.

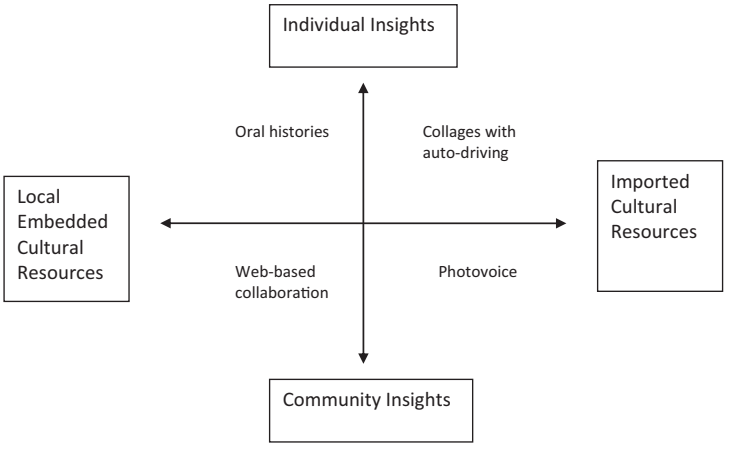

Figure 17.1 Four types of action research

17.4.1 An embedded cultural tool for understanding individuals: Oral history

Within all societies, homegrown ways exist of organizing and representing important local cultural insights and knowledge. Probably the most widespread and ancient form of such transmissions is oral storytelling. While marketing researchers frequently talk directly to consumers using methods, such as interviews and focus groups, an oral history is a firsthand account of a consumer's life story. The method is frequently called a personal narrative, a life history, or a biographical interview (Reinharz, 1992). While oral histories were originally used to capture the experiences of elite members of society, such as famous politicians or historical figures, they are now widely used to explore the experiences of ordinary people that are often lost or overlooked as unimportant. For example, Elliot and Davies (2006) use oral histories to understand how ordinary consumers create meaning through their use of brands.

Unlike an autobiography or biography, the researchers and the consumer co-create this account through their dialogue as consumers tell their stories encouraged by the questions and inquiries of the researcher (Reinharz, 1992). The researcher might also use the consumers' personal possessions to trigger a memory. Nevertheless, the storyteller exerts considerable control in the research process as memories and life events are recalled, selected, and explored. Oral histories are broader in scope than traditional interviews that tend to be more focused. Oral histories capture more than simple narrative lines and also capture the important cultural categories that are worth remembering and preserving. These cultural categories can be used to develop actions focused on the wellbeing of these consumers. Thus, within traditional societies, oral histories often provide links between the past and the future. Collections of stories can capture diverse and unique experiences of the individual, but they can also reveal broader cultural patterns. The rules and norms of storytelling differ among groups and so researchers need to be sensitive to differences within the culture where the method is used. For instance, groups may vary in the extent to which humor and "gossip" is viewed as an appropriate part of the narrative and often different levels of interactivity are deemed proper between the speaker and the listener (Smith, 1999).

Traditional quantitative social scientists often criticize oral histories as overly subjective; and it would certainly be costly to implement this method with large numbers of consumers. But it is when this focus is on the personal experience of overlooked groups that this method is particularly relevant to marketing managers. These ignored consumers may have unmet needs and wants. Imagine the generative power of hearing the actual voices of consumers for those business clients who have to engage in creative and challenging tasks such as developing new products, forging brand identities, or creating breakthrough advertising.

The usefulness of oral history as a method is well demonstrated by Cheryl Gilkes' (1983) study of African American working-class women who achieved upward mobility into the middle class. Black professionals are a relatively under-researched group. In this study, life histories were created through interviews with "ordinary" community organizers who were identified as being extraordinary for their social activism within their communities. These women successfully gained the educational skills they needed to be able to advance within organizations that were dominated by whites but served African American communities. While receiving significant monetary rewards and recognition, the women were able to maintain their ties and commitment to the black community. All of these women struggled within traditional university environments. They found the university curriculum often irrelevant to the practical and pressing needs of their community, they perceived higher education as

a pacifying force that "teaches you not to fight," and they often had conflict with educators who they perceived as basing their curriculum on inaccurate knowledge of poor black communities (Gilkes, 1983, p. 123). Given the failure of many educational institutions to expand services to minority groups, this study offers valuable insights into the educational system's failure to meet the needs of this consumer group by providing more relevant and accurate educational experiences aimed at social change.

17.4.2 An imported cultural tool for understanding individuals: Collages

Collages are a technique that is focused on understanding an individual consumer's feelings, motivations, and attributions of meaning. Collages are a projective technique that uses collections of pictures to represent more personal experiences. Consumers are first asked to collect meaningful pictures and then visually arrange the pictures to represent their perceptions on a theme or topic. For many consumers, this method would be a technique relying on "imported" cultural resources since few consumers routinely engage in this type of visual, artistic, and creative process.

The main strength of this technique is that it allows individual consumers to express their feelings and perceptions in a nonverbal way. Most marketing research relies heavily on written language and assumes that consumers are able and willing to verbalize their feelings and experiences in response to the researcher's verbal questions. With visual methods, it is recognized that some experiences exist at a deeper level of consciousness and are more difficult to articulate and examine. Furthermore, verbally-based research methods assume a high level of literacy. Thus, the collage is particularly beneficial when the consumers are not highly literate, such as children or new immigrants.

Recent neurological research suggests that we operate at a more visual level than previously recognized and much communication among people is nonverbal (Zaltman & Coulter, 1995). Thoughts are often visually-based and about two-thirds of stimuli apprehended by our brain are visual (Kosslyn, 1994). Thus, a disconnection may arise between how consumers actually think and communicate, which is more visual, and how researchers access this information, which is often verbal. Through the use of collages, the language of visual imagery is activated, thereby allowing for richer verbal descriptions of feelings and meanings (Zaltman, 2003). Usually, the researcher uses the collages to guide, or "auto-drive," an interview in which the consumer explores the meaning of the visual symbols in the collage (Heisley & Levy, 1991).

In our own research discussed earlier, we sought to understand consumers' perceptions and feelings about diabetes through collages (Ozanne & Anderson, 2010). Consumers were provided with photographs from the community, magazines, and art supplies and asked to develop a collage on what diabetes is and what it means to be healthy. Diabetes is generally a taboo subject in this community, so the collages provided a powerful stimulus that was used to explore personal emotions and meanings. We found that community members of all ages were highly engaged in this method. The method also had the practical benefit of being able to be accomplished in one meeting, since our participants often juggled busy schedules and often had two jobs and many family commitments.

Through autodriving on the collages, it became clear that the consumers who had witnessed the harsh consequences of diabetes in childhood were more likely to maintain healthy habits in adulthood. These harsh consequences included seeing their grandparents in diabetic shock, being with a parent or grandparent during dialysis, or observing the results of an amputation. As we helped develop interventions for a youth educational program on

diabetes, these insights were invaluable. Again, collages can provide a powerful revelatory method, but this is a labor-intensive process and would be difficult to implement on a large scale.

More managerial uses of collages also exist. For example, Ziba Design utilized collages with bank employees and executives to identify Umpqua Bank's "essence," which emerged as being human-centered. Specifically, customers wanted a more caring style of banking rather than the traditional authoritarian approach to banking (Sella, 2004). Similarly, in revising United Airline's ad campaign, Fallon McElligott, a Minneapolis advertising agency, probed their customers' experiences of flying through drawings with different color crayons and collages (Kaufman, 1997).

17.4.3 An embedded cultural tool for understanding communities: Web-based collaboration

"Online culture is *the culture*," according to Kevin Kelly, the co-founder of *Wired* magazine and author of the bestseller, *New Rules for the New Economy* (Kelly, 2005). With the spread and diffusion of internet technologies, online collaborative communities are growing rapidly. An important trend is emerging where consumers both research and co-create products, but considerable controversy arises in this context. Social network technology tools certainly qualify as embedded resources in many developed countries, especially among the younger generations. Before the internet, many forms of collaboration were difficult on a large scale or with dispersed communities. And in the realm of action research, these online communities have demonstrated the challenges of collaboration both in terms of involvement and control (see chapter 26, digital marketing for contrast).

We see the internet as a media evolving from mass audiences to a somewhat unruly bazaar-like mode of participation. As we have previously mentioned, considerable co-creation occurs among consumers engaged in action research on the web. These activities include consumers offering product or advertising ideas, organizations forming online community blogs to monitor consumer attitudes and experiences, and consumers participating in research on an issue or problem. For example, Google's Project 10 (to the 100) sought action plans from consumers by putting out a call for ideas that "change the world by helping as many people as possible." They pledged $10 million to put these ideas into action and the best idea will be determined by a vote of the online community (Google, 2008).

HopeLab is an organization whose mission is to "combine rigorous research with innovative solutions to improve the health and quality of life of young people with chronic illness." HopeLab explicitly seeks collaboration with its patients, their families, and nurses throughout its product development process. Through this research and action process, they developed the award-winning video game, *Re-Mission*, for teens with cancer. Teenagers who played *Re-Mission* showed impressive improvement in their adherence to their medication regime. Relative to Google, HopeLab collaborates more deeply with consumers by creating an online community of teen cancer patients through their blog site for the *Re-Mission* game. HopeLab uses this blog to research and better understand their teen consumers and also collaborates with teens to form action plans. They have expanded their focus to obesity through the idea competition called Ruckus Nation, which seeks to tap into "the power of the global community—including kids—to generate new ideas for products that will get kids moving" (HopeLab, 2009).

HopeLab draws on the insights and credibility of a community of peers. Teenagers can interact anonymously on potentially sensitive topics such as cancer and obesity without

embarrassment or the fear of stigmatization. Moreover, geographically dispersed and diverse people can come together and work easily, particularly given the norms on the internet that encourage collaboration. This technique has the potential not only for developing, in collaboration with the consumers, a deep understanding of the group, but can incorporate rather more easily the action step of this research.

However, this tool is limited to relatively wealthy and electronically connected consumers. This tool also has drawbacks particularly with regards to issues of anonymity and privacy. For example, privacy issues have arisen with Facebook. Many instances exist where email address lists and personal information have been sold. Furthermore, ethical issues of transparency on the part of the marketing researcher require the development of thoughtful policies to avoid alienating consumers. Marketing research in general can be tainted by the actions of a few, such as when covert practices occur that make consumers wary and guarded.

17.4.4 An imported cultural tool for understanding community: Photovoice

Since its invention, photography has been used to document community problems, raise public awareness, and, at times, motivate social action. For example, Roy Stryker's work recorded social problems such as the decline of the rural farm and the rise of urban blight in the United States in the 1930s. Here, trained photographers recorded poignant images that were then presented to the public to generate public awareness and social action. Photovoice has its roots in such documentary photography and, similarly, takes advantage of the potential power of visual images to inspire people to act. However, cameras are instead placed into the hands of ordinary people to capture the issues that are important to them. While professional photographers might create more artistic and competent work, they will also inescapably see the communities they visit through the prism of their own experiences. Ordinary people are "experts on their own lives" (Wang, Morrel-Samuels, Hutchison, Bell, & Pestronk, 2004, p. 911) and have insights that outside photographers might overlook—such as the deeper meaning of seemingly mundane activities that women engage in within their homes. Community members also have wider access into private areas within the community that might be off-limits to an outside researcher.

Some groups exist at the margins of society, have less power, and may lack the tools and abilities to make their needs known (e.g., women, the poor, children, and the physically challenged). Photovoice is a method that can help these segments articulate their needs even when they do not read, write, or have formal education. Photovoice (Voicing Our Individual and Collective Experience) in the past has been used to examine health problems but it is a very flexible method that is used globally with a wide variety of groups. For example, Wendy Ewald (1985) gave cameras to youths in Appalachia to document their lives and stories. The nonprofit organization Photovoice has given cameras to children in Sarajevo, immigrant workers in the United States, Iranian earthquake survivors, and homecare residents in London (www.photovoice.org). These people represent large groups of consumers with special needs that are not being met in the marketplace.

Photovoice was originally inspired to provide citizens with a way to communicate directly to policymakers through their photos (Wang, Burris, & Ping, 1996). But this method clearly has managerial implications. Given its focus on identifying unmet needs and also documenting community resources, it could be particularly relevant to marketing managers. Growing interest exists in trying to meet the needs of the millions of consumers who are on the bottom of the economic pyramid (Prahalad, 2005). In addition, with companies

increasingly heeding the call to engage in good corporate behavior, Photovoice is another valuable tool for corporate social responsibility and for firms working within their communities to help solve social problems (Kotler & Lee, 2005).

The method is fairly straightforward. A community of interest is identified, and willing participants are selected. Research facilitators are also needed to help coordinate activities, train the participants, and lead group discussions. The photos are developed and analyzed in a two-stage process. First, the individual photographers select the photos that they believe best capture the needs and resources of the community. Second, these photographs are presented to the group and contextualized by the photographers telling the story of the photograph, what it captures, and what it means. Within this group discussion, other people may offer additional insights and explanations of the photographs; thus, multiple and richly contextualized meanings including any contested issues are constructed from the photograph by the community. Across the analysis of different community photographs, the group critically analyzes the root sources of problems identified. Finally, they prioritize the most pressing needs of the community. These photos may inspire social or policy change when they are displayed in public exhibits or presented to community leaders and politicians (Wang et al., 1996). Similarly, these photos could provide powerful evidence of the needs of consumer groups that could be used to initiate marketing innovation such as the development of new products.

Unlike marketing researchers who generate data using traditional methods, such as observations, interviews, or focus groups, Photovoice offers unique advantages. First, the participants control the images captured and thus their expertise and perspective are more likely to be captured. The photos capture the rich and multifaceted sociocultural life that may be hidden from the view of outsiders. Second, as with collages, this method works particularly well with people who are more vulnerable and lack literacy skills; the method is fun and engaging and is a new form for representing their views. Third, the visual images and stories generated by this method are a potent form of communication and provide powerful visual evidence. Finally, the method can be used to both assess the needs and the resources of the community and thus can be used to motivate social change or innovation (Wang et al., 2004).

The photovoice technique does present some challenges. First, the Photovoice research process takes time and requires several points of contact with consumers. This requirement may be prohibitive with economically depressed groups of consumers who may be working two or more jobs in addition to handling their other responsibilities. They have little discretionary time to spend doing marketing research. Second, this is a group process. If community members know one another, they may be reticent to be very forthcoming when compared to more anonymous methods such as focus groups among strangers. Finally, conflict may arise in these group discussions. The meaning of conflict and the methods for handling it are often culturally layered. Collaboration with a member of the consumer community then becomes crucial in the facilitation of these group dynamics.

The original application of Photovoice was among rural Chinese women in dozens of villages in southwestern China. These women lived far away from the decision-making hubs within the local Chinese government or business spheres. Yet decisions were regularly made by business and policymakers that impacted the lives of these women. The photographs generated gave testimony to the harsh physical realities of rural women and the competing demands they faced. For example, since women lacked childcare, infants were brought into the fields and exposed to the elements while their mothers did heavy manual labor. Photographs of young babies on blankets in the fields made vivid this reality. The men

making decisions regarding daycare facilities were far removed from these rural realities, but the photographs made them aware of the needs of rural families and led to the development of a daycare program (Wang et al., 1996).

17.5 Managerial implications

Action research strategies offer an alternative set of tools to be used in conjunction with traditional quantitative and qualitative research methods. As marketing managers work within the constant challenges of a dynamic global economy, they will increasingly need more research tools that are culturally sensitive and can be adapted to the needs of the local consumers. Within emerging economies and subsistence markets, consumers often lack literacy skills that make some of the traditional methods less viable. Yet these consumers are experts in their daily lives and are the best source for understanding their needs. Action methods offer a set of flexible research tools that may be particularly relevant in this context.

Methodological tools are flexible resources that can and should be imported and adapted to local cultural needs. Photovoice is an imported technique that offers consumers new ways to collectively and powerfully represent their needs through potent visual images. Likewise, collages provide a way to gain insight into more individual feelings and experiences through visual images. But here, the value of the imported technique is based on the ability of the method to access individual consumer emotions that are more difficult to tap through verbal methods. New methods can also be created by leveraging embedded forms of cultural expression. We can respect embedded forms of communication, such as storytelling and oral histories, as a way to learn more about these consumers and their communities. Similarly, we can examine local forms of expressions, such as the social networks of the web to provide vivid settings for collaboration.

A core underlying assumption across all these methods is to respect that all consumers have a wealth of valuable experience. Considerable ingenuity and creativity may be needed in adapting old methods and creating new methods to tap into this consumer expertise. As the trends toward more consumer co-creation and collaboration in the marketplace grow, it is likely that a parallel need will exist for more collaborative research methods. Action research methods are particularly well suited for collaborative design of goods and the co-creation of services.

It is evident that marketing research and the development of marketing programs are not separate activities in the action research process. This raises a number of managerial implications and questions regarding how organizational structure and role descriptions may need to be changed to allow action researchers to work with interdisciplinary teams and functional marketing managers to design and implement solutions to social problems.

Finally, marketing managers must recognize that action research is not defined by any specific research technique. Action research is predicated on the goals of improving consumers' outcomes through engaging in collaborative inquiry that results in positive actions and changes in behavior. To exemplify action research, research methods must be used within this broader framework of action research.

Review and discussion questions

1. What managerial problems are best suited to quantitative research methods?
2. What managerial problems are best suited to qualitative research methods?

3. What managerial problems are best suited to action research methods?
4. What additional skills are needed by marketing researchers conducting action research?
5. Explain the steps in the action research process.
6. Discuss the pros and cons of including consumers in the action marketing research process.
7. How do you develop trust with consumers throughout this process? This is a pressing issue if the firm is seeking to develop authentic relationship.
8. What are the pros and cons of each of the methods discussed: Oral histories, collages, web-based collaboration, and Photovoice?
9. Generate concrete managerial uses for each of the four methods discussed: Oral histories, collages, web-based collaboration, and Photovoice.
10. What company information will it be necessary to share with consumers to enable high-quality collaboration for each of the managerial uses listed as answers for question 9?
11. What expectations does action research create in consumers?
12. What training is necessary for consumers in order to participate in action research at their highest possible level.
13. What benefits and guarantees are necessary to encourage consumer participation?
14. How much control can be ceded to consumers?

Keywords

Quantitative research approach, qualitative research approach, action research, action research process, oral history, collages, web-based collaboration, Photovoice.

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Suggested web resources

Oral history

Baylor University offers a good tutorial on how to go about doing an oral history. Available at: http://baylor.edu/oral_history/index.php?id=23566.

HopeLab has developed a Center for Digital Storytelling in order to understand the needs and interests of teens with cancer. The case studies provide examples of many other wellbeing initiatives that use this technique. Available at : http://hopelab.org/innovative-solutions/digital-storytelling/.

Collages

The Zaltman Metaphor Elicitation Technique is examined in more depth. Available at: http://olsonzaltman.com/downloads/2002%20Harvard%20Business%20Review.pdf

This article offers more depth on the collage technique. Available at: http://fastcompany.com/magazine/14/coffee.html.

Web

Google's Project 10 (to the 100) uses consumer-generated ideas to improve wellbeing. Available at: http://project10tothe100.com/how_it_works.html.

Trendwatchers calls the present Generation G for generosity, collaboration, and sharing. They note this trend parallels the collaborative aspects of action research. Available at: http://trendwatching.com/briefing/.

HopeLab is dedicated to involving its patients and other stakeholders in developing new products for teens with chronic illnesses. The game *Re-Mission* has won awards. Available at: http://hopelab.org/.

Photovoice

A rich resource is provided by the nonprofit organization photovoice. This website offers useful help on using the method and has a wide range of examples and applications. Available at: http://photovoice.org.

The academy award-winning film for best documentary, by Zana Briski and Ross Kauffman, is an engaging example of how photographs can be used to give vulnerable groups new tools of communication. *Born into Brothels: Calcutta's Red Light Kids* would provide for a provocative class discussion. Available at: http://kids-with-cameras.org/bornintobrothels/.

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Part IV

Refashioning marketing practices

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18 Re-examining market segmentation

Bifurcated perspectives and practices

Luca M. Visconti, Mine Üçok Hughes, and Michele Corengia

Overview

Market segmentation is foundational to marketing: As scholars and managers contend, its concept "is built into the fabric of marketing" (Gibson, 2001, p. 21). Segmentation is the process through which a company's actual and prospective customers are split into subgroups (i.e., segments), each of them showing similar consumption behaviors that differ across subgroups (Peter & Donnelly, 2008). Differentiation (i.e., the process leading to variations of a company's offer) and targeting (i.e., the decision of which segments to serve by means of differentiated offers, Pride & Ferrell, 2004) are meaningful only when customers have heterogeneous preferences, that is, only when a market is segmentable. Subdividing and profiling market segments help identify the customers to serve, the most effective way to satisfy their specific needs/desires, the competitors to face, the resources requested to compete in each segment, and the main stakeholders to involve in order to reinforce a company's market legitimacy (Cuciurean-Zapan, 2014; Lambin, 1998). In simpler terms, market segmentation helps perform a company's market orientation.

While segmentation is still central to today's marketing, the profound transformations as much as the rising opportunities of contemporary markets and societies ask for a profound revision of segmentation theory and practice (Arnould & Cayla, 2015; Gibson, 2001; Kannisto, 2016). Answering to this call, the chapter's aims are twofold. First, we approach segmentation historically, in order to unveil which were, and somehow still are, its often-implicit grounding premises. We show that most of these premises sway when confronted with extant cultural, economic, and technological environments, and invite a revision. The first part of the chapter (§ 18.2) thus provides readers with a longitudinal understanding of market segmentation and with evidence which underlines the need for the requested revision.

Second, by focusing on contemporary trajectories of revision, we approach segmentation epistemologically, that is, we contrast two opposite perspectives on the needed revisions of market segmentation (§ 18.1). On the one hand, the *marketing science perspective* combines big data-driven consumer knowledge (cf. chapter 26 by Zwick & Dholakia) and the power of new technologies (especially, of artificial intelligence) to reinvigorate and transform segmentation (Mandelli, 2018). Within this perspective, segmentation-as-science goes micro—basically, at a one-to-one level—and (hyper)targeting (Hoffmann, Inderst, & Ottaviani 2013) results in personalization, interpretable as the radicalization of mass-customization (Flavin & Heller, 2019). On the other hand, hailing from the *cultural marketing perspective* (Peñaloza, Toulouse, & Visconti, 2013), segmentation evolves into a set of decisions that marketers co-construct with customers. In line with this dialogical posture, targeting then requires conversational abilities (Jarratt & Fayed, 2012) not only to reach, but also to engage

target customers (cf. chapter 10 by Schau & Schau on brand communities and chapter 11 by Cova & Shankar on consumer tribes). In so doing, the second part of the chapter (§ 18.3 and § 18.4) provides readers with a comparative understanding of how segmentation is changing and argues that segmentation is bifurcating along a marketing science and a cultural marketing pathway. In line with the spirit of this book, the chapter especially delves into cultural segmentation.

18.1 Market segmentation: Art or science?

Since the introduction of the term in the mid-1950s (Smith, 1956), segmentation has been foundational to marketing (Gibson, 2001). More specifically, it is the grounding decision of *strategic* marketing, a stage of the marketing process often summarized through the STP acronym (segmentation, targeting, and positioning, Venter, Wright, & Dibb, 2015). Segmentation builds upon customer behavior theory (Jarrett & Fayed, 2012), which allows marketers to subdivide their actual and prospective customers based on their market attitudes, preferences, needs/desires, and/or behaviors—in the interest of brevity, we use the term "preferences" extensively in the following. According to traditional segmentation theory (Peter & Donnelly, 2008), segments should present a maximum of internal similarity (intra-segment preference homogeneity) and a maximum of cross-segments dissimilarity (inter-segments preference heterogeneity). These conditions met, marketers can invest in product/service/experience differentiation to tailor their offer to distinct segments. When they perform better than their competitors do, they should expect to get a return on their investments, as an expression of the competitive advantage gained in the industry. This, at least, holds in theory.

Cultural researchers and practitioners do not see segmentation as just a technical, objective way of transferring customers' heterogeneous preferences into tailored offers. First, they posit that the way marketers segment a market often reflects more a company's best resources than customers' real preferences. The necessity for marketers of gaining and maintaining competitive advantage in the interest of profitability would in fact orient segmentation to agglomerations of preferences that best fit the company's core resources. Evidence of this conduct comes from the use of product-centered segmentation criteria (e.g., users/non-users, loyal/non-loyal users, distinct preferences toward product features, Jarrett & Fayed, 2012), which conflict with germane customer orientation. For example, a fragrance company that invests heavily in the rarity of ingredients is more likely to segment its customers on the basis of their sensitivity to product rarity. Yet, this may not be the most discriminatory segmentation criterion in this market.

Second, some scholars (e.g., Arnould & Cayla, 2015; Quinn, 2010) observe that segmentation has more to do with a company's sense-making processes than with customers' factual behaviors. Marketers' sense-making reflects how they attribute meaning to the information collected about their customers and to the relational exchanges with them. Provided with these interpretations, marketers would segment markets based on customer insights—their illuminations about customers. Recent interest in personas, fictional user profiles that provide "flesh and bones" to otherwise abstract customer profiles (Arnould & Cayla, 2015), testifies to this conduct. An example of how customer insights may diverge from science comes from the contradictory or rationally inexplicable customer behaviors. In recent years, the fashion market witnessed customers' booming interest in "ugly" garments (e.g., Balenciaga's ugly sneakers or Gucci's ugly kangaroo slippers). While no rational motive explains why a shopper should wish to look ugly—and to pay a premium price for it!—this

may become understandable for symbolic or cultural reasons (e.g., breaking free from the obligation of looking beautiful and being seductive).

Third, cultural fellows (Venter et al. 2015) note that segmentation, as with any other marketing practice, is performative. In simple terms, this means that segmentation practice (how marketers *do* segmentation) is not only a consequence of segmentation theory (how segmentation *has to be done*). Rather, the way marketers perform segmentation contributes to the way we think of it and to the way it unfolds (practice somehow makes theory). Applied to segments, a performative lens contends that how marketers describe segments concurs to the construction of said segments, in line with marketers' predictions (i.e., marketers make their segments). The performativity of market segmentation is evident when inspecting how marketers represent their customers in advertising. Much of these representations are backed up in the way marketers originally describe segments and ultimately target them. For example, the way of representing (fe)male consumers in ads not only reflects their "objective" nature (i.e., the biological fact of being male or female), but contributes to the roles and stereotypes they experience in daily life (Visconti, Maclaran, & Bettany, 2018). Similarly, the way of representing illnesses (just think of HIV/AIDS or mental diseases), therapies, and the physician-patient relationship have an impact on how patients and doctors see themselves and ultimately behave. More generally, when marketers use advertising to challenge or diminish customers' self-esteem, they are somehow making their own market, since they elicit a need for which they provide a solution.

In sum, marketing scholars and practitioners differ in the way they envision and perform segmentation. In line with the origins of our discipline, some of them see segmentation as a science, a way of identifying objective differences in how customers behave in a market, which can be exploited to subdivide customers and target them distinctively. Within a marketing science approach, segmentation aims at reducing marketing complexity (Gibson, 2001), theory precedes segmentation practice, decisions reflect sound customer knowledge, and ambiguity is rejected. Others (i.e., cultural researchers) consider segmentation closer to a form of art (or a different form of science; Visconti, 2018), which implies extensive interpretive processes, and accommodation between marketers' needs and skills and customers' ability and willingness of contributing to the market relationship. Within a cultural marketing approach, segmentation practice contributes to the constant transformation of segmentation theory, and ambiguity, contradictions, and loss of commitment are not only tolerated, but also proactively used to improve relationships with customers (Fırat & Shultz, 1997). Rather than looking for objective customer data, cultural segmentation welcomes the complexity of markets and pursues depth and quality of conversations with customers (Cova & Cova, 2014). It thus requires different marketers' skills, including communication competences, empathy, hermeneutic ability, and transparency.

Without neglecting our affiliation to the cultural marketing school, we firmly reject the possibility for any of the two abovementioned approaches to be labeled preferable or superior. Each of them has precise disciplinary rooting, serves distinct marketers' needs, and may outperform the other under established market conditions. In line with our belief, the chapter provides a comparative, cross-disciplinary analysis of market segmentation around three main themes, which we retrieved from reviewing a number of marketing/consumer behavior articles (e.g., Ahuvia, Carroll, & Yang, 2006; Kannisto, 2016; Quinn, 2009; Smith, 1956; Venter et al., 2015) and manuals (e.g., Kerin, Hartley, Berkowitz, & Rudelius, 2006; Kotler & Armstrong, 2006; Lambin, 1998; Solomon, Bamossy, & Askegaard, 1999). The three themes we identified in the literature include: 1) the premises grounding market segmentation, 2) the stages articulating the segmentation process, and 3) the criteria for

segmenting a market. Indicatively, all sources address segmentation criteria; some raise the importance of discussing the premises grounding it, though they highly differ in terms of the number and types of the premises being highlighted, and very few illustrate segmentation as a process, which can be iterated to gain in granularity and precision as much as in profitability. The following paragraphs address each of the three themes structuring the segmentation discourse. We start from an in-depth illustration of the grounding premises of market segmentation, since they best show the need for revising segmentation theory and practice. We then move to the segmentation process and conclude with the segmentation criteria.

18.2 A longitudinal analysis of the premises grounding market segmentation

Marketing and consumer behavior theory identify six main premises grounding segmentation. Often implicit due to scholars' and practitioners' familiarity with them (Cuciurean-Zapan, 2014), these premises explain the rationale of segmentation as we know it. As such, their modification or suppression would imply a drastic revision of the aims, logics, and practice of segmentation. In this paragraph, we show that most of these premises sway when confronted to extant cultural, economic, and technological conditions. We also show that some of the premises are not fine-tuned to today's sensitivity about marketing, its ultimate goals, and its impact on personal and societal wellbeing (Mick, Pettigrew, Pechmann, & Ozanne, 2012).

18.2.1 Preference agglomeration and differentiability

Virtually all articles and textbooks acknowledge agglomerated preferences (Kerin et al., 2006) as the foundational premise to market segmentation. Preference agglomeration posits that customers' preferences should fall between states of preference homogeneity and preference fragmentation, which correspond to market conditions of unfeasible segmentation (McDonald & Dunbar, 2004). On the one hand, when customers concur in terms of expectations, we are confronted with *homogeneous preferences* (i.e., almost identical needs and similar responses to the marketing-mix actions), which would exclude any economic rationale to perform segmentation—actually, marketing differentiation would be a waste of resources in front of fully homogeneous preferences. Some markets were said to enjoy similar conditions, when highly homogeneous products or services were traded (e.g., electricity, oil, salt or sugar, telecommunication, water). On the other hand, when customers show highly heterogeneous expectations, we are confronted with *fragmented preferences*, such that segments are composed of one or a limited number of customers. Under these circumstances, preference-based segmentation would lead to marketing hyper-differentiation (i.e., personalization; Flavin & Heller, 2019), which used to be too expensive for a company to undertake, especially in consumer markets (i.e., in b2c and b2b2c contexts).

When preferences are agglomerated, marketing literature also contends that differentiability is necessary. By differentiability, we mean that customers have stable and widely shared desiderata within each segment (i.e., intra-segment preference homogeneity), but show distinct desiderata across segments (i.e., inter-segments preference heterogeneity) (Kerin et al. 2006; Kotler & Armstrong, 2006; Lambin, 1998). For example, in the gaming market, there should be a fair number of players differing in terms of their preference for games

played alone versus in a group, and for games played online versus offline. By intersecting these two criteria, four segments of gamers would emerge: Namely, online single players, offline single players, online team players, and offline team players. If the four segments differed in terms of gaming preferences and expectations toward game-providers, but had similar preferences and expectations within each segment, then differentiability would be met. Preference agglomeration and differentiability are logically distinct, yet are two faces of the same coin. Preference agglomeration defines under which conditions segments exist (i.e., any conditions between a whole, homogenized market and the complete preference dispersion), whereas differentiability dictates what segments are (internally homogeneous groupings of preferences, which differ across segments).

From the time marketing fathers (and mothers!) laid the ground for segmentation, preference agglomeration has become an almost automatically met condition. Today, it is theoretically plausible, but practically rare, to come across markets where preferences are homogeneous. Highly homogeneous behavioral preferences may still occur within strongly normative organizations, as proved for senior leaders in the US Army (Gailbreath, Wagner, Moffett, & Hein, 1997). Beyond limited exceptions, companies have undertaken a variety of actions to discriminate customers' preferences for originally homogeneous products. Among others, they have pursued product differentiation through product innovation (e.g., the variety of different sugars, coffees, or salts that are today marketed); they have combined offer bundling with price discrimination to help split customers' preferences (as in the telecommunication and public utilities industries) by leveraging the aestheticization of everyday life (Featherstone, 1991); they have massively used product design (cf. chapter 20 by Ourahmoune) to include a product's aspect among customers' decision-making criteria for commodities; and, they have invested in cultural branding (cf. chapter 8 by Avery and chapter 12 by Luedicke) to push differentiation beyond product features or qualities (Holt, 2004). Customers have also contributed to preference heterogenization, for example, by indulgently dedicating an increasing amount of resources to the construction, socialization, and even glorification of their own selves (just think of the booming "selfie culture;" Iqani & Schroeder, 2016). As Belk (2013) argues, digitization has made self-extension practices easier, faster, and more tempting, due to the broader audiences that a person can reach through social media.

With reference to fragmented preferences, new technologies, prosumption, and big data have helped reduce the economic cost of micro-customization. As such, it has become not only feasible, but also economically convenient, to treat each customer as a distinct segment (Rosenbaum, Ramirez, Campbell, & Klaus, 2019). Known as personalization, this opportunity has become viable by breaking down offer content into a plethora of small modules, which customers can dynamically recombine giving rise to an almost infinite number of options (Flavin & Heller, 2019). In conclusion, today's markets provide settings where preference agglomeration and feasibility of preference fragmentation are largely met.

18.2.2 Exhaustiveness

As Peter and Donnelly (2008) note, most marketing textbooks omit to mention exhaustiveness among the grounding premises of market segmentation. Exhaustiveness implies that each customer belongs to just one segment. Inspired by the Aristotelian principle of non-contradiction, this premise excludes situations of multiple appurtenances, whose ambiguity limits scholars' and practitioners' coveted control over segments (Fırat & Shultz, 1997). In order to meet exhaustiveness, marketers have often used—and still use—socio-demographics

to segment markets. In particular, they have focused on socio-demographics considered to be disjointed (i.e., leading to mutually exclusive categories) and stable, including ethnicity and sex/gender, whereas age, family situation, and income are intrinsically more volatile. When using age for segmentation purposes, marketers have favored generational cohorts rather than customer age. Cohorts posit that people born at the same period in time, and who have thus experienced similar historical events, would share given traits all through their lives. As Corsten (1999) words it, similarities in historical time, historical semantics, and cultural circles bond people of the same generational cohort together. Over time, marketers' preference for generational cohorts has only intensified, as the recent obsession over Millennials/Gen Y and Gen Z show. For industrial markets, marketers can also segment industrial buyers on the basis of cohorts. Bellandi and De Propris (2015) recently proposed segmenting industrial districts based on three distinct generations.

A number of critics have argued against the applicability of exhaustiveness to contemporary markets. Consumer researchers have questioned the stability of customer socio-demographics. Lindridge (2015) warns against the risks of segmenting markets on the basis of customer ethnicity, since ethnic identity positions have multiplied (Visconti et al., 2014) and a person's way of identifying with his/her ethnic roots is dynamic, context-dependent, and may diverge from the way others qualify her/him based on ethnicity. In times of increasing gender fluidity, Visconti and colleagues (2018) document how sex and gender have also become elusive. For example, over the last five years, several brands have developed communications and product assortments marketed as a-gender or gender fluid (e.g., Diesel, Gucci, H&M, Prada, Selfridges, Shiseido, Zara), and entire markets that were formerly gendered have become a-gender (e.g., niche fragrances). As of 2019, Facebook UK allows users to select among 71 options of gender identities. With reference to generational cohorts, Noble and Schewe (2003) provide empirical evidence about their limited interpretive and predictive validity.

Beyond the volatility of socio-demographics, starting from the late 1980s, the applicability of exhaustiveness has also become questionable in light of what marketing scholars describe as identity fragmentation or multiple selves (Fırat & Shultz, 1997). This tenet implies that the same person can alternate different identity positions depending on the context and other subjective conditions. More recently, the ambivalence between analogic and digital selves (Belk, 2013) further stratifies the self-structure.

While it is logically possible for a customer to belong to a single segment, today this assumption is at best naïve. In line with this reasoning, we posit that the best way to conceive of segments is not in terms of stable groupings of customers. Rather, segments should become *systems of practices* (i.e., systems of behavioral patterns) diffused in a market. Along her/his/its journey, a customer is likely to perform different systems of practices, which distinct touchpoints or life contexts may help elicit. While segments as systems of practices are steadier, customers can cross more segments along their journey (and life). As an illustration, the same customer may show brand loyalty when shopping online and become a variety-seeker or opportunistic (e.g., driven by discounts and promotions) when shopping in store. Pragmatically, this implies that marketers should estimate the probability of each customer to belong to different segments. In line with what is emerging in other disciplines—including biology, medicine, and robotics—we suggest that *probabilistic segmentation* and segments as systems of practices are to replace exhaustiveness and traditional segmentation. By probabilistic segmentation, we mean segmentation processes aiming at estimating the likelihood of customers to adopt different systems of practices along their journey (i.e., being part of different segments). Marketers adopting probabilistic segmentation will thus

have to: 1) identify and richly document different systems of practices that customers undertake when evaluating, shopping, consuming, disposing of, and socializing consumption in a given market, and 2) rely upon behavioral big data and AI to estimate the likelihood of each customer undertaking different systems of practices.

18.2.3 Stability

Stability entails not only that customers are attributable to a single segment, but also that their characteristics remain relatively unchanged over time. Under these circumstances, marketers maximize the return on their differentiation investments. In consumer markets, marketers have thus looked for an objective, unalterable grounding for segments' stability, which they seemed to detect in consumers' *personality traits* (Arnould, Price, & Zinkhan, 2002). Provided with their genetic origin, personality traits are unlikely to change over a person's life (the so-called longitudinal stability assumption, Costa & McCrae, 1997). If each segment can be described as a group of people bonded by similar personality traits, exhaustiveness and stability are then simultaneously granted. However, personality traits provide stable grounding to market segmentation when similarities in personality types correspond to similarities in consumption behaviors.

Over the last four decades, scholars have raised two critiques of the use of personality traits to grant segments' stability and predict customers' market behavior. First, they have debated the intrinsic validity of personality theory and, more specifically, of the psychometric tests and personality scales employed to empirically measure personality (Costa & McCrae, 1992) and its longitudinal stability (Costa & McCrae, 1997). These critiques are thus both conceptual and methodological, yet they still aim at improving personality theory's predictive validity of people's behaviors. In other terms, these works are meant to make personality theory stronger, not to undermine its importance.

Second, cultural marketing researchers more radically contend that similarity in personality types may not lead to similar purchasing and consumption behaviors. They argue that buying and consumption behaviors are driven not only by genetic determinants, like personality traits, but also—and mostly—by cultural processes (meaning attribution, identity politics, ideological contents informing consumption choice and use, socialization of consumption, and more, Arnould & Thompson, 2005; 2018). Cultural marketing research largely documents customers' interpretive efforts and the sociocultural embeddedness of marketing and markets. In this light, brands, experiences, products, and services are understandable through the complex, and often conflicting, system of significations, negotiations, and tensions that largely exceed the genetic explanation. Grant McCracken—whose 1986 article on the interdependency between culture and consumption lays the ground for this stream of studies—has recently argued (2011) that marketers have to sharpen their cultural IQ, which to him represents one of the core strategic assets to compete in today's markets.

To segment markets, cultural researchers have replaced personality traits with *identity projects*, which Arnould and Thompson (2005, p. 871) define as a coherent, though often diversified and fragmented, sense of self that people actively forge out of marketer-generated materials. Compared to personality traits, identity projects differ in many ways: 1) they are not innate, but result from a person's constant market socialization (i.e., they are not biological, but sociocultural), 2) as a consequence, they are dynamic and transient instead of being stable and permanent, 3) they imply people's active participation in self-determination, whereas personality is taken, and 4) they allude to the central role that contemporary markets

and consumption have on the way we define ourselves (i.e., they reflect a specific historical condition), whereas personality traits are a-historical.

This edited volume contains several illustrations of identity projects in real market contexts. Among others, Dion and Sitz (cf. chapter 3) demonstrate how local products support consumers' identity choices when confronted with the tensions arising from globalization and localisms. Tolstikova (cf. chapter 4) comments on how the success of Dove in Russia derived from the brand's ability to provide adequate cultural content in its advertising, which proved palatable for Russian consumers' identity-related needs. In chapter 10, Schau and Schau account for the ways the *Twilight* community became an ideological source of inspiration for like-minded people, who found in the community not only shared values, but also clear prescriptions for behavior and rooting through common consumption rituals. Borghini and colleagues (cf. chapter 25) demonstrate how retail design is crucial to foster shoppers' sense of appurtenance to the commercial place (i.e., attachment), which they eventually inscribe in their profound sense of self. In sum, all these cases show that stability is unlikely to hold when explanations of buying and consumption behaviors are genetic *and* cultural, since culture is endlessly made, or, to paraphrase Judith Butler, is constantly performed (hence, remade).

18.2.4 Measurability, relevance, and accessibility

The first three premises that we discussed provide the ontological underpinnings of traditional market segmentation. We mean that they structure how we used to define *what* segmentation and market segments *are*—that is, subgroups of stable and exclusively attributed customers showing agglomerated preferences, which are differentiable across segments. The three last premises that we briefly review are instead economic in nature, meaning that they identify which operational difficulties marketers have to spot when segmenting markets and profiling market segments in order to maximize benefits from this activity. In other words, they do not affect the nature of segments, but evaluate their potential economic impact. Relying upon Kotler's seminal contribution on market segmentation and contextualizing it to industrial markets, Hlavacek and Reddy (1993) qualify measurability, relevance, and accessibility in terms of *attractiveness* criteria. Similarly, Freytag and Clarke (2001) note that attractiveness criteria are useful to evaluate industrial market segments, once they have been identified. Their discourse is extensible to consumer markets.

Measurability entails that each segment has to be quantifiable in terms of: The number of customers composing it and their total purchases/demand (i.e., the segment's size); the past and the expected future growth of said demand; the risk each segment implies for the company; and the profitability that a segment can grant. In order to perform measurement, more information is needed for each segment, including data about the competitive environment, the technological conditions, and the resources that are crucial to gain a competitive advantage (Freytag & Clarke, 2001). As such, measurability combines strictly behavioral and numerical data (e.g., the number of customers, frequency of purchase, and average purchase) with interpretive data (typically, any estimates and conjectures about the segments), which are eventually quantified. In practice, measurability may be challenging when marketers are confronted with new markets (e.g., today, the rising market of smart and connected objects), profound transformations in existing markets (e.g., the digitization of traditional markets and the advent of AI), and in any situation where access to customer information is problematic (e.g., privacy limitations and customers' inability or unwillingness to share information

with companies; cf. chapter 26 by Zwick and Dholakia on the evolutions of customer database marketing).

Relevance derives from measurability and consists in the economic profitability of each segment, when contrasted to the marketing differentiation costs that would be necessary to serve the segment (Kotler & Armstrong, 2006). Marketing scholars contend that both present and prospect relevance matter to assess segments' attractiveness. In practice, deciding whether a segment is relevant may be controversial. First, relevance is comparative in nature, meaning that each company will contrast all segments' relevance to identify which of them is more promising. As such, relevance is not an on/off condition, but a hierarchical assessment of which segments are more economically appealing, depending on the evaluator. Theoretically, all segments in a market could be relevant, yet some would just over-score others. Second, relevance depends on estimates and conjectures, and is thus exposed to uncertainty and approximation. For example, different companies or different raters may judge a segment's relevance differently. Third, relevance is contextual, since the resources a company owns, as much as its characteristics, impact a segment's perceived relevance. Fourth, relevance does/should not only entail financial considerations (i.e., forecasts about which segment grants the highest return on the investment). Among others, ethical issues may integrate financial aspects in determining a segment's relevance (cf. chapter 30 by Peñaloza on business ethics). Think of pharmaceutical companies confronted with rare diseases, which donors or public institutions may subsidize in order to support industry's investments in otherwise financially irrelevant segments. Additionally, a segment may not be directly relevant, but may be nonetheless strategic for the profitability of other segments. For example, in the education business, several (E)MBA programs targeting senior professionals are not directly profitable, yet are crucial to make undergraduate and graduate programs appealing to junior students (for a marketing appraisal of education, cf. chapter 29 by Holbrook).

Third, *accessibility* relates to a segment's approachability. However rare, a segment may be hardly accessible for all companies in a market. For example, the majority of companies producing meat substitutes (i.e., products that look and taste like meat, but are in fact obtained from vegetables) may encounter problems in approaching strict vegans, for whom veganism is also an ideological move against dominant market(ing) logic and power (Wiart, 2018). Any attempts to target this segment may thus backfire on those undertaking it, a situation that makes the segment barely approachable. Similarly, in their analysis of the fair trade market (also cf. chapter 28 by Toulouse and Benmecheddal), Robert-Demontrond and Özçağlar-Toulouse (2011, p. 59) spot a segment of consumers—which they call the Promethean and Dionysian consumers—whose drive is to support "the empowerment of small producers by the willingness … to pay extra for their products." This reflects the position of people "in rebellion against the system ('international capital,' 'the multinationals,' etc.)" who only want to "benefit the 'small producers of the South'." Mainstream companies operating in the fair trade market would then have a hard time accessing this segment. More typically, a segment is inaccessible only for a limited number of companies. Under these circumstances, inaccessibility may occur because of a company's lack of resources needed to reach out to the segment (e.g., competences, control of critical touchpoints, financial means, legitimacy). In the early 2000s, McDonald's struggled to approach young adults, who did not contemplate the brand's restaurants as plausible destinations. Too old to mingle with teenagers and too young to have kids to bring there, young adults were just resistant to any message delivered by the company, at least until McDonald's launched the McCafé (Hertrich & Mayrhofer, 2014), a new consumption moment that proved appealing for the segment—and that made young adults eventually accessible.

Marketing science and cultural marketing have not questioned attractiveness premises (i.e., measurability, relevance, and accessibility) as they did with ontological premises (in particular, with exclusiveness and stability). Marketing science has rather improved the technoscape within which attractiveness premises can be executed, by providing more and better data, and by advancing algorithms and technologies for data processing. The vast and unprecedented amount of data that online and offline customer behaviors automatically generate constantly fuels companies' customer data platforms (mostly built upon first-party data) and data-management platforms, which integrate first-party and third-party data (Flavin & Heller, 2019). These platforms simply allow for faster, more complete, and more reliable assessment of segments' attractiveness. Sometimes, companies sell or share this information with customers, as recent trends in the healthcare industry suggest. Today, pharmaceutical companies are not only in the business of developing and marketing safe, effective, and affordable drugs; they have also entered the business of providing physicians (typically, their more relevant direct customers) with systems allowing them to have patients' data beyond office visits (e.g., by means of mobile sensors that patients wear) (Peck, 2017).

Cultural marketing has mainly contributed to an advanced understanding of segments' relevance and accessibility. With reference to relevance, cultural scholars have shed light on the otherwise opaque market behavior of minority consumers. Among others, they have discussed the purchasing power of homeless and bottom-of-the-pyramid consumers in primary (Hill, 2001) and second-hand markets (cf. chapter 24 by Roux and Guiot); documented the controversial size (Visconti, 2019) and the underlying mechanisms of the gay (Kates, 2000) and lesbian markets (Peñaloza, 1996); addressed the elderlies' consumption decisions as part of complex family negotiations (Barnhart & Peñaloza, 2012); and unveiled the profound ideological and political underpinnings of market behaviors within subcultures (e.g., climbers, gamers, surfers) and counter-cultures of consumption (e.g., bikers, body modification, consumer resistance movements, street artists. For a rich review of consumption tribes, refer to Cova, Kozinets, & Shankar, 2007). These scholars have also widened the definition of relevance, by complementing financial considerations with the assessment of the sociocultural impact that a company may have on a segment and which, in return, the segment may have on the company's image, legitimation, and reputation. Of particular importance is the work on vulnerability, which takes into account how marketing decisions—including segmentation and targeting decisions—concur in the (de)construction of customers' vulnerability in the market and, through the market, in their social life (Hamilton, Dunnett, & Piacentini, 2015; Visconti 2016). With reference to accessibility, cultural researchers have sharpened marketers' cultural literacy (i.e., their cultural expertise; McCracken, 2011) about the sociocultural embeddedness of consumption for consumers in general (Arnould & Thompson, 2005, 2018), and for minority segments more particularly (Bone, Christensen, & Williams, 2014). Cultural literacy allows the relationship between marketers and their customers to be brought beyond the mere economic sphere and purely transactional logic. As such, cultural skills expand marketers' entry points to segments, which derive not only from the economic value that is exchangeable, but also from the symbolic and relational resources that are shareable.

18.3 The segmentation process: Linearity, instantaneity, and discursivity

The segmentation process is the second main theme that our literature review unveiled. A processual approach to market segmentation implies two distinct aspects: 1) the phases

articulating the segmentation process, and 2) the possible iterations of said process, which allow for improvement of the granularity of market segmentation over time.

For both consumer (Kotler & Armstrong, 2006) and industrial markets (Freytag & Clarke, 2001), the segmentation process comprises three main phases: 1) the *identification*, 2) the *evaluation*, and 3) the *selection* of market segments. Identification consists in the choice, and in the subsequent use, of one or more criteria to segment a market (for a complete review of segmentation criteria, cf. 18.4). Evaluation relates to marketers' assessment of each segment's relevance, which we covered in § 18.2.4. Selection coincides with targeting decisions, that is, with the choice of the segments to serve among the formerly identified alternatives. The following criteria orient targeting decisions (Kotler & Armstrong, 2006): 1) segments' estimated profitability, 2) segments' level of saturation, which considers for each segment both the number of competitors internally present and the level of penetration of its demand (i.e., the amount of the potential demand that has already been intercepted), 3) the resources needed to successfully compete in each segment, which are matched with the company's available resources, and 4) the defendability of the company's competitive advantage within each segment (Kerin et al., 2006). Considering that targeting decisions may lead a company to select one or more segments to serve, these decisions qualify the strategy that a company undertakes (Kotler & Armstrong, 2006): 1) an *undifferentiated marketing* strategy, if the company serves the market as a whole, without additional segmentation and offer differentiation, 2) a *concentrated marketing* strategy, if the company selects a single segment to become a market specialist, and 3) a *differentiated marketing* strategy, when the company invests in more segments, each of them receiving a tailored offer.

The iteration of the segmentation process relates to the number of times the process of market segmentation (i.e., the identification, evaluation, and selection phases) is repeated, each time using a segment detected in the n-1 iteration as the new reference market for iteration n. For example, a company producing toothpaste for sensitive teeth could follow three iterations. First, it may segment the toothpaste market on the basis of customer benefits, and thus separate the main segment of customers looking for generic toothpastes (e.g., freshening products) from the segment of customers looking for therapeutic toothpastes. During the second iteration, the same company will take the therapeutic segment as its new reference market, and further segment it in terms of the specific therapeutic needs that customers demand (e.g., anti-tartar, bleeding gums, sensitive teeth, whitening toothpastes). If the segment of customers suffering from sensitive teeth is big enough (i.e., if it is relevant) and if competition is fierce, the same company may be motivated to undertake a third iteration, and to segment this new reference market in terms of customers' purchasing behavior (e.g., by separating customers who self-prescribe de-sensitizing toothpastes versus customers buying desensitizing toothpastes under their dentist's prescription). Alternatively, it may segment this market by looking into the occurrence of dental problems, which may be isolated (e.g., toothpastes for sensitive teeth only) or concurrent (e.g., toothpastes for sensitive teeth and bleeding gums).

Marketing theory (Kotler & Armstrong, 2006; Lambin, 1998) posits that iterations lead from a market's *macro segmentation*, which some scholars label gross-level segmentation (Quinn, 2009), to a market's *micro segmentation*. This way of proceeding reflects a funnel approach to segmentation, which conceives of market segmentation as a linear process. There is no fixed method (i.e., there are no fixed criteria) to perform macro and micro segmentation. Some scholars support the practice of using Abell's model (1980) to perform macro segmentation, and to subsequently use traditional segmentation criteria (cf. § 18.4) for micro segmentation. When relying upon Abell's model, macro segments emerge from

a three-dimensional space, which intersects 1) different groups of potential customers (i.e., the "who"), 2) distinct functions and needs that the product/service/experience helps satisfy (i.e., the "what"), and 3) the alternative processes and technologies that are exploitable to produce said product/service/experience (i.e., the "how").

Starting from this basis, in the following, we illustrate how marketing science and cultural marketing have advanced the market segmentation process.

18.3.1 The marketing science approach: Hypersegmentation, hypertargeting, and personalization

McKinsey analysts (Flavin & Heller, 2019, p. 2) identify the 4Ds that are reshuffling the way companies strategically approach their markets: Data, Decisioning, Design, and Distribution. Data refers not only to the amount of information that companies directly and indirectly acquire about their customers' behavior, but also to data centralization that overcomes data compartmentalization, a real obstacle to information retrieval across all the touchpoints punctuating the customer journey. Decisioning relies upon big data that has been collected, stored, and centralized. Grounded on this impressive customer knowledge, decisioning consists in the implementation of machine learning- and AI-assisted models that, for each customer, would allow forecasting reactions to different market(ing) scenarios (e.g., different configurations of the offer, different price points). At the time we write, decisioning systems represent a field in progress, yet they are expected to exponentially improve the rapidity, precision, and tailorization of marketers' response to customers (Mandelli, 2018). Design relates to the modularization of marketing contents, which encompass all the dimensions of the marketing offer, from the product/service/experience side to the communication contents. By means of modularization, marketers can dramatically increase the number of options they can offer to customers, which in turn allows advancing traditional mass-customization to the level of full personalization (Hoffmann et al., 2013). Last, distribution refers to the integration of the different channels that intercept customers, forecast their next behaviors, and allow conveying personalized contents. Channel integration is known as a cross-channel approach. As Flavin and Heller contend (2019, p. 6):

> The last mile in delivering personalization at scale is connecting data, decisioning, and design elements to the marketing technology systems (such as A/B testing, content-management systems, email platforms) that deliver experiences to consumers. Having all these elements working together allows companies to react at moments of opportunity as opposed to solely relying on a series of predetermined campaigns to engage customers and prospects. For example, when a customer is shopping for a product, the data and decisioning systems identify which offer to serve based on that person's profile, which then triggers the content and offer repository to assemble the relevant content modules and serve them to the marketing technology platforms, which in turn deliver them to the customer in the relevant channel. The system tracks how the offer performs, sending the data back to the CDP [Customer Data Platform] in real time so it can "learn" what works and what doesn't.

The 4Ds would help overcome some of the more relevant limitations troubling traditional segmentation theory and practice; notably, the evidence that segments are not internally homogeneous (Gibson, 2001)—despite what differentiability argues—and that customers'

behaviors have become so fragmented as to virtually push segment size to the level of the single customer (Quinn, 2009). If each customer becomes the sole occupant of her/his/its segment, exclusiveness is also automatically met. Marketing science is thus pushing market segmentation toward the hyper-micro limit, by embracing hypersegmentation (i.e., the micronization of segments), hypertargeting (i.e., a cherry-picking approach to segment selection, which consists in the disclosure of selective contents for personally identifiable customers that are deemed attractive, Hoffmann et al., 2013), and personalization (i.e., by means of a mix and match of pre-existing modules, the almost full tailorization of all marketing contents to what each customer demands, Flavin & Heller, 2019). Compared to traditional approaches, the marketing science approach shortcuts the segmentation process, since big data-driven and AI-assisted systems allow jumping from the macro to the hyper-micro. As such, the linearity of the segmentation process (i.e., phases and iterations) is replaced by real-time, instantaneous heuristics. In other words, segmentation granularity is not a point of arrival, but a default state.

Hypersegmentation, hypertargeting, and personalization have already reached high levels of sophistication in specific marketing domains. Since the launch of *real-time bidding* (RTB) around 2014, online advertising provides an especially vibrant illustration. With RTB, in a technologically mediated environment, advertisers/marketers ex-ante define the maximum bid to win an advertising inventory for a specific online customer. If they win the auction in real time (on average, this takes about 100 milliseconds to be settled), their advertising content is displayed to the customer, on a per-impression basis. This process occurs without human intervention, in an attempt that Williams (2018, p. 1) describes as the will of "taking humans out of advertising." RTB thus provides marketers with the possibility of identifying (hypersegmentation), selecting (hypertargeting), and serving every target customer with potentially tailored advertising content (personalization). In five years, RTB and *programmatic marketing*—a broader term comprising RTB and other non-bid supported forms of automated online advertising—have acted as a tsunami, with half of the global digital advertising spend already shifted to programmatic marketing in 2019, to a value of $37 billion (Allen, 2018). To date, marketing practice outdistanced marketing theory on the side of RTB and programmatic marketing, yet scholars are catching up on lost time, as publications in conference proceedings largely document.

While business opportunities deriving from the 4Ds are obvious, scholars also warn against the risks of these techniques. Three orders of risks have clearly emerged: 1) privacy concerns, deriving from the commercial exploitation of information that customers generate just with their online (and sometimes offline) behavior (e.g., think of the recent privacy scandals that hit Facebook, Hern, 2019), 2) business ethics, considering that customers are often unaware of what personal data they share out and how marketers use it (Hoffmann et al., 2013), and 3) changes in the algorithms (those of Bing, Facebook, Google, Instagram, YouTube, WeChat, and the like), which may rapidly modify/overthrow the validity of marketers' modeling efforts (Swan, 2019). A fourth type of criticism is also emerging, and refers to the distrust for hypertargeting and content personalization that, by focusing on the optimization of the single marketer-customer interaction, may in fact engender a cacophony of inconsistent messages and offers (Swan, 2019). Quoting the CPC marketing director's words, Swan notes that "brands need to design with conversations in mind, if they want to stand out from millions of creative agencies and competitors." In conclusion, some of the heavy supporters of the marketing science approach seem to undertake a comeback to the power of creativity. Yet the creativity they have in mind is still technologically originated—what they call "creative adtech."

18.3.2 The cultural marketing approach: A discursive practice

At the occasion of the first edition of the volume *Marketing Management: A Cultural Perspective*, we coined the notion of cultural segmentation that, we argued, represents a turning point in segmentation theory and practice (Visconti & Üçok Hughes, 2012). Our original arguments can be summarized as follows: 1) cultural segmentation is rooted in a different ontological and epistemological tradition (i.e., rather than standing from objectivism and scientism, cultural segmentation originates from the observation that reality is socio-culturally constructed and that our understanding of it derives from hermeneutic processes leading to subjective and socially negotiated interpretations of markets and social systems), 2) cultural segmentation implies customer involvement, which means that marketers cannot segment markets a priori and remotely, but only through stable and in-field interactions with customers, 3) in line with the former point, cultural segmentation is never accomplished, but represents an ongoing, open-ended, and often unpredictable process, 4) cultural segmentation argues that markets cannot be simply subdivided on the base of economic calculus (i.e., what customers objectively get from purchasing and consuming), but also by considering the expressive and symbolic value that customers see in consumption, which accounts for the need to involve them in segmentation decisions, and 5) cultural segmentation represents the future, whereas traditional segmentation (i.e., segmentation grounded on the marketing science perspective) is turned to the past. Provided with this understanding of cultural segmentation, we questioned several of the premises and criteria employed to segment markets.

In this second edition, we integrate and revise our original arguments, in light of the tremendous technological transformations that have occurred in the meantime and of the sociocultural changes that are accompanying them. We have also changed as researchers, benefiting from more experience and more interactions with valuable colleagues and practitioners, and exposure to advances in our field. As a result, the attentive reader will notice that this revised chapter is in fact a significantly different chapter. We take the occasion to reject one of our conclusions. The claim that cultural marketing would represent the sole source of rejuvenation for segmentation theory and practice is at best simplistic. We contend that traditional segmentation is today facing a radical revision, which is however occurring along two distinct trajectories—the bifurcation that we evoke in the chapter's title. On the one hand, segmentation has dramatically changed within the marketing science field, and is sensibly transformed under the impact of big data, machine learning, AI, and emerging decisioning systems. To some extent, this is where modifications are, to date, more tangible. On the other hand, segmentation has also significantly changed within the cultural marketing field, where revision has been more conceptual than technical, less normative, and consequently less straightforward for marketers to apply. As Cova and Cova note (2014, p. 1089), cultural marketing's strength derives from "its ability to look beyond managerial implications" to instead "suggest a kind of market intelligibility that should enable managers and other stakeholders to reorient their market actions without necessarily having to rely on simplistic or reductionist toolkits." Authors argue that cultural marketing's main strength actually turns into its weakness, when managers in need of solutions are left with messages that are too intellectual and complex.

Listening to these voices, while "recipes" remain antithetical to cultural marketing, this chapter seeks to maintain a fairly practical orientation. In approaching market segmentation as a process, we also propose a single lens to qualify cultural segmentation, as we did by qualifying traditional segmentation as linear and marketing science-rooted segmentation as instantaneous. We believe that what qualifies at best as cultural segmentation is

its dialogical, discursive nature—what Cova and Cova (2014) define as its tribal nature, implying that cultural segmentation proceeds around and with a company's customers. Elaborating on their contribution, a discursive approach to the process of market segmentation argues that segmentation decisions emerge from the interactions that marketers maintain with their customers, thus rejecting the assumption that ex ante segmentation decisions will inform and structure marketer-customer relationships. In practice, this means that motivated customers will participate in selecting segmentation criteria, in defining and describing segments, and in allocating themselves to said segments. For example, within a marketing science perspective, a company observing a customer's repeated purchases is likely to attribute her/him/it to the segment of the loyal customers. The company is also likely to manage the relationship with this customer through a loyalty framework, which will impact not only what the company does (e.g., introducing loyalty programs), but also how it communicates to the customer (e.g., an intimate, warmer tone of voice). Within a cultural marketing approach, the same company would try to understand what stands behind this customer's repeated purchases. By means of interactions, it may happen that repeated purchases are not loyalty-driven, but rather due to routines or social pressures. Segment allocation decisions and relationship management actions will thus profoundly differ in the two scenarios.

The adoption of a discursive framework responds to both theoretical and practical needs. Theoretically, bringing customers back to segmentation decisions is a way to acknowledge the active role they can potentially play. Relying upon the customer-centricity paradigm, traditional marketing scholars use the expression *customer sovereignty* to allude to customers' activism. Within the cultural school, customer sovereignty is more often addressed in terms of *consumer agency* (Arnould & Thompson, 2015), the *heroicization of the consumer* (Cova & Cova, 2014), and the *fetishized consumer* (Arnould & Cayla, 2015). Despite not fully coinciding, these qualifications share the common understanding that customers can react to structural constraints and thus manifest power that counterbalances companies' own power. In sum, customer agency, customer-centricity, customer fetishization or heroicization, and customer sovereignty recommend engaging in a dialogue with customers, since customers are the ones "providing unique, even magical, access to the world of consumption" (Arnould & Cayla, 2015, p. 8). On the practical side, a discursive framework helps overcome possible marketers' mistakes and thus reduce marketing costs. As Kannisto (2016) evokes, about 40 percent of traditional segmentation decisions fall short in representing market functioning. She identifies several benefits that cultural segmentation can provide, which distinguish between improvements in marketers' market literacy versus performance improvements. Knowledge-wise, discursive interactions with customers sharpen understanding of market segmentation in three ways: 1) by providing an emic, internal explanation of customers' behaviors (i.e., what can be described as the "voice of the customer;" Jaworski & Kohli, 2015), 2) by segmenting markets on the basis of current rather than past behaviors (e.g., current versus past attitudes, needs, purchases), and 3) by integrating marketers' and customers' perspectives within discourses that are mutually intelligible and relevant. Performance-wise, discursive interactions are more likely to: 1) strengthen customers' intrinsic motivation to interact with marketers, 2) realign power asymmetries in market relations (hence, positively impacting a customers' wellbeing), and 3) eventually reduce the error ratio mentioned above.

In conclusion, this chapter integrates our original list of traits qualifying cultural segmentation (Visconti & Üçok Hughes, 2012). We maintain four of the five original traits, namely: 1) the rooting of cultural segmentation in social constructivism and interpretivism

(for a complete review of the ontological and epistemological differences between objectivism and constructivism/interpretivism, cf. Ahuvia, Carroll, & Yang, 2006; Cova & Cova 2014; Fırat and Shultz, 1997), 2) the need to involve customers all along the segmentation process, 3) the inevitably dynamic and open-ended nature of the cultural segmentation process, and 4) the importance of complementing economic considerations with identity-related and community-related considerations (i.e., with considerations leading to connect segmentation to the expressive and appurtenance needs that purchase and consumption also satisfy).

To the list, we add two more points. First, we qualify the type of relationship that marketers and customers undertake as dialogical and discursive. This helps capture cultural segmentation's distinctiveness when contrasted to traditional segmentation processes, which unfold linearly from the macro to the micro level, and to contemporary segmentation processes driven by big data and massive technological adoption (i.e., segmentation *à la* marketing science), which instead conceive of segmentation as an always instantaneous, quasi-dehumanized, and real-time adjustment to customers. A dialogical framework invites us to reflect on the duration of the conversation/relationship that is undertaken, on the content that is exchanged as much as on the language/form used to share content (Flavin & Heller, 2019), and on what parties (i.e., marketers and customers) learn and negotiate during the process. As such, circularity replaces linearity, and continuity replaces instantaneity. For example, Arvidsson and Caliandro (2015) document how consumers use brand-related communications on social media in order to gain online personal publicity. These conversations occur between a brand and its public more than among members of the same public, and thus confirm that dialogical exchanges between brands and customers are a rich source of identity resources for consumers.

Second, in line with Venter and colleagues (2015), we also posit that segmentation is performative, in the sense that the discourses that marketers and customers share (i.e., their relationships) concur to eventually determine what market segments are (Cuciurean-Zapan, 2014), how they react to marketing actions, and how they connect consumption to social life. Acknowledging the performative nature of the segmentation process allows light to be shed on how companies actually *do* segmentation, such that we better understand the sense-making processes marketers deploy to interpret markets, the divide between segmentation decisions and their subsequent implementation, and the deriving assumptions (e.g., customer sovereignty, personas, the exotic consumer) that marketers create to interpret markets and deal with the unknown (Arnould & Cayla, 2015). For example, recent assumptions of Gen Y and Gen Z illustrate how marketers reduce the complexity they are incapable of handling by using a one-size-fits-all approach to the market of younger generations. Also, a performative approach to cultural segmentation illuminates the power imbalances framing marketers-customers exchanges (who represents whom and how, the distortive use of information asymmetries, etc.), stimulates marketers' transparency and empathy for customers, and ultimately favors a political use of segmentation to correct for existing power differentials (Kannisto, 2016). Finally, by connecting segmentation theory to what marketers actually do, performativity is likely to reduce the lamented cultural marketing's relevance gap (Cova & Cova, 2014; Venter et al., 2015). For example, brands that have long contributed to supporting the LGBTQ+ cause (the lesbian, gay, bisexual, transgender, and queer population) have impacted how the society perceives LGBTQ+ people, the power they have in the market, and even their way of shopping and consuming (e.g., by establishing stronger links with certain brands or consumption domains). In so doing, strong relationships between said brands and the LGBTQ+ population have often emerged.

18.4 Expanding segmentation criteria

The third and last theme that our literature review revealed relates to the criteria that marketers use to segment markets. Articles and textbooks have largely debated segmentation criteria. For this reason, we review them rapidly and direct attention to how traditional criteria can be expanded to reflect the transformations discussed so far. We propose classifying segmentation criteria by crossing two distinct dimensions: 1) the extent to which the variables used to subdivide and predict customers' behavior in a market directly relate to customers' observed behavior in said market (i.e., indirect versus direct criteria), and 2) the extent to which marketers acknowledge and use customers' active role in the market (i.e., top-down versus bottom-up criteria). While the first dimension is well established in the marketing literature (Kotler & Armstrong, 2006; Peter & Donnelly, 2008), the second emerges from our line of reasoning and relies upon the cultural marketing approach that this volume broadly documents.

18.4.1 Direct versus indirect segmentation criteria

Before big data reshuffled the marketing landscape, information was scant(er) and expensive. This means that marketers were often left with no option but to indirectly infer customers' behaviors by means of proxies. Information that was largely accessible and almost free for use related to *socio-demographics* (i.e., the distribution of a population in terms of age, education, family status, professional conditions, religion, sex, etc.), complemented by some *economic* (e.g., income ranges) and *geographical* data (e.g., the distribution of the population between rural/urban areas and in different cities/regions). Building upon customers' socio-demography, income, and residence, marketers were indirectly predicting their market behaviors. For example, men in their thirties, with higher education, and living in big urban agglomerations were expected to consume more cultural products, to travel, and to spend more money in voluptuary goods. Already in the 1960s, from the columns of the *Harvard Business Review*, Daniel Yankelovich argued against the use of socio-demographic, economic, and geographical criteria, which could not account for the complexity of customers' behaviors in different markets (for a broader review on the arguments against socio-demographics, cf. § 18.2). In place of these criteria, for consumer markets he suggested using non-demographic information elaborated around broader customers' behavioral patterns. These criteria were eventually addressed as lifestyle or psychographic criteria. *Psychographics* combines a mix of socioeconomic information with some customers' psychological traits, typically retrieved from personality theory. The *VALS* (Value Life Style) system is likely to be the best-known illustration of its kind, with its eight types of consumers identified on the basis of their resource endowments (i.e., high versus low resources consumers) and their behavioral drivers (i.e., ideals, achievement, and self-expression). At the dawn of the new Millennium, Yankelovich and Meer (2006) extended their criticism to also include traditional non-demographic criteria for market segmentation and proposed an ameliorated version of them, which can be regarded as psychographics on steroids. All these criteria (socio-demographic, economic, geographic, and psychographic) are *de facto* indirect, since none of them allocates customers on the basis of their observed behavior in a company's reference market. Rather, they all use pre-existing and generic customer information to infer customers' needs, preferences, and eventual purchases in a given market.

Direct criteria for market segmentation consist of the adoption of customers' past behaviors observed in the company's reference market (e.g., customers' preference for specific brands,

the frequency or the total amount of their purchases). Acknowledging their origin, these criteria are also known as *behavioral*. Companies obtained part of this information from third parties (e.g., retailers selling the company's products and market research companies), whom they paid for the information. This is in line with what still happens, with the sole exception that today the volume, richness, and speed of the data have dramatically increased and big digital/tech players (the GAFA-like giants) have marginalized traditional third parties trading the data. Companies could also generate this data by setting up marketing information systems (e.g., customer databases and their evolutions; cf. chapter 26 by Zwick & Dholakia). Again, over time, information systems have developed, along with the multiplication of the sources allowing a company to collect customer information (e.g., the expansion of the customer journey and the multiplication of the relative touchpoints) and with the opportunities that new technologies disclose. Needless to say, direct criteria are more reliable due to their connection with the company's reference market and with customers' actual behaviors.

We contend that marketing science scholars and practitioners have not abandoned traditional segmentation criteria. Rather, they have progressively migrated toward direct criteria and improved their effectiveness by means of data- and technology-empowered systems (Flavin & Heller, 2019; Mandelli, 2018). Today, behavioral criteria are reaching the precision of hypersegmentation and hypertargeting (Swan, 2019), which we have extensively illustrated. We also note that indirect criteria have not disappeared. Researchers and marketers turn to them any time they need to identify the bare bones of a market's functioning and evolution (e.g., when they have to detect market trends to orient R&D or product design decisions). We hypothesize that the same conditions that are making hypersegmentation and hypertargeting possible—and even convenient—have in fact contributed to make market understanding more elusive than ever. In search of clarity and simplification, scholars and managers are creating new market myths (e.g., Gen Y and Gen Z, the pink and the silver market, the liquid and the bottom-of-the-pyramid consumers) (Arnould & Cayla, 2015), which are usually grounded on socio-demographic and psychographic customer traits. Either too powerful or not powerful enough yet, these technologies seem to have made marketers' operational tasks more comfortable (e.g., by allowing to treat each customer as an isolated segment), but to have obscured their strategic decisions. This may account for the contemporary, often-paradoxical, coexistence of hyper-sophistication together with massive generalizations, performed by means of market myths.

18.4.2 Top-down versus bottom-up segmentation criteria

Among the six traits used to qualify cultural segmentation (cf. § 18.3.2), one is of utmost importance for deriving indications for the revision of traditional segmentation criteria. We refer to customer involvement in the process of market segmentation. Within the discursive, performative framework that we propose, customers are active players in many respects, which cultural marketing scholars have extensively documented. First, customers manipulate market meanings, in the sense that products/services/experiences are polysemic and may mean different things to different customers or to the same customer under different circumstances (Arnould & Thompson, 2005; Cuciurean-Zapan, 2014; McCracken, 1986). Second, through meaning manipulation, customers actively integrate consumption in their projected selves, either in analogic (Belk, 1988) or digital environments (Belk, 2013). As such, consumption is to be considered as an identity resource, also in the context of segmentation decisions. This conclusion holds for industrial markets as well (Cova & Salle, 2008; Michell, King, & Reast, 2001). Third, customers may use consumption ideologically and politically in order

to negotiate power positions with companies in the market (e.g., anti-consumerism groups and consumer movements in general; Kozinets & Handelman, 2004; Robert-Demontrond & Özçağlar-Toulouse, 2011; Wiart, 2018). This means that segmentation decisions have to reflect not only customers' economic and symbolic needs, but also their ideological and political interests. Fourth, especially in a service economy, customers are at the base of value generation (Jarratt & Fayed, 2012; Lusch & Vargo, 2006), since they not only concur in defining what value is, but also in producing value through the resources they bring to the market exchange relationship. Notably, thanks to the resources that customers share with marketers, and which marketers may not have, companies gain access to segments that would otherwise be out of their reach. Fifth, customers can also use consumption to establish social links with like-minded people; this generates opportunities for segmentation decisions, since consumption and brand communities, consumer tribes, and brand publics provide additional segmentation criteria that immediately resonate with target customers (Arvidsson & Caliandro, 2015; Cova & Cova, 2014; Cova, Kozinets, & Shankar, 2007).

We argue that the identification and classification of segmentation criteria should thus reflect the different levels of activism that customers express in the market dialogue and that marketers recognize in them—marketers in fact fail to acknowledge customers' active role any time they rely upon socio-demographic information or upon mere, factual market behaviors (e.g., purchasing behaviors), which transforms customers into "images rather than substances within and outside the firm" (Arnould & Cayla, 2015, pp. 1–2). We suggest maintaining the traditional distinction between indirect and direct criteria but adding the distinction between top-down and bottom-up criteria, which allows us to account for the rate of customer involvement in segmentation decisions and in market discourses/relationships. Top-down and bottom-up criteria respectively refer to criteria that exclude, or limit, customer involvement versus those that consider how customers actively manipulate and accommodate consumption meanings to their many interests. By crossing these two dimensions, we obtain four types of segmentation criteria: 1) indirect, top-down criteria (i.e., socio-demographic, economic, geographical, and psychographic criteria), 2) direct, top-down criteria (i.e., behavioral criteria), 3) indirect, bottom-up criteria (i.e., broad generalizations deriving from how customers actively interpret dominant market discourses), and 4) direct, bottom-up criteria (i.e., criteria considering how customers actively connect given brands/consumptions with their sense of individual and/or collective self). Hereafter, we briefly comment on the two types of criteria that we qualify as bottom-up.

Indirect, bottom-up criteria do not consider how customers play actively in a company's reference market. Rather, they take into account how customers actively relate to some dominant market discourses that cut across markets. Douglas Holt (2004, p. 59) qualifies said dominant discourses as acute "social contradictions" that attract massive social attention, and are thus crucial to subdivide customers and to position a brand or—in our case—a company's market offer. While Holt's analysis focuses on the brand side, we contend that customers can also be segmented according to the different positions taken on in these discourses. Social contradictions are time and space specific, meaning that they relentlessly change and differ depending on the sociocultural context. As such, we cannot provide any ultimate list of these discourses. We can nonetheless provide some illustrations of discourses that are relevant at the time we are writing. Among others, we suggest that customers are segmentable by means of how they relate to: 1) migration flows, and the multicultural/multiethnic society and consumer culture in which they live (Jamal, Peñaloza, & Laroche, 2015; Lindridge, 2015; Visconti et al. 2014), 2) people's socioeconomic vulnerability and the rising quest for fairer, more inclusive markets and societies (Hamilton et al., 2015; Mick et al., 2012), 3) market

sustainability, ranging from milder to harsher consumer positions (Kozinets & Handelman, 2004; Robert-Demontrond and Özçağlar-Toulouse, 2011; Wiart, 2018; also cf. chapters 24, 27, and 28, on second-hand markets, sustainable distribution, and fair trade, respectively), 4) the ambivalence between global and local cultural centricity (cf. chapters 2 and 3, on the allure of the global and the consolation of the local), 5) the diffusion and the ideological interpretation of technology as a contemporary form of religion (Kozinets, 2019), 6) the acceleration (Rosa, 2013) and deceleration of consumer life (Husemann & Eckhardt, 2018), and 7) the liquidity of market categories (Bardhi & Eckhardt, 2017) and of long-established cultural categories, including gender (Visconti et al. 2018; cf. chapter 22 by Stevens and Ostberg on gendered market representations). For example, in the food market, the ideological positions that customers develop in terms of globalization, multiculturalism, and life acceleration could account for their preferences in terms of global versus local brands and products, food tradition versus fusion cuisine, and fast versus slow food. Similar considerations hold for industrial markets, which are also pervaded by dominant social discourses providing opportunities for segmentation. In this context, dominant discourses refer to topics that animate alternative perspectives on the way of doing business (e.g., the relationship between technology and craftsmanship, the tension between nationalism and internationalism, a product versus a brand orientation, and the divergent perspectives of companies that guide customers versus companies driven by customers).

Direct, bottom-up criteria consider the active role that customers play in a company's reference market and are thus grounded on the direct relationships that said company establishes with its markets. First, cultural marketing scholars and professionals have largely explored how customers engage with consumption in order to fulfill their *identity projects* (Arnould & Thompson, 2005, 2015, 2018). Regardless of how multifaceted a person's identity is, this notion covers a large spectrum of options, including "who we currently are, who we used to be, want to be, or should (not) be" (Warlop & Puntoni, 2012, p. 307). Research documents: 1) constructive, self-expressive practices that customers undertake to pursue identity projects (Belk, 1988, 2013), which may extend to even include painful consumption experiences (e.g., effortful, physical challenges; Scott, Cayla, & Cova, 2017), 2) situations of identity conflicts that are activated by consumption (e.g., following robberies or disasters ending with the loss of beloved objects; Belk, 1988; Baker & Hill, 2013) or healed by it (Castilhos & Fonseca, 2016), 3) how identity projects and products' materiality interact along the pre-production and the production stage (Ferreira & Scaraboto, 2016; cf. chapter 20 by Ourahmoune), and 4) how consumption and markets help achieve a person's identity project or rather frustrate it (e.g., for plus-size consumers, scholars account for both failed and successful attempts of identity construction in the fashion market; Parmentier & Fischer, 2011; Scaraboto & Fischer, 2012). Second, scholars and marketers have examined how customers mobilize consumption to establish strong social links. In the American context, attention has been put on the central role of consumption in structuring and organizing social ties, as in the case of *brand* (Muñiz & O'Guinn, 2001; Schau, Muñiz, & Arnould, 2009) and *consumption communities* (e.g., mountain men temporary consumption enclaves; Belk & Costa, 1998). Consumer movements (Kozinets & Handelman, 2004) are a specific type of consumption community, where members share similar identity politics (for a review on the notion of identity politics, cf. Thompson, 2014). In the European context, researchers have focused more on the social dimension (Cova et al., 2007), arguing that for group members, the linking value (i.e., the value that people perceive in the fact of being part of the same enclave; Cova, 1997) dominates over the importance of brands and consumption. These researchers are keener on addressing these groups as *consumer tribes*.

Over time, researchers have reoriented interest to online communities, where in-person dynamics are replaced by fluid, virtual conversations—what Kozinets and colleagues (2010) call *networked narratives*. Confirming the centrality of discourses for online communities, researchers proved that similarities in members' language (i.e., the linguistic style match they reach; Ludwig et al. 2013) nurture members' relationships via positive emotions. Third, following this interest for the digital world, Arvidsson and Caliandro (2015) have identified a new type of brand-mediated enclave, which they call *brand public*. Brand publics differ from online brand communities, since they constitute social formations where people discuss a focal topic (e.g., a brand), without establishing meaningful interactions with other members of the public. As such, participation in brand publics is motivated by individual interests and meant to obtain personal publicity. Somehow, they represent a connecting point between identity projects and social formations. In sum, we argue that marketers should consider using segmentation criteria suitable to value customers' efforts in the market (i.e., what we defined as their activism), and we suggest that customers' identity projects, brand/consumption communities, tribes, and brand publics are actionable options to segment a market.

18.5 Conclusion

This chapter provides a longitudinal and multi-epistemological analysis of market segmentation, a foundational concept for marketing theory and practice, that helps perform a company's market orientation. The historical analysis unveils the transformations that have occurred since Smith's (1956) first conceptualization of segmentation. We document that, while ontological premises to market segmentation (i.e., premises establishing what segments *are*) have profoundly weakened, economic premises (i.e., premises meant to assess a segment's *attractiveness*) are still fairly applicable.

In line with scholars' and marketers' calls for a revision of segmentation theory and practice, we suggest that this revision is in fact advancing along two distinct paths that are epistemologically different. On the one hand, marketing science combines big data-driven consumer knowledge with the power of new technologies (e.g., machine learning and AI) to reinvigorate and transform segmentation (Mandelli, 2018). Within this perspective, segmentation-as-science goes micro—basically, at a one-to-one level—and (hyper)targeting (Hoffmann et al., 2013) results in personalization, interpretable as the radicalization of mass-customization (Flavin & Heller, 2019). On the other hand, cultural marketing (Peñaloza et al., 2013) brings segmentation into a set of decisions that marketers co-construct with customers. In line with this discursive framework, targeting then requires conversational abilities (Jarratt & Fayed, 2012) not only to reach, but also to engage target customers.

We conceptualize cultural segmentation as an approach to market segmentation qualified by six key traits: 1) the rooting in social constructivism and interpretivism, 2) the explicit involvement of customers all along the segmentation process, 3) the understanding of segmentation as a dynamic and open-ended process, 4) its reliance upon criteria is apt to reflect customers' identity-related and community-related interests, 5) the dialogical, discursive framing of the relationships between marketers and customers, and 6) the recognition of its performative nature. In so doing, cultural segmentation results differ from both traditional segmentation—which proceeds linearly, from the macro to the micro—and marketing science-rooted segmentation—which consists in an instantaneous, quasi-dehumanized (Williams, 2018), and real-time adjustment to customers. Cultural segmentation is instead iterative, recursive, and long-term oriented, inviting us to reflect on the duration of the conversation/relationship that marketers and customers undertake, on the content that is

exchanged as much as on the language used to share content (Flavin & Heller, 2019), and on what parties learn and exchange along the process.

Our conceptualization of cultural segmentation invites us to rethink both the process of market segmentation and the criteria used to segment markets. Process-wise, through customer involvement, cultural segmentation avoids using external, a priori, and unilateral categories to forge understanding of a company's markets. Rather, it helps develop an emic, internal explanation of the relationships that customers establish with consumption, an explanation that stands from current rather than past customers' behaviors. Also, the fact that cultural segmentation unfolds discursively generates a market understanding that is intelligible and relevant for both marketers and customers. We expect the process of cultural segmentation to 1) strengthen customers' intrinsic motivation to interact with marketers, 2) realign power asymmetries in market relations (hence, to have a positive impact on customers' wellbeing), and 3) to augment the effectiveness of segmentation decisions.

Criteria-wise, we suggest integrating extant segmentation criteria (i.e., top-down criteria, which may directly or indirectly refer to customers' behaviors in the company's reference market) with criteria apt to value the active role that customers play in the (reference) market. We identify: 1) indirect, bottom-up criteria, which take into account how customers actively relate to some dominant market discourses that cut across markets, and 2) direct, bottom-up criteria that more specifically refer to the identity-related or social-related interests that customers pursue in the company's reference market (i.e., their identity projects and/or belongingness to various types of social formations, such as communities, tribes, and online publics). We hope the reader will find our treatment of segmentation theory and practice fairly comprehensive and rich.

Review and discussion questions

1. What are the core premises of traditional market segmentation? Which of them are less apt to reflect the transformations occurring over time in markets and society? Why?
2. How would you define the marketing science approach to market segmentation? And the cultural approach to market segmentation? How do they differ?
3. In order to describe the segmentation process from the perspective of traditional segmentation theory, marketing science theory, and cultural marketing theory, we used three qualifications: A linear, an instantaneous, and a discursive process. Can you explain the core sense of these three qualifications and how they capture the very nature of the three perspectives?
4. Which are the criteria typically used to segment markets? How does cultural segmentation integrate said criteria?
5. Choose a company and discuss its approach to market segmentation. You can refer to the company's advertisements, website, and social media channels/pages in order to ground your understanding of the company's market approach. How would you change the company's market segmentation, if cultural criteria were adopted?
6. Choose a country and identify some dominant discourses that marketers can use in order to segment their markets (refer to what we discussed about indirect, bottom-up segmentation criteria). Provide empirical support for your conclusions (e.g., statistics, examples, case histories).
7. Do you see limitations to the adoption of cultural segmentation (e.g., for specific industries, customers, or companies)? Why?

Keywords

Segmentation, targeting, cultural segmentation, marketing science, hypersegmentation, hypertargeting, direct segmentation criteria, indirect segmentation criteria, top-down segmentation criteria, bottom-up segmentation criteria, micro segmentation, macro segmentation, discursivity, performativity.

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19 Value and price

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Overview

The literature on marketing borrows extensively from the notions of utility and value originating in economics, but a cultural perspective on consumption and market activity is challenging the economic approach to value. In this chapter, we examine the foundations of value anchored in economic utility and propose an alternative cultural view. The field of marketing has primarily dealt with exchange value (Bagozzi, 1975) and use value (Holbrook, 1999) as the cornerstones of all marketing and consumption activities. However, recent publications in multiple subfields of marketing, including industrial marketing (Corsaro, 2014), services marketing (Gummerus, 2013), and consumer culture (Karababa & Kjeldgaard, 2014) contribute to a more comprehensive conceptualization of value. We begin by discussing exchange value, after which we move to alternative conceptions of value co-creation. The last part of the chapter looks at how conceptions of value translate into pricing. More specifically, we discuss multi-stakeholder practices through which prices are assembled.

19.1 Exchange value

Value-in-exchange means that value is created when consumers participate in transactions, for instance: 1) when consumers pay extra for a new benefit, 2) spend more for a product or service perceived as superior to a competitor's, or 3) buy a greater amount of volume (Priem, 2007). This exchange view on value builds upon the classic work of Michael Porter (1985) who has introduced the notion of competitive advantage and value chains. A value chain is a set of activities that an organization carries out to create value for its customers. Value, in Porter's view, means that firms create value through "chains" of consecutive operations in which firms and suppliers improve a product, and continues as retailers signal higher quality or reduced costs to buyers. For Porter, only suppliers create value by adding improvements and benefits. Thus he developed the notion of "added value," which means that the seller incorporates distinctive features to their offerings such as promises of enhanced functionalities and reduced costs. However, because the exchange view places more attention on how sellers add value to their offerings rather than what consumers do with products and services, the role of consumers is reduced to either accepting or refusing the offer. This is problematic, as consumers participate in value creation in many other ways.

19.2 Perceived value

While exchange value is widely applied in management and operations, early marketing researchers observed that consumers often decide to buy products and services without

perceiving all the added benefits that firms create for them (Zeithaml, 1988). This apparent paradox means that consumers may not always assess benefits in the way that producers intend them, and specifically that the consumer's overall assessment of the utility is based on perceptions of what is received and what is given (Zeithaml, 1988). In consequence, the notion of *perceived value* in marketing is different from the objective quality of a product or service, and often reflects other symbolic elements different from the attributes and functionalities of a product or service. Consumers often judge and assess the whole offering as opposed to evaluating multiple separate functionalities. Over the years, numerous and increasingly elaborate models have promised to define the optimal measurement of perceived value, but so far no ultimate scale exists, partly because consumer perceptions vary widely based on cultural context, time, and place and the lived experiences of consumers (Karababa & Kjeldgaard, 2014).

Because of such variations in preferences and contexts, a large part of the literature on consumer behavior and consumer psychology investigates the set of preferences and judgments that consumers cast to evaluate what firms have to offer. Many of these approaches rest on the definition of value proposed by Holbrook (1999). Value is an interactive relativistic preference or judgment, in which consumers assess products and services 1) by the way in which these products enable them to accomplish their purposes, and 2) the experiences that consumers appreciate from using the product/service. Holbrook differentiated between an active version of value in which consumers mobilize products as a means to achieve an end (i.e., value creation), and a reactive version of value found when consumers apprehend, appreciate, or respond to experiences provided for them (i.e., value perception). Holbrook's reactive version of value (i.e., value perception) depends on consumers' evaluating what firms have to offer and choosing among the options. The active version of value is *value-in-use* and depends on how consumers use products and services for tools to accomplish a job, or in other words, how products are a means to an end.

19.3 Use value

The notion of "use value" represents the worth of the experiences that consumers create for themselves when using a product or service. That value is "in use" means that value creation is ultimately something that consumers do for themselves and by themselves in a way that is experiential, subjective, and contextual. Therefore, value is not created and delivered by the supplier but rather emerges during usage in the customer's process of value creation. The economistic view of value as residing-in-the-object is at times extended to argue that value resides not in the product as such, but in what the product "does" for a person (i.e., the received utility) (Grönroos, 2012). This way, other types of product related value arise, such as the things that producers do for us that make products better in some way (like making shoes more comfortable), or the things that retailers do for us so that we may get easy access to produce and enjoy the process of shopping. The role of suppliers is to understand how consumers create value for and by themselves and then make products and services that make life easier, more convenient, and more pleasurable. Similar derivatives of object-determined value can also be found in the earlier cultural/symbolic consumer research, which holds that products are vessels or vehicles of meaning (see Levy, 1959). Here again, companies, or more precisely marketers, are viewed as having the power to create meanings and imbue them into products, while consumers are seen primarily as passive recipients of the value inherent in these meanings.

19.4 Value co-creation

Contemporary approaches to value conceptualize value in the integration of resources between consumers and firms in ways beneficial for both parties. Contemporary marketing researchers widely recognize that value is "co-created" between firms and consumers (Grönroos & Voima, 2013). One example is Vargo and Lusch's (2008) phrase, "service is exchanged for service" (p. 43), which notes the inherently reciprocal and jointly beneficial activities and resources that precede, and culminate in, economic exchanges.

An important discussion is the relative degree of firm versus consumer participation. Grönroos and Voima (2013) wrote that both firms and consumers participate in their own "sphere" and interact through co-creation. For example, firms participate through relationships supporting the application of resources, through the development of these relationships, and through the knowledge needed to transform resources into experiences. On the other hand, consumers bring their expertise, their cultural meaning-making and their resources. One important line of thinking in co-creation is how firms and consumers interact particularly to acquire and mobilize resources. The co-creation view argues that firms must participate with consumers, because "the product is no more than an artifact around which customers have experiences, … companies must create opportunities for customers to experiment with and then decide the level of involvement they want in creating a given experience with a company" (Prahalad & Ramaswamy, 2004, p. 83).

The processes of value creation from the co-creation perspective rest on the notion of interdependences because neither firms nor consumers have adequate resources on their own. The processes of relating, knowing, and communicating mean that value co-creation is interactive and requires involvement by both firms and consumers. Consumers sometimes sidestep the resource limitations by taking advantage of the power of sharing, collaboration, and community. For instance, Figueredo and Scaraboto (2016) show how value can be created both in consumer collectives and in more loosely organized collaborative consumer networks, such as the network of consumers involved in geocaching.

19.5 The process of pricing

Prices are generally taken to be set by the market, or by individual companies. However, the market does not always dictate the price, and the power to shape prices is seldom limited to companies, let alone to marketing executives. Due to its complexity and its impact on various business functions, the process of pricing strategy formation necessitates cross-functional participation. The role of marketing executives is to make sure that the strategic and tactical decisions regarding pricing are aligned with the overall marketing strategy. Whereas operations, engineering, and finance executives are likely to apply a more production/cost-oriented perspective, the marketing executives need to balance these views by promoting the central tenet of the marketing philosophy: The consumer orientation.

Companies and their managers are not the only actors involved in price making. Diverse actors, such as governmental institutions, consumer groups, technological algorithms, and religious authorities can shape pricing (Hagberg & Kjellberg, 2015). Rather than viewing prices as externally imposed facts of life, or as outcomes of decisions made by single actors (e.g., a price set by a company), we propose to view price-making as a process that implicates multiple stakeholders.

What does the process of price-making involve? We follow the generic procedure offered in most marketing textbooks, extending it with our cultural perspective of value and

price-making. The generic *procedure of price setting* involves four basic themes: Setting pricing objectives, pricing situation analysis, pricing strategy, and price implementation. In providing a sequence of generic steps involved in setting prices, we stress the importance of carefully analyzing the underlying pricing situation before making any specific choices regarding pricing objectives and strategy. In contrast, many authors start with setting pricing objectives first. While pricing objectives undoubtedly offer a useful guide in setting the pricing strategy, in the absence of prior analysis they might also involve uninformed decisions. Above all, a careful examination of the product/consumer relationship in all its sociocultural complexity needs to be conducted before shaping a pricing strategy.

19.6 The pricing situation analysis

The generic 3Cs model of analyzing the pricing situation outlines three areas of analysis: Consumer demand, Costs, and Competition. A somewhat broader perspective is adopted here by distinguishing between *four types of price-assemblage dynamics*: The consumption dynamics, the internal company dynamics, the competitive dynamics, and the socio-legal dynamics. Each of the four dynamics will be discussed in more detail. Due to its pedagogic nature, the model is inescapably simplistic. We have chosen the notion of *dynamics* to indicate that there is no natural state or boundary to each of the four categories. There is constant change and considerable overlap and interaction between the four categories. In addition, we once again stress the priority given to the process of value co-production. No single actor can control the dynamics that shape price-making. To avoid some of the limitations of this generic model, the process has been discussed in a practical example (box 19.1).

19.6.1 Internal company dynamics

Company efforts to set a price for a particular product or service can have a strong impact on related products and services that the same company offers. Companies, therefore, explore to what extent and in what manner its products are substitutes or complements. Considerable cannibalization effects can occur when products are priced incongruently to the substitutes offered by the same company. For instance, if a coffee shop decides to allow consumers to pay what they think is appropriate, then pricing can no longer be used as a tool to encourage (or discourage) consumption of particular products, by making them more (or less) expensive compared to other products. It is likely that the prices set by consumers will not reflect the relative costs the coffee shop has when offering various products.

The costs of producing, promoting, distributing, and selling products are a crucial internal company consideration. Companies carefully examine their costs and expectations regarding the desired return on investment. They will want to make sure that at least the average variable costs will be covered by the price. The average variable costs thus represent the floor limit on the price. However, both fixed and variable costs are not independent of the decisions made on pricing. The chosen price can have a vital impact on the number of products sold, and companies will, of course, have different production and distribution costs at different production/distribution levels. Costs should thus not be considered as static information, but rather as a function dependent on the size of operation and degree of experience (the so-called learning curve). Furthermore, in "pay-what-you-want" models, some consumers can choose to pay less than the fixed cost of the product. The coffee shop can accept that as long as the other consumers pay more, or if the below-cost purchase can be compensated for by other above-cost purchases.

BOX 19.1 Pay-what-you-want

"Metro Cafe looks like a regular coffee shop: tables and chairs, wifi, baristas, trays of pastries and a menu offering espresso, macchiatos, cappuccinos, lattes and other beverages. However, scan the menu for prices, and you will not find any. In this corner of Santa Monica, one of the most expensive cities in California, and therefore the US, you pay what you want" (Carroll, 2018).

The café decided to experiment with the pay-what-you-want model in October 2016. After a 30-day trial period, the owners realized that their financial performance remained similar to what it was before, so they stayed with the new model. The staff report that first-time customers typically ask what the prices were previously. About half of them then pay that, about a quarter pay more, and the rest pay less.

The café is part of a church dedicated to running the place as a business that is not only "about the bottom line," but rather "about community and collaboration." This mission seems to shape the way that customers respond to the unusual pricing model. As one of their customers observed: "I think it brings out the good in people because people do not want to screw them over. They are nice." Another customer explained that she would never pay considerably less than what the usual prices are: "Because it would just be unreasonable. I like this place."

While a small share of customers take advantage, despite being able to pay, the owners and staff are pleasantly surprised how seldom that happens. In a large majority of cases, the well-heeled customers pay above the "market price" to compensate for the poor and homeless customers who pay less. The experiment is not unique, as similar approaches of "participatory pricing" (Ju-Young, Natter, & Spann, 2009) have been tried with mixed results by restaurants, museums, book publishers, and recording artists, among others.

Source: Carroll (2018)

As companies put more and more effort into customizing their offerings to specific customers, the cost analysis becomes increasingly complex. Even companies who retain considerable control over their prices can infer different costs from different customers. Therefore, some companies calculate the costs associated with actual activities performed in serving specific customers or groups of customers. Such *activity-based costing* (ABC), focused on the actual cost of activities, can also be applied in calculating the cost of each product, taking into account the actual cost of activities performed in producing and distributing a product. These calculations can provide a basis for setting prices and for comparing the company's key costs with those of the competitors.

In addition, cost functions can change as a result of significant efforts put into optimizing the business processes. The principle of *target costing* views costs as a decision variable. Companies using this approach begin with first setting a price, the desired return, and forming the product specifications, and then calculate how low the costs must be. Priority is given to optimizing the product and the processes so that the target cost level is met. Of course, companies cannot control all their costs. Nor can they expect to retain a permanent level of control over their costs. The company needs to consider what level of control it has over various types of costs and its ability to retain or extend this control in the future.

This brief foray into the internal company dynamics should make it clear that costs are of primary concern in price setting. A comprehensive understanding of costs as a variable dependent on experience, size of operation, customer characteristics, internal efforts, and various external factors (e.g., energy prices, governmental interventions, etc.) represents an essential foundation for efforts of price-making.

19.6.2 Competitive dynamics

Conducting a benchmark analysis of the major costs incurred by the company, and its chief competitors provides a common starting point for the competition sphere analysis. The demanding task of determining one's true competition has already been discussed in previous parts of the book (cf. chapter 18). Here, let us add that it is within the proposed process of value co-production that competitors should be sought. It is the products and brands that contribute towards similar experiences of value that we compete with, rather than with products that look or sound most similar to ours. Even better, one could view competition as something that occurs between the different system of value co-production rather than competition between companies, or even experiences of value. The pay-what-you-want coffee shop is competing with other coffee shops and with other ways of obtaining similar consumption experiences (e.g., making your coffee, using a coffee machine). Another way to look at the competition would be to consider the competition between different systems of value co-production/price making, such as the competition between coffee shop/pay-what-you-want system and the coffee shop/company-price system, or the self-brewed/supermarket-priced system.

There are many factors in the competition sphere that impact price-making. Peter and Olson (2008) list nine:

- The number of competitors.
- The cost structure of competitors.
- The market share of competitors.
- The location of competitors.
- The conditions of entry into the industry.
- The degree of vertical integration of competitors.
- The financial strength of competitors.
- The number of products and brands sold by each competitor.
- The competitors' historical reactions to price change.

The list can be extended to include the competitors' current prices of products and the assessment of their current and future pricing objectives and strategies. It is essential that the competitors' positioning strategies are closely examined in light of pricing, seeking answers to questions such as: How are competitors positioned on a relative price basis? To what extent is pricing used as an active element of each competitor's marketing strategy? What are the probable responses of each competitor to alternative price strategies? (Cravens & Piercy, 2006).

There is a complex relationship between the different value creation/price making systems. If successful, the pay-what-you-want model will likely impact prices in standard coffee shops. Likewise, the prices charged in standard coffee shops will impact consumer decisions on what they elect to pay. Some would argue that the very existence of the "pay-what-you-want" model is parasitical on the standard market/company-set model of pricing. Devoid of

being able to use the "typical" price as a reference point, consumers might struggle to come up with a price that allows the coffee shop to sustain its operations.

19.6.3 Socio-legal dynamics

A variety of norms, laws, and regulations affect price-making. Among the pricing environments that achieve most attention from the government, Cravens and Piercy (2006) list: Horizontal price fixing (collusion between competitors), price discrimination (different prices for different customers in absence of legitimate basis), deceptive pricing (misleading consumers), vertical price fixing (collusion across the channels of distribution) and price information (requirements on form and availability of price information for consumers). In such cases, prices are often directly regulated by the government, leaving companies and other stakeholders less room for maneuvering. Unless, of course, they can mobilize support and build coalitions to change regulatory frameworks.

The social implications of pricing go far beyond the legal and regulative considerations. With the recent socioeconomic turmoil surrounding the global economic downturn, the looming environmental crisis, and the resentment building up in developing countries, the social implications of business decisions are coming to the fore. As argued earlier, pricing decisions produce wide-ranging effects on what and how resources get expended in our societies. There are important social, political, economic, and environmental implications of pricing. Issues ranging from the squeezing out of middle and lower-class sports fans via prohibitive ticket pricing (Keiser, 2009) to the effect of low consumer goods prices on the environment (Leonard, 2009) represent popular debate topics.

The breadth and complexity of such issues exceed the scope of this chapter. Instead, an example of branding built upon the very premise of broader social implications of pricing is discussed, illustrating the opportunities and responsibilities facing those who form pricing strategies. Box 19.2 presents the Fairtrade labeling organization (FTLO) and its efforts in promoting fair trade through alternative pricing and coordination schemes. Although Fairtrade products essentially cost more than the average products, the price premium comes with a story. In recent years, the sale of Fairtrade products has increased dramatically, peaking at €7.88 billion in 2016, more than tripling the size of the market compared in the last decade (Fairtrade International, 2017).

In the case of fair trade, the "fair" price paid to the third world producer represents a unique source for consumer value co-production. The price premium paid by the Western consumer thus involves special value as it can be construed and experienced as an ethical/political act. Dolan (2005, p. 369) demonstrates how such ethical consumption provides "a stage on which myriad discourses of 'self' and 'other' are played out, as consumers seek to reconcile the gap between the 'haves' and 'have-nots' by extending social justice to distant communities." However, despite the positive overtones, the author warns of the limitations of ethical consumerism, which may "civilize capitalism for a fraction of [third world] workers and afford affluent consumers a sort of capitalist redemption, but it also poses no threat to our privileged position in the global hierarchy' (Dolan, 2005, p. 383).

Ethical considerations related to pricing are of course not limited to issues of global inequality and exploitation. Price-making is also implicated in matters such as ecological sustainability. For instance, prices of consumer goods do not always sufficiently reflect the use of limited natural resources and negative impact on the natural environment. Likewise, issues such as price discrimination, substantial changes in prices, pricing of products strongly

BOX 19.2 Fairtrade labeling organization

Fairtrade is an organized social movement advocating fair payment to producers in developing countries as well as social and environmental standards. It focuses on exports from developing countries to developed countries, most notably coffee, cocoa, sugar, tea, bananas, handicrafts, etc. The **Fairtrade Labelling Organizations International (FTLO)** is a nonprofit association which develops and reviews fairtrade standards and provides support to fairtrade producers. According to FTLO's website (http://fairtrade.net), the Fairtrade system benefits approximately **1.6 million** farmers and workers in **58 developing countries** in Africa, Asia, and Latin America. In 2016, Fairtrade certified sales amounted to approximately €7.88 billion worldwide.

Figure 19.1 Fairtrade labeled coffee
Source: BashaSide7, retrieved from http://flickr.com/photos/slowswimmer/2609618343/ sizes/o/

As the organization proclaims: "World market prices for coffee, rice, and other commodities are highly volatile and often below the costs of production [e.g., due to dumping, governmental subsidies, externalization of costs, or as a result of market pressures and inability of producers to wait]. A stable price, which covers at least production and living costs, is an essential requirement for farmers to escape from poverty and provide themselves and their families with a decent standard of living." The Fairtrade label thus ensures fair compensation and sustainable production in developing countries. A study conducted in Costa Rica confirms the beneficial impact of fair pricing and organizational support on producer empowerment and life quality (Ronchi, 2009). The minimum price guarantees offered to producers enables them to invest in long-term improvements despite the harsh, volatile environment.

related to health and wellbeing, or prices of services that allow for social mobility (e.g., education), give rise to various ethical concerns.

19.6.4 Consumption dynamics

The cultural approach advanced in this chapter demands a broader consideration of the social implications of value and pricing and the role of consumption and consumers in value creation and price-making. Consumption and consumers represent important elements in price-making, both from a more classical managerial view on pricing concerned with interactions between consumers and products/prices, as well as from a broader cultural view on price-making as a multi-stakeholder practice in which consumers can actively participate (e.g., consider the pay-what-you-want café as an extreme example).

Various contributions to understanding the consumer/product interactions have been offered in this book. Rather than repeating them, we turn to those facets of the user/product interaction that are essential to pricing strategy: Value co-production and price sensitivity. Consumers interact with products directly, when they shop, use, display, and dispose of products, and indirectly, when they think and communicate with them. Subsequently, the value can be experienced through various consumer product touch points (See chapter 29 by Holbrook). Of course, consumers not only experience products as beneficial, but their overall experience of value is also shaped by the costs they infer. Various types of consumer costs (monetary, temporal, cognitive, and behavioral) play a role in consumers' perceptions and experiences of value. For example, high prices of Fairtrade goods increase monetary costs; having to learn about fair trade is a cognitive cost, while having to drive far away to buy Fairtrade products produces both behavioral costs (effort spent) and temporal costs (time spent).

Price sensitivity is another important element of the consumer product/price interaction. Economists measure this sensitivity in the form of price elasticity, the percentage change in the quantity of demand for a product as per the percentage change in the price of the same commodity. While such analysis can be useful for forecasting, it is important to realize that price sensitivity research often approaches price elasticity on an "all things being equal" basis. However, as proposed earlier, experiences of value that ultimately underlie consumers' interpretation of prices are messy (mediated, relativistic, subject to contextualized personal interpretation). Returning to Fairtrade goods, a lower price does not necessarily make a product more desirable but might instead indicate that suppliers of that product were not compensated fairly. Likewise, the example of the pay-what-you-want pricing model challenges standard theories of price sensitivity, which have a hard time explaining why people pay anything at all, given the chance of having everything for free.

From a co-creation perspective, price-making is always a multi-stakeholder practice. The pay-what-you-want café is unusual (at the moment) since they make the role of consumers as price-makers explicit, and institutionalize it as a central element of the café's "business" model. However, active consumer participation in market practices of exchange and value representation is far from unusual. It is not at all uncommon that consumers actively negotiate with the seller in attempts to reduce prices. Even when consumers do not have a direct say in what the price is, they can have an active role in shaping others' perceptions of prices, by sharing information and opinions about prices through word-of-mouth or online forums.

19.7 Pricing objectives

Pricing objectives are meant to provide the process of price setting with a sense of direction and purpose. The objectives will guide those responsible for making decisions related to pricing. There are some possible pricing objectives to draw upon. To provide some structure, we distinguish between two factors that profoundly shape the setting of pricing objectives: The management (or another stakeholder) preferences and the market situation. *Management preferences* determine the temporal (short-term versus long-term) orientation of the pricing strategy as well as the axiological orientation (the fundamental values aimed for) in setting the price. The *market situation* includes the current financial state of the firm, its position relative to competitors, and the market's characteristics.

Among the possible *short-term pricing goals*, companies often aim for *current profit or cash flow maximization*, where prices are set to earn as much profit or generate as much revenue as possible. Companies who can predict the market's response to different prices (the demand curve) and costs at different levels of production (the supply function) will be able to determine prices that maximize profit. Profit can be earned by selling limited quantities at high prices (market skimming) or selling large quantities at relatively low prices (market penetration). Some companies are not in a position to anticipate profit due to their dismal financial performance and bleak outlook. Their short-term goal is likely to be one of *survival*. When being overrun by intensive competition, burdened by excessive production capacities or misguided past investments, the company might elect to lower prices below average total costs. This way the company can at least cover average variable costs and a proportion of fixed costs. Other short-term objectives include *demand stimulation* when prices are set to encourage new product trial or stimulate the purchase of existing products (e.g., discount and promotional prices).

Over-focusing on short-term objectives can endanger the company's long-term market position. Excessive exploitation of the market's willingness to pay premium prices will draw in competitors or, in cases of socially sensitive markets, result in government intervention (e.g., product related to freedom of expression, education, health, etc.). In these situations, insistence on short-term pricing goals reduces the company's chance of future success. *Long-term pricing goals* such as *market share maximization* might instead be adopted. Here, companies forgo current profit to secure and improve their market position, thus investing in future profits.

Strengthening the market position does not necessarily involve increasing market share. Some companies forgo a large market share, instead aiming to operate as niche players selling uniquely positioned products. In such circumstances, the goal of *improving product positioning* will guide the process of price setting. Prices will be set to increase product awareness and familiarity and improve the product's image. Other long-term pricing goals may include *influencing competition*. For example, low prices can be set to create entry barriers for potential new entrants or to push a struggling competitor into bankruptcy. Conversely, increases in price can function as an invitation to established competitors to follow suit and raise their prices as well.

Of course, the managements' time preferences and the underlying market situation are not the only factors that shape the process of determining pricing objectives. Not all organizations will gear their pricing strategy towards seeking market clout and profit. In some cases, priority is given to *non-commercial values*. As discussed earlier, ethical values represent not only a potential limitation/danger in setting prices, but can also constitute the organization's *raison d'être*. The Fairtrade labeling organization (FTLO) sets the following standards for those trading with fair trade products (FTLO, 2009; see also box 19.2):

1. Pay a price to producers that at least covers the costs of sustainable production: The Fairtrade Minimum Price.
2. Pay a premium that producers can invest in development: The Fairtrade Premium.
3. Partially pay in advance, when producers ask for it.
4. Sign contracts that allow for long-term planning and sustainable production practices.

Such standards prioritize values of sustainability and fairness as the primary objectives in determining prices for products obtained from producers in developing countries. Even with Fairtrade products, other objectives, of course, are present in determining the actual price to suppliers and end customers, but the fair trade values remain an ever-present factor of the pricing strategy. Other value-related objectives in price settings might include philanthropic objectives, environmental objectives, etc.

19.8 Pricing strategies

Having put considerable effort into analyzing the pricing situation and determining the pricing objectives, the price-makers can make several strategic decisions regarding pricing. The available options are constricted by the specifics of the pricing situation and the price-makers' internal limitations and aspirations. Cravens and Piercy (2006) emphasize two aspects of the pricing strategy: The price visibility dimension and the positioning dimension (see figure 19.2). The company needs to decide whether it will use pricing as an active or passive element of its marketing strategy (the visibility dimension) and whether it will position its products at the high or low end (positioning dimension).

Based on these dimensions, four basic strategies can be outlined. The *High-Active strategy* will heavily promote the products' higher price, conveying superiority and prestige. The price premium will be used to establish exceptional consumer/product relationships and differentiate the product from its potential substitutes. The *High-Passive* strategy also entails setting a high price. However, in contrast to the active strategy, this time the focus is on non-price elements, emphasizing product features and social and personal brand meanings. Such an approach is necessary when the price alone does not function as a potent indicator of the product's superiority.

The *Low-Active* strategy aims for the price-sensitive segments, aggressively promoting competitive prices and consumer savings. It is sustainable only when the company has a considerable advantage in production, marketing, or distribution costs over its competitors and/or a strong market position. In the case of *Low-Passive* strategy, the company does not heavily advertise its competitive prices. In this manner, it not only saves money on

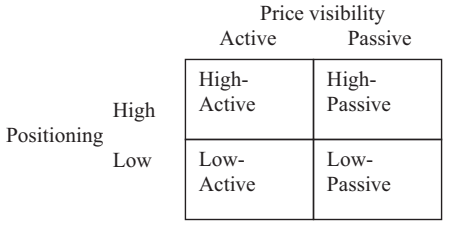

Figure 19.2 Cravens and Piercy's 2D model of pricing strategy
Source: Cravens & Piercy (2006)

promotion, but it also reduces the danger of signaling product inferiority. Many companies refrain from aggressively advertising low prices to prevent a potential price war.

Competitor response plays an important role in determining the overall pricing strategy. The pricing strategy must provide answers to how the company will respond to competitors' potential price changes. Cressmann and Nagle (2002) compare pricing to playing chess, arguing that "players who fail to envision a few moves ahead will almost always be beaten." They offer a systematic framework for decision-making in situations of competitor price changes. When faced with a competitor changing a price, the company must first determine the impact on sales and the cost of responding to the competitor's price actions. Eventually, the scope of the potential harm being done to the company's remaining markets and the competitor's anticipated response will determine the suitable course of action to be taken.

Another important strategic consideration relates to the internal and external impact of price. As described earlier, a particular product's price strategy can heavily impact the sale of other products. Among the vital internal concerns, the potential cannibalization effects and the impact on the overall corporate brand image need to be carefully weighted. External socioeconomic impacts can also be an important consideration if a positive corporate image is to be maintained. Here, it suffices to recall the iPhone backlash caused by lowering prices. Even more, drastic responses to pricing decisions can occur in the case of price increases of products that are vital to wellbeing (e.g., food, health products) and social development (e.g., education, information).

It should be emphasized that the companies rarely enjoy absolute control over the price-setting process. Governmental regulation, retailers' strategies, and other factors often narrow the company's pricing options. What is more, some companies deliberately pass a proportion of its control over pricing to consumers, setting up auctions where prices are primarily determined based on bidding or deciding upon alternative strategic approaches such as the pay-what-you-want mechanism. While such "participative" pricing models can increase consumer interest and commitment, sellers also face the risk of consumer exploitation, since consumers might decide to pay nothing at all or a price below the seller's costs (Ju-Young et al., 2009).

To go a step further, what does the proposed cultural perspective on price-making as a multi-stakeholder set of practices through which prices are assembled, mean for pricing strategy? For one, the idea of price-making as a process of assemblage advances a different take on what strategic action is. Strategic objectives can only be achieved if other actors are successfully enrolled in networks of value creation and price-making by way of acknowledging and aligning their varied interests and capacities (Canniford & Bajde, 2015). The "other" actors are not necessarily limited to human actors and institutions, but might also involve non-human actors, such as pricing algorithms, displays, shopping carts, etc. (Cochoy, 2008).

19.9 Price implementation

In this final stage, price-makers need to determine specific prices and pricing policies that enable day-to-day management of pricing. Various methods and techniques are available to determine the actual price of a product. These methods often emphasize one of the four pricing dynamics. Normally, prices are based primarily on internal corporate considerations such as costs and expected return. In this case, prices are usually determined by adding the desired markup to the average costs (the cost-plus approach). Competition-oriented

pricing methods calculate prices based on competitors' prices. Based on these prices and its positioning strategy, the company can set prices on par (the so-called "going rate"), lower or higher than competitors.

Socio-legal considerations can also be forefronted when calculating a price. In the case of FTLO (see above) prices are calculated based on nonprofit standards of sustainability and fairness. Other companies must employ a legally predetermined procedure to calculate prices, or simply adapt prices determined by the government. The remaining consumption sphere provides price calculation standards that forefront the consumers' response to price. For instance, the pay-what-you-want example presented above transfers the process of price calculation to consumers, whom themselves decide on the actual price to be paid. In other, more common examples, companies rely on market research. Prices are determined based on determined consumer price sensitivity, consumers' willingness to pay a certain price, or the overall monetary value attributed to the product by consumers.

Any excessive favoring of one of the four pricing dynamics at the expense of the others results in questionable pricing practices that fail to incorporate the full range of pricing considerations. The implementation of the pricing strategy is not an issue that can be dealt with once and for all. It involves a perpetual process of readjusting prices and the marketing elements related to them. Policy guidelines that guide the process of price decision-making and price structure are common. A pricing policy includes considerations of issues such as discounting, allowances, consumer financing, returns, and other operating guidelines. In addition, product-mix guidelines need to be established to make sure that price adjustments are not made in the absence of considering the full range of the company's products. Another important issue related to price implementation entails decisions on how to communicate prices. The price communication policy involves not only how prices will be conveyed to consumers at the point of purchase (e.g., price tags), but also how pricing information will be integrated into the company's wider marketing communication activities. This is of particular essence when price-active strategies (see above) are adopted.

Finally, while single actors (i.e., companies) can of course strategize and strive to implement their strategies, it is best to see price-making as a collective process in which a single actor's strategy will only be effective if it aligns with the interests and "strategies" of other actors that participate in practices of value creation and value representation.

19.10 Summary

The cultural approach to value emphasizes that value is neither an inherent property of the product, nor can products be viewed as hermetic vessels in which marketers can imbue pre-produced meaning. Instead, value is approached as a culturally mediated outcome resulting from multiple actors' engagement in diverse practices of value co-creation. In market exchanges, value is measured and formalized through the instrument of the price. Marketers can help their companies better formalize value, by acknowledging that, like the process of value creation, price-making is better approached as a process of collective assemblage, rather than a process of strategic decision-making involving a single actor.

Review and discussion questions

1. Why would it be wrong to confuse value with price? Explain the difference and connection between these two concepts.
2. In what sense is value co-created?

3. What do we mean, when we say that value is *relativistic?*
4. What does the process of price-making involve?
5. What should managers consider in the pricing situation analysis stage?
6. How do you explain the mixed success of businesses using the pay-what-you-want model of pricing?
7. What kind of pricing objectives can managers set? How would you describe the core pricing objective in Fairtrade (see Box 19.2)?
8. Which dimensions does Cravens and Piercy's model of pricing strategy emphasize? Outline the four possible strategies in this 2D model.

Keywords

Value, value co-production, price, price-making, pricing situation analysis, pricing objectives, pricing strategy, price implementation.

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20 Product design and creativity

Nacima Ourahmoune

Overview

Product design is an important aspect of the marketing mix and a crucial reflection of brand discourse and positioning. Yet it has often been reduced to systematic descriptions of the innovation process and to functional definitions. More recently, product design has been viewed simply as an aesthetic touch to be added to a product just before commercialization.

The author argues in this chapter that product design should be situated within the flow of sociocultural and symbolic meanings derived from consumers' experiences, desires, and emotions, and as such is able to add brand value to products. She contends that this approach leads to innovation when a co-creation process involving designers, marketers, *and* consumers is implemented.

Through the HOM case study, the author—based on her previous research—shows how the brand launched a new and successful product category for men that they termed "men's lingerie." Before major competitors, HOM was able to decipher, capture, interpret, and transfer to their products the changing societal gender roles and complexities of current masculine norms. Signs and codes conveyed by the products, together with consistent brand communication, allowed the brand to succeed in selling designs, shapes, and material of a markedly feminine character to men.

This case illustrates the power of product design when conceived as a language able to mediate cultural values leading to product attachment and brand desirability. Rather than an aesthetic touch added at the end of the product design process, product creation is optimized as a space of real dialogue and co-creation between brand managers, designers, and consumers within a specific sociocultural context.

20.1 Introduction

We have grown up in a world of relentless industrial and material progress. Product designers have played a part in this—meeting people's material needs with functional, ergonomic, and attractive product designs optimized for manufacture. However, society's expectations are changing and so too is the role of the marketing manager and the product designer. Our holistic view of progress now puts human rather than material values at the heart of a society that is striving to be inclusive and sustainable while satisfying its physical and emotional needs. Product design is evolving to meet the needs of people for whom the experience of discovering, buying, and making coffee is valued as much as the cup of coffee itself.

Designing is now about people. What they value, how they relate to themselves, each other, and their surroundings. Designers and marketing managers must understand this to

create complete product experiences for consumers rather than just well-styled products. Our "product-saturated" marketplace means that effective marketing managers need to have more than simply technical skills.

This chapter aims to clarify the strategic importance of product design seen as a window for brand discourse and as a vehicle for cultural values that echo consumers' representations.

20.1.1 Product design: From function to culture

In order to talk about a cultural perspective on design, we should start with the conventional perspective on marketing in product design.

Conventional marketing mentions design in books for students and practitioners, but only very briefly. A standard book such as *Marketing Management* (Kotler & Keller, 2016) devotes little space to it. In it, design is defined as a way of differentiating and placing a brand's products in such a way as to become competitively attractive. The authors claim it is the totality of features that affect how a product looks, feels, and functions in terms of consumers' requirements (Kotler & Keller, 2016). The book also describes the different ways a designer must think in order to create a successful product design. The designer must understand the importance of shape, development, performance, conformity, durability, reliability, "reparability" and style for a product. Whereas companies believe that a good design is the one that is easy to make and distribute, consumers like an attractive product that is easy to open, set up, repair, and so on. Design plays a part in those concerns. The book also proposes, again briefly, that marketers now acknowledge the emotional power of design; and indeed, some companies have seen their market share rise since adding a design department to their operations. Finally, design is seen as a way of changing how consumers perceive a brand in a saturated market.

These elements are interesting and give a general view of how important design is in marketing. The product is indeed one of the pillars of the marketing mix. It is a central aspect of marketing research and is always something that sales-conscious managers pay great attention to. Product launching is on the increase, and there is a race for innovation amongst competitors, with a very high risk of failure, making it a strategic matter. Moreover, saturated markets and consumers are always on the lookout for something new, making product renewal a major factor in increased sales: It is the "new" label effect.

Nevertheless, the traditional marketing literature is concerned only with some aspects of innovation and too often neglects the symbolic and imaginary dimensions of a product, the issue of the product's appropriation by the consumer, or even the strong emotional power within the product-consumer interaction. This absence derives from the cognitivist tradition of marketing, which minimizes the experiential dimension of the consumer-product relation.

Furthermore, the process of innovation is often described within this perspective as a sort of universal, systematic methodology that is followed by product designers at different stages. Below we summarize the methodology implemented by product designers and their specific skills as proposed by Morris (2009, p. 23) in *The Fundamentals of Product Design*.

Initial stage

- Idea Generation can be from imagination, observation, or research.
- Need Based Generation can be from the need to solve a problem, the need to follow popular trends, or the need for a product to perform a specific task.

Middle stage

- Design Solutions arise from meeting user requirements, concept development, exploration of different designs, ergonomics, prototyping, materials, and technology.
- Production involves fabrication and manufacturing the design.

Final stage

- Marketing involves selling the product. It can either be client based which means the client buys the design and manufactures it and then sells it to customers. Or it can be user based where the designer sells the product directly to the user.

This technical and functional representation of product design traces the frontiers and limits among different actors but pays little attention to interactions between marketers and designers. It also views clients and consumers as a means rather than as an end or as partners. Our cultural approach to product design developed in this chapter claims there is a need to go beyond this systematic and conventional approach and therefore to adopt a holistic view of the process of product design, engaging designers, marketers, and consumers in the co-creation of products that are invested with meaning and add value to consumers' lives while sustaining brand narratives and creating a distinctive and motivating positioning.

To further clarify the cultural view, we begin by situating product design within the functionalist perspective that echoes traditional marketing concepts.

20.1.2 Functionalist product design

The tradition of conventional marketing goes together with a functionalist conception of product design, which prevailed for a long time. Functionalist design sees the product as efficient, adequate, long-lasting, and without any particular decorative feature. This perspective reduces the artifact to its function. What matters is not the object but its function. Of course, the product physically exists, but its material specificity is secondary. The physicality of the product concerns only its functionality. The design does not act on the object but follows and derives from the anticipated functional use. Thus, famously Le Corbusier did not build houses, but "machines for living in."

What results from functionalism is that if we emphasize the function rather than the object itself, we are less attached to it. When artifacts are created only to fulfill a purpose and to be easily mass-produced, they are devoid of any individual input. Therefore, by focusing on function rather than materiality, functionalism leads to non-attachment to the product, resulting in objects that are not retained for any great length of time. Indeed, in a society where products may be physically long-lasting, if consumers are not attached to them, they can easily be replaced or discarded.

Yet it is interesting to note that the following is a conventional marketing creed: For the company, a good product design is *easy to make and distribute*. (Kotler & Keller, 2016). Hence the way the company perceives design somehow contributes to this functionalist image. The definition of "good design for the company" lacks the symbolic and meaningful aspects found in product design that must represent the brand and resonate with the consumers' lived experience. The traditional marketing perspective treats the experiential aspect of the consumer product/brand relationship as a direct reaction to marketer-produced stimuli and neglects the interpretive and meaningful dimension coming from consumers.

But in our cultural marketing perspective, this is a serious lacuna, for we believe that good product design goes beyond solely functional considerations. Rather it generates dialogue between the brand and consumers, and becomes a locus for the sharing of ideas, values, and experiences.

The paradigm that has dominated consumer research for 50 years conceives of the consumer as someone constantly searching for information through advertising messages, in order to process them and make choices. This paradigm has been criticized on two grounds: 1) the model fails to explain the transfer of the cultural meanings and values between the advertisement, the product, and the consumer, and 2) the consumer's role is much too simplified, as also is the interactive nature of advertisements and products. Consumer researchers such as McCracken (1986) or Belk (1988) point out that researchers and marketers were wrong in claiming that consumption was the main activity of the consumer and that culture had a limited impact in the process. Moreover, the study of consumer behavior was carried out independently of other aspects of life, a shortcoming that limited the cultural understanding of product-consumer relations.

McCracken (1986) argues that in reality, consumption has a role of culture creation and protection. In this context, culture is seen as something holistic, in perpetual motion, changing, and enhancing meanings. Brand communication also plays a more direct role, in connection with culture, representing a framework of symbols or special meanings that rise from culture and are located in a product or a particular design. This process implies cultural meanings embodied in the product, hence the *produit-signe* (Baudrillard, 1968), *fetish product* (in a Marxist sense) or *totem product* in tribal marketing (Maffesoli, 1996). We escape here from the object as simply functionality oriented.

The consumer, therefore, perceives meaning in products, which is then used to support both an inner concept of himself and an outer concept of the external world and its role within him. Thus, consumption becomes a key element in creating meaning (and culture) for the individual constantly seeking to define his inner self and to position himself in the socially and culturally established outer world.

Today, this experiential and emotional dimension has become increasingly modish in the eyes of the marketers, at the same time as the purchase decision has become more complex than a purely rational cost/benefit logic. For years, cultural approaches to marketing have encouraged marketers to invest in marketing as the management of codes and signs. Seen like this, product design is not only a way of differentiation through style and ergonomics; it is a real language, a complex semiotic logic that needs to be decoded. On the other hand, design conveys an ideology, i.e., a system of values that interacts with the consumer and involves brands. Products and design thus conceived are fully cultural artifacts with complex meaning that managers must repeatedly decode. As we will see, this process is a way for the company to add value.

20.2 Product design as embodiment of meaning

Modernism started to decline in the 1950s when contemporary design took off, followed by Pop and, 20 years later, postmodernism. From then on, what mattered was not the use of the object, but its meaning. The product had to fit the culture and its lifestyles. Products became symbols, signs, or icons. There was no longer any need for durability, unlike under the previous paradigm. Products embodied meaning and this perspective led to their conception and design. Even more so than in functionalism, the materiality of the object was not dominant, since postmodernists were less concerned about material things than ideas. If we

view attachment to products from that angle, it seems that postmodernist design is a big step forward, for it focuses on the symbolic aspects of the product. The possibility of creating countless different styles in our mass culture stops it resulting in uniformity.

Within this perspective, design gives rise to stories around products and services. Products become topics of conversation. As the successful (product) designer Philippe Starck puts it, he was not interested in designing a juicer but rather that this juicer would be a pretext for people to start conversations and to create social bonds. Products are only seen as objects from the way they look, and immediately become objects of seduction. This is why marketers need to consider products as elements of language, form, product meanings, and the relationship between consumers and companies.

One of the ways to do this in order to meet the consumers' expectations is to see consumption itself as an art. Consumers are confronted by an incredible amount and variety of new products. The globalization of industrial trade has intensified this phenomenon. Moreover, products are backed up by numerous tools—advertising, the media, retailing channels, etc.—to such an extent that it is increasingly difficult to ascertain the real needs of consumers other than through these external stimuli. As for designers, the truth is that their creations slip out of their hands as soon as they meet this anonymous and complex consumer. For it is consumers who give meaning to products, with which they are closely linked when using them.

Cultural marketing contrasts with a simplistic economic definition of consumption as a process of using goods and resources that can only be carried out by destroying or transforming them. To this is added a dimension of consumption, that is to say, of self-sublimation and fulfillment. Meaning-making improves consumption. In concrete terms, consumption is the selection, purchase, utilization, maintenance, and repair of products or services. Furthermore, in Western societies, consumption is increasingly seen as an unending quest for perfection, fulfillment and self-construction.

Anthropologists have shown that consumption is understood through the way products suit consumers and through the rituals that people create to transform and convert products into personal possessions (McCracken, 1988). Consumption involves a process of conversion and transformation of simple items into "sociable" possessions. Tech-driven innovation has become insufficient compared to proliferating, expensive, and easily copied technological innovations. A whole new world of innovation arises with this societal dimension of appropriation.

The notion of appropriation is crucial for the marketer and the designer. Designing and selling a functional and aesthetic high-performance product is not enough; to be successful it must conform to the consumer's world. Appropriation enables the consumer to make a product specific, non-substitutable, almost sacred: Like family heirlooms passed on to children or collector's items, their intrinsic value is nothing compared to their emotional value. Consumers use their belongings to adapt to the world they live in and impart meaning to it.

Thus, consumers play an active role in the appropriation and the consumption of products. Ethnographic studies of consumption show that products are at the heart of interpersonal and societal influences which marketers, designers, and consumers cannot escape. The development of collaboration among the main protagonists has become a key factor of success.

Marketers must not only lay emphasis on the competitive dynamics of their area, as they often do, since innovation also comes from a deep understanding of societal trends. This has an impact on how the market is segmented. One must not only capitalize on factors that may be static and do not give a precise representation of emerging trends, but also on cultural values that shape emerging markets and can produce real success for the company who manages to discover them. Regular qualitative studies are therefore essential. They enable us

to understand the evolution of consumers' cultural representations in relation to the appropriate product category and the rituals it involves.

The following case study will show how a brand expresses emerging societal values in a successful product design solution that adds value to the brand positioning and conforms to consumers' changing representations.

20.3 HOM creates lingerie for men

HOM was founded in 1968 in Marseilles, France. The company was bought in 1986 by the German-Swiss company Triumph International, which also owns brands such as Sloggi, Triumph, and Valisère. The brand defines itself as innovative, a "creator of men's underwear." Its slogan is "innovation in masculine elegance." The brand suffered as a result of the 2008 financial crisis and was acquired in 2015 by Austrian family company named Huber. Huber expanded the brand internationally where it is still number one in Parisian department stores Galeries Lafayette and Printemps. The owners announced they would be keeping the headquarters in Marseille, as well as the style and innovative approach that constitutes the brand's DNA.

20.3.1 HOM product innovation story

The brand's milestones

- 1970: HOM launched the first transparent briefs (flesh-colored see-through mini-briefs) but without any great success.
- 1972: It created jersey stretch-fabric pyjamas.
- 1976: The launch of Homix, the first briefs without an elastic waistband.
- 1984: The use of the inner brief gave full support in boxer shorts for the first time (registered patent).
- 1995: The launch of Homsport (the first briefs specifically for sports).
- 1997: The creation of HO1. HO1 (Horizontal Opening Number 1) is the brand's most iconic design and is an exemplary example of its expertise. HO1 features a special pouch for full support in all circumstances, a patented horizontal opening, and a modal and elastane mix for softness and comfort. As the brand's most popular design, it was updated in 2016 to be even more comfortable. The garment was exhibited at the Louvre Museum in Paris and has been worn by Bill Clinton, among others. The originality of this product lies in its horizontal opening, convenient for both left-handed and right-handed men (registered patent). The materials are very light and moisture-absorbent. A good comparison would be polyamide microfiber, or Micro Modal, a soft and silky material. This material gives a "skin to skin" feeling. Micro Modal is naturally absorbent and made of renewable fiber.
- 2002: "Seduction Revolution" with *3001*, the first male lingerie collection. HOM became market leaders because of their innovation in product design. They were the first company to use the word "lingerie" for men (a word that since has been reused by the media), creating a new range of products which competitors soon started to emulate. The semantic shift from "underwear" to "lingerie" reveals and legitimates the appropriation by men of certain codes of seduction, hitherto reserved for women. A new product category, men's fine underwear, was born. This new range consisted of soft-fabric boxer shorts, briefs, underpants, and thongs, echoing women's lingerie (fishnet stockings,

lace, or silk). The see-through fabrics, the shininess, or even the crystal stones the logo is made of reinforce the "precious" touch. Daring colors like gold or silver strongly contrast with traditional codes. The cut also changed: Tight-fitting or low waist cuts are particularly figure flattering. These new products constitute a complete break with the standard codes of the male underwear sector and of the brand itself.

- 2014: The Sportswear collection features sportswear technology for underwear which is a first! Hom has used Nilit Heat technology: Breathable, moisture control, refreshing fiber. The aim: Retains heat but removes moisture and odors. Fine finish and light materials are characteristic of this collection.
- 2016: MUSCLE RECOVER is sports innovation with a capital "I." Thanks to its Emana® intelligent fiber, developed by the French group Rhodia®, it stimulates blood microcirculation and cellular metabolism.
- 2016: With the collection *Temptation*, the brand reconnects with a strong theme of seduction. According to the brand website:
  "Men love to please and the word sexy has no boundaries." The Five Temptation line (Gold, Flower, Emotion, Torrid, and Ecstasy) "to charm with taste and comfort" are introduced. "Whether via a transparency effect, floral second skin effect, or with a golden-colored weave, whatever happens, temptation will be subtle and chic. Temptation, a word that perfectly describes men as a whole: They like to seduce with the perfect underwear. The collection called Temptation was designed for them."

20.3.2 How is HOM's success to be accounted for?

To understand this major change, the author studied the brand's narratives from 1970 until the present day to decode the meanings of these new products. To this end, a semiotic study was performed to analyze the cultural meanings conveyed through the brand's advertising and products. Analysis of semiotic codes around the brand (products, ads, store visuals, the HOM website) showed that the company was aware of social changes in regard to the definition of masculinity. In fact, in the years following the company's creation, it had depicted a traditional masculinity based on "manliness" only—like most of their competitors—up until their daring innovation in 2002.

One of the brand's oldest ads from 1970 for "HomTom" is headlined: "HomTom by Hom. For men who feel like real men." In this way, the brand asserted its adherence to a notion of masculinity in which the man's (fully clothed) body was totally and explicitly virile and powerful. At this time, the product itself was physically absent from the brand ads. During the 1980s and 1990s, HOM began caricaturing the traditional notion of masculinity, making use of humor, with images of crotches and men's need to have comfortable (functional), high-performance products. The last ad with such a traditional image dates back to 2001; the headline "Stay natural" signifies "not artificial." In Baudrillard's reading, the word "artificial" specifically refers to women's seductiveness (1988).

Since 2002, HOM's narratives have become deeper and more complex. Highly contrasting values have been put forward, making the brand a leader in men's underwear. Advertisements show very erotic men's bodies, explicitly signifying seduction. The models wear lace and fishnet underwear ("To turn you on," 2005). In HOM's new avant-garde 3001 lingerie collection, colors range from rouge to verdigris and the sexy shapes include G-strings, micro shorts, and classic tank tops in daringly see-through fabrics (lace, fishnet) in prints to match, such as camouflage and tiger (see images on Google under "Hom Lingerie"). The brand encourages men to embrace these new practices ("Dare the minimum," 2005) and thus to

overcome men's fear of not being "acceptable" as men. The alluring bodies representing the brand have no ambiguities: They are masculine, muscular, athletic, dynamic, and controlled. Yet the brand was sometimes perceived as "gay."

However, a close look at the visuals conveyed by the brand clearly shows that there is a complex man/woman dialectic. HOM's man is staged, being both a subject and an object in his relationships. This very masculine character plays a role and has a traditional seductive posture (self-assured position and look in front of a woman, significant signs of social success such as an open tuxedo on top of standard underwear). On another occasion, he (the same character) is wearing fine underwear and has an unusual and suggestive posture; everything around him suggests passion, romanticism, and femininity (cozy bedroom, purple velvet curtains, black satin sheets, champagne glasses, etc.). HOM's images coincide with recently analyzed sociological trends in which men express their wish to be more involved in the home while sticking to main traditional masculine values. This same man wearing lingerie practices boxing, appears on the podium after a swimming competition, or in traditional epic images of him controlling nature.

HOM's new man does not give up his manliness or his need for achievement but adds a new private dimension to his personality and a desire to seduce through his body, something previously limited to women. This complex and "fragmented" man is perfectly embodied through product design. This product design inflects the product according to man's role, situation, and mood (seduction, sportswear or casual, institutional or relational fatherhood, etc.). Thus, the narrativizing of product design emblemizes HOM's new position. At the same time, the brand's ads and website cleverly reinforce this position by putting it into context and by echoing men's desire to try new products while still being conscious of their manliness. Thus, product design is a strategic element that directly conveys the brand's position, in the same way as advertising. Such innovation comes from accurate analysis of emerging social values in relation to gender, which are subtly conveyed in the brand management. Students can look at the Summer 2018 launch of makeup for men by luxury brand Chanel to reflect on the power of subtle gender roles conveyed through product design, consumption rituals, and brand discourse. The male makeup by Chanel launch starting in South Korea is perfectly aligned with a good analysis of the market from a sociocultural perspective.

To supplement this analysis of HOM brand discourse, the author also conducted individual phenomenological interviews with consumers of men's lingerie, interpreting the meaning of such consumption in terms of rituals and identity issues (Ourahmoune, 2009). A multi-method research not only enables us to understand what kind of men the brand appeals to, but also why innovation through product design has been a success. The research showed that the interviewees allow themselves not only to shift from male to female values in the private domain of seduction and beauty, but also in the area of fatherhood, which some of them conceive as relational rather than just traditionally authoritarian. The brand successfully assuages men's anxieties, such as the fear of homosexuality, by portraying a woman next to the male character, thus conveying traditional and instrumental male values. Finally, HOM's man, when shown in underwear, is either by himself or standing next to a woman, but never with other men. Our previous research showed that wearing such underwear is a clandestine, even taboo, practice; it is done only within the male-female couple, but is never mentioned to male peers (Ourahmoune, Nyeck, & Roux, 2008).

In sum, we can emphasize that the brand moved from a highly functional to a symbolic design conveying complex messages based on an understanding of masculine rituals and taboos.

In contrast, Aubade, the leading women's lingerie brand in France, tried to launch a masculine line for men in 2005. The brand is famous for its very sensual ads displaying "lessons of seduction" portraying sublime female bodies as objects of desire. The company replicated the message by simply putting the man in the woman's position in launching its male products. Aubade's men became passive objects of desire staged in sensual positions, subject to female desires in a seduction game (search for "Aubade homme" images on Google). The evolution of male identity was viewed as a matter of simply reversing gender positions. On one hand, Aubade failed to understand and capture male ambiguities and tensions in relation to this practice. This failure of understanding was manifested in their product design, which lacked the symbolic dimensions needing to be conveyed. The product was far too simple, rather ordinary, common, and not sufficiently high quality compared to the female segment and ran counter to Aubade's established imaginary of fine quality and very sensual lingerie. The brand dropped the male line in 2008. It took almost a decade before AubadeMen was launched again, but with an attention to nurturing the complicity between men and women. In being seduction creating, it also cross-references prints from the Woman and Man lines. AubadeMen has also been conceived as a product lacking the legitimacy to develop immediately a whole range of products to compete with the iconic feminine lines.

HOM's product design is strongly connected to the consumer's masculine representations and plays a significant role in its brand management. This requires a holistic approach to consumption based on the practices and desires of the consumers, so that the designers can understand them and work with marketers. This issue lies at the heart of design, which tries to anticipate how the object is used. On the one hand, the aim is to make marketers and designers engage in more exchanges throughout the creative process, in order to balance a sometimes very innovative solution, which as yet may not meet consumers' needs. On the other hand, marketers must go beyond the conventional definition of consumption, which can be too closely linked with a strictly economic and psychological tradition that views design as no more than an aesthetic touch at the end of the process.

HOM also *encourages consumers' participation in the innovation process.* For a contest on www.ousontleshommes.com., men were asked to send in photos of themselves wearing briefs or boxer shorts. In another photo contest, "The ideal man of the 21st century," contestants had to submit a picture of their ideal man, according to set themes—casual, adventurous, chic, sporty, sexy, passionate, committed, visionary, free, and dreamer—which are precisely the themes the brand wants to convey through its collections.

But within the complex context of our consumer societies, where "consuming is existing socially" (Baudrillard, 1970), companies need to go even further, treating consumers as experts and transforming approaches to design.

20.4 Transforming approaches to design

20.4.1 Consumers as co-creators

Obtaining insights from customers in order to develop new products, for example, by carrying out market research to identify needs and trends in the market, conducting focus groups to test reactions to concepts and ideas, or asking for feedback on existing product to identify areas for development, is by no means new. But all of these approaches to innovation are very much held and driven by the brand. They involve looking at what customers do or asking them what they think, prior to developing a new product intended to meet these needs. Co-production then, has been developed by some brands as, for instance, the

Table 20.1 HOM's shift in product design from utilitarian/functional to symbolical/cultural

HOM product design: From a functional to a symbolic and cultural perspective		
Product	*Underwear*	*Men's lingerie*
Product expectation	Instrumental. Able to accomplish the expected task	Aesthetic, emotional needs and desires. Able to activate meaning
Product value	Used to solve a problem. A cost/benefit logic	Consumed to express a personal state (self perceptions, social aspirations). A meaning-based logic
Product innovation process	Innovation through physical/ technical processes	Innovation through consumers' rituals, fantasies, and representations
Product design actor roles	Top-down logic: Experts are designers, sellers are marketers, consumers are evaluators	Co-creative logic: Consumers involved to propose appropriate products
Product destination	Individual practical needs	Self and significant other (identity mediation)
Product relation	Utilitarian	Attachment
Brand relation	Transactional	Desirability

customization of Swatch watches in a build-to-order system where consumers are included in the production process in dedicated workshops in the retail store. But co-creation is more than that. It is *not* plain feedback without an answer, it is not Do-It-Yourself, it is not customization, it is not even personalization, since all of these actions take place after companies have decided what the basics are, and which products and services and experiences they are willing to hand over to consumers. Consumer voting campaigns like straightupflavor.com are interesting initiatives but still not sufficiently customer led.

Co-creation is very much customer led. Brands and customers work together to develop and design new products. The results can be very effective, and some brands, including Lego and Xerox, have worked with customers in this way to create new products. For example, after viewing children as purchasing advisors and then as full consumers, marketing might as well consider them to be product "designers." "MOBI Discovery, the child designers" is the result of a close collaboration between French furnishing industries and the Education Department. Children were asked to create their ideal piece of furniture. A prototype was then developed and exhibited in furniture fairs and the VIA gallery (Valorization of Furnishing Industries). Another example is Nespresso's 2005 Design Contest. Aimed at imagining the future of coffee rituals, it yielded such gems as the Nespresso InCar coffee machine and the Nespresso Chipcard (which stores coffee preferences for registered individuals and, when inserted into a vending machine, communicates with a central database to brew a personalized cup of coffee).

Involving customers in this way calls for some significant changes in process and attitude of the brand. Traditionally, customers stand outside the firm—they purchase the product and their only relationship with the firm is essentially a transactional one. With new product co-creation, customers are involved at a much deeper level, working with the brand to develop and design products which they may not even want. In new product co-creation, customers work to improve the product overall and to improve the offering the brand has to make to all customers. This system functions well for three reasons: 1) customers want to help and work with brands they know listen to them, 2) customers want to solve problems, and 3) all too often, the solution or idea needed turns out to be really simple for somebody else.

From a business and innovation angle, we would argue that the trend of co-creating with customers is very important to watch—not because everything has to or will be co-created in the future, but because tapping into the collective experiences, skills, and ingenuity of hundreds of millions of consumers around the world is a complete departure from the inward-looking, producer-versus-consumer innovation model so common in corporations worldwide.

Another particularly significant challenge from a cultural marketing perspective is the need for sustainable design that emerges from consumers' awareness of global ecology issues.

20.4.2 Sustainable development and product design

In a society where people are becoming increasingly aware of sustainable development and where overconsumption and waste are being criticized, another semiological aspect of product design is being developed (complementing the postmodernism approach), namely the phenomenological aspect. Phenomenology can be summed up as the attempt to understand day-to-day human experience. By focusing on our everyday connection with reality, phenomenology can produce an understanding of the consumer/product relationship. This materialist approach assumes that by leaving aside the non-material aspects of the product, there remains something over and beyond language, the symbol, the function, or the icon, namely, the object. Therefore, not only do designers try to go beyond the logic of product deconstruction in creating new products, but also to leave something behind after such a deconstruction.

This approach does not deny non-materiality; indeed, it acknowledges the symbolic aspect. For example, men's deodorants are often dynamic or streamlined in shape, made from hard, cold materials (brushed metal), with dark colors, a large stick for quick and easy use, and arctic or woody scents for a fresh, confident, manly feeling. By contrast, women's deodorants are rounder, pocket-sized, pastel-colored and florally scented, all of which convey the image of a stereotypical feminine woman.

Nevertheless, to illustrate a phenomenological and materialist design perspective, we focus on the material aspects of the objects, which are likely to influence consumers' choices. While writing with a fountain pen calls for style and care, a pencil enables you both to write and erase. The product embodies an intention. Not only do we focus on the impact of the product as an artifact, but also as something meaningful. The artifact is seen as capable of changing the relation to the product without eliminating its symbolic and interpretive dimension. For there are no artifacts as such; identity arises from the context of the consumer's relation to the product. Deodorant sticks, for instance, can be transparent, easy to disassemble, repairable, refillable. Most of the consumer goods that surround us are not easily fixed when out of order. What is at stake in product design is to make ready-to-use products, and this means ergonomy; or maybe it is to make more repairable products for everyday use.

In fact, from this perspective, brands need to capitalize on *real* product innovation, instead of the current market tendency to promote packaging innovation, for example. In recent years, the great majority of innovations have involved new or improved packaging for products. Product content is minimized in favor of the form. Managers should carefully consider that focusing on the idea of a product rather than on the product itself makes it possible always to rely on this idea, however it may be conveyed, and to forget about the product

itself. In a way, it is easy to be attached to a product because of its symbolic image, but if being attached is primarily associated with the immateriality of the product, it may not last long. Therefore, product designers should create products where not only the idea matters, but where the idea is instantiated in the product's materiality. In a nutshell, meaning should not be dissociated from the object.

What are the appropriate strategies and tools to help design teams create users' "demand for sustainability" and integrate their participation and creativity in the ecodesign process? Sustainability is not achievable with today's consolidated strategies and behaviors. It will require "jumps" to radically new systems of production and consumption, and changes in industry, government, and society. Chris Ryan proposes the EcoLab, "a paradigm creator to help our under-resourced and locked-in industry venture into hitherto unthinkable territory" (2002). Others further argue that EcoLab's eco-innovation in "step-changes" can become more powerful and make more of an impact with "participatory eco-design"—by actively involving users (e.g., domestic consumers, business-to-business buyers and government purchasers) who are normally outside the design process. "Co-creative, participatory ecodesign" could better capture each user's needs, values, and sociocultural context, and therefore truly engage them in creating, promoting, and demanding new sustainable systems of production and consumption.

How can product design drive sustainable consumption through consumer interaction by intuitively communicating sustainability values in the way products are used? Raising users' awareness can ultimately influence sustainable behavior and consumption. There is an emergent body of research and experimentation investigating the use of product design to influence sustainability awareness and related consumption behaviors. One inspiring example focuses on the user's interaction and visual representation of the consequences of personal energy consumption when using the product. Electroluminescent wires are shaped into a transparent electric cable and produce dynamic patterns of glowing and pulsating colors to indicate the amount of energy being used at a given moment. The intent is to inspire consumers to explore and reflect upon the energy consumption of electrical devices in their home. This device is now commercially available in Europe.

20.4.3 Conclusion

The conventional conception of marketing too often sees design as an "aesthetic touch" at the end of the process of making the product. The marketing-related cultural approach to product design is distinctive by giving product design a wider meaning and a degree of managerial impact. Indeed, we have emphasized that product design is an important factor in conveying both brand aesthetic *and* ethical codes. Product design is one of the best ways for the brand to convey the company's position in relation to consumers and society in general and helps enhance its corporate image/brand equity.

In this manner, product design becomes influential in how consumers are attached to the brand. Moreover, whether a brand is or is not appealing depends on how relevant the product design is and whether it can transcend the experiential dimension of consumption. It is also important to think of product design as something capable of conveying cultural values that echo consumers' lives and their deeper desires. In Western societies, we are facing supply saturation, an omnipresent consumption emerging from people's identity construction, a quest for meaning and experience-sharing in consumption, a real sophistication in the way people interact with products. All these factors require relevant and

ongoing analysis of emerging sociocultural trends in order to make a given product design successful.

All this goes together with consumers being strongly involved in the creation of products. Instead of expecting consumer groups simply to endorse a solution including through social media, it is more important to focus on their being fully involved in the creation process potentially using social platforms. It therefore seems more promising to go beyond the notion of co-production and to encourage a real co-creation. Moreover, from this standpoint, product design must be used throughout the product's creation project, from beginning to end, along with marketing, for instance. Clear communication between both functions must be a priority in order for product design to be coherent and successful. For these reasons, marketing training must be more explicit in the analysis of design as a discipline and a set of practices.

20.5 Managerial implications

20.5.1 Conceptualizing

Investigation is called for to define an overall concept that fits both company and consumers' values and capitalizes on a deep understanding of sociocultural consumption contexts. Generating ideas from cultural settings allows thinking to go further than the product or service itself and a focus on designing an experience for a consumer (not simply a "user" logic).

Managers should break with conventional beliefs such as over-reliance on product functional features, thinking solutions are invariably technological, minimizing the impact of emotions. Another pitfall is the oversimplification of the sociocultural contexts—for example, taking for granted that globalization has eliminated local needs. Instead, managers will put individuals and groups at the heart of complex, changing, and uncertain sociocultural contexts and then design *for* people experiencing those uncertainties. Even though managers may not master the context, they will still try to understand it, and through design, offer interpretations that emanate from and resonate with consumers' emotions and values. Empathy is a key resource for managers.

20.5.2 Implementing

The concept should be implemented in all its facets. A holistic approach is needed, given that managers should design an experience—deliver meanings and feelings—for each contact between the brand and consumers (through products, services, points of sales, websites, etc.). Managers should consider products as cultural artifacts displayed in different settings to be analyzed through innovative methods and a broader investigative approach than simply focus groups and surveys. A variety of competencies and foci on complex consumption phenomena allows the usual processes to be broken and replaces them with the fostering of imagination and the challenging of cultural beliefs. Product design is part of a whole brand language with its specific signs, codes, and meanings, to be staged by managers. For managers to generate creativity and increase brand consistency awareness, a research program can combine different approaches. Analyzing online communities using both netnography and semiotics together with focus groups, for instance, will facilitate consumer-inspired insights and innovations. For instance, Adidas has developed products using netnography (online communities analysis).

20.5.3 Optimizing

Managers should innovate and renovate the business concept by involving consumers at an early stage in the creativity process and not merely as evaluators of solutions designed by the brand. Not all consumers are interested in co-creating with the brand, but they include influential and innovative consumers who are willing to contribute to product development if they are offered attractive opportunities to do so. It is crucial to include critical consumers in the design process. Understanding their specific representations will help identify limitations and possibilities as a basis for design innovation. In her research on male consumption, the author interviewed both "pro-" and "anti"-men's lingerie consumers to map the many discourses that support or negate the possibility of men enacting their masculinity through consumption. The goal for managers is to identify any contradictory demands or wishes and to determine whether those can be satisfied in the same product, service, or environment, without interfering with the brand positioning and overall objective. A final argument in favor of involving consumers in design, constructing the prototype, and testing is simply cost/benefit based. Transferring some competencies in the creation process to consumers costs the company less money and minimizes the risk of failure in interpreting consumers' expectations.

Review and discussion questions

1. Describe the traditional conception of design.
2. Contrast the process of creativity with the cultural perspective.
3. How far can product design mediate brands' positioning?
4. Why involve consumers in the co-creation process?

Class discussion

5. Would you agree that design is becoming democratic? How would you explain this phenomenon?
6. How can Ecodesign influence sustainable consumer awareness?

Keywords

Functional design, postmodern design, product meaning, co-creation, product attachment.

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21 When the diffusion of innovation is a cultural evolution

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Overview

Since Schumpeter's original thesis, technological *innovation* has widely been considered the key to any company's success, as well as to the economic and social development of a society. Yet for very many new products, *diffusion* fails. Thus, identifying the best means to move from invention (new idea) to *innovation* (massive adoption) represents a key question. Prior research has worked to answer it by investigating the marketing of *diffusion* and adoptions of *innovation*s. Yet this mechanistic approach to *diffusion* theory is limited and cannot reveal the social and cultural dynamic underlying the origin of ideas, new *consumer* habits, and the new cultural institutions they engender.

Indeed, the company comes up with the new concept, positions it, defines it, and then sends a signal about it to the wider environment. Thus, a cultural approach is needed to understand the connection between the innovative concept and the wider culture that helps define the new product meaning (cf. chapter 20). Yet most of the *innovation*-oriented marketing research aims to understand the factors that encourage the *diffusion* of the *innovation*. Most of them do not address the cultural elements supporting the translation process of this new idea into the social body.

In this chapter, we argue that technique is part of culture, such that any technological *innovation* (product or process) constructs the surrounding material universe. We consider the *diffusion* of *innovation*s as a form of emergence of a material culture represented in new habits. To confirm this approach, we undertake a case study of the perfume industry and investigate an *innovation* that diffuses as a process of social and cultural change, rather than being represented solely by adoption of new products. It relies on social interactions between various agents, similar to the diffusion of *fashion*. On the basis of these considerations, we offer suggestions for strategic implementation of *innovations*.

21.1 Innovation process

From a classical marketing perspective, *innovation* differs from invention; it represents the implementation of an invention and its integration into a social milieu. In this process, a social body compares the qualities of the invention with reality and the contingencies of the broader milieu. If the community appropriates the invention, it becomes an *innovation* and has various implementation effects. The idea of *innovation* presupposes an act of invention or *creation* and implies the successful implementation of creative ideas, in which sense creativity goes beyond *innovation*. It is the incarnation of novelty in a social context. Invention might remain a hidden brilliant idea, but *innovation* exists only if it is embodied in

a social reality. *Innovation* therefore implies social transformation; creativity stops at social recognition.

21.1.1 Innovation and creative destruction

In *Business Cycles*, published in 1939, Joseph Aloys Schumpeter (1883–1950) describes economic cycles in terms of *innovation* clusters: After a radical *innovation* that results from an (often technological) invention (e.g., steam, integrated circuits, information technology, internet, nanotechnologies), other *innovation*s emerge. This phenomenon can be expressed in industrial cycles, such that after a major *innovation*, the economy enters a growth phase that generates employment, followed by a depression and the exit of companies that do not innovate, and then job losses. Transformations in the textile industry and the introduction of the steam engine thus can explain economic development during 1798–1815.

In his second book, *Capitalism, Socialism and Democracy,* Schumpeter (1942) popularized the concept of *creative destruction*, which describes the process by which business sectors disappear due to the *creation* of new economic activities. In capitalist economies, all major technological *innovations* initiate this process. First, people (often designated entrepreneurs) take a risk and elaborate new combinations of resources. Second, when the advantages of these new combinations are clear, clusters of imitators overturn the established order by putting the new notions into general use and developing secondary *innovations*. Third, order returns, and the gradual definition of new rules sanction the new social order that has resulted from the preceding upheavals. Because *innovation* implies a continuous process of value destruction, organizations that previously revolutionized and dominated their market might disappear, such as when competitors achieve a better design or lower manufacturing costs. *Creative destruction* also can offer a strategy used knowingly to maintain domination. For example, Walmart continually imposes new techniques for stock management, marketing, and human resources management that drive competitors out of the market in a phenomenon referred to as "Walmartization." In the same way, with the development of smartphones, the internet, and social networks, the collaborative economy developed, and Uber's business model diffused into other economic sectors (for example, Airbnb). The CEO of the Publicis company, Maurice Levy, named this phenomenon the "uberization" of society (cited in the article by Adam Thomson in the *Financial Times*).

Schumpeter's considerable contributions to understanding the process of *innovation* in turn constitute the basis for sociological research into the process of social change (e.g., Rogers, 2003). Sociologists posit that change occurs within a system because the *diffusion* of successive or joint *innovations* generates major social transformations. This epidemiological phenomenon follows the metaphor of a virus spreading throughout a given population. Thus, an *innovation* follows several stages of *diffusion* shaped in the form of a logistic curve (S-shaped):

1. Only a minority is sensitive to the *innovation*; they are the pioneers.
2. The process accelerates, reaching new users, known as early adopters.
3. The movement develops, and the majority accepts the *innovation*. The *innovation* takes a collective form and is integrated in everyday usage.

However, a minority of potential users resists and adopts only as a last recourse, likely because the old technique has disappeared. This collective phenomenon also parallels imitation or rumor-spreading paths. The duration of each stage varies, depending on the specific

rhythms to each *innovation*, but the dynamics always follow the same paradigm with regard to two conditions: The population is relatively homogeneous, and many social interactions occur to encourage the transmission.

With these criteria, it seems easier to understand why the rate of renewal has been accelerating in contemporary society. Physical and virtual interactions are effectively stimulated by novel modes of transport and new information technologies. It may have taken decades for televisions, cars, or microwave ovens to settle into the Western world, but in just a few years, cell phones have diffused throughout the world.

This schema of *innovation diffusion* constitutes the basis of marketing thought on the subject, which marketers then use to understand developing phenomena and identify suitable techniques to ensure the success of an *innovation*.

21.1.2 Traditional marketing approaches to innovation diffusion

Innovation diffusion follows an S-shaped curve (Rogers, 2003). Most studies on the *diffusion* of *innovations* therefore divide the process into sequences, whose number varies depending on the author and the nature of the case under study (Bass, 1980). In marketing, *innovation diffusion* depends on six factors (Rogers, 2003): Process of adoption, media and interpersonal influence, social system, marketing actions, *innovation* characteristics, and innovators' characteristics.

Analyses of the process of adoption largely employ either the hierarchy of effects model or a low involvement model. In the former, the process of adoption is as follows: Growing awareness of the *innovation*, development of knowledge, attitude formation, trial, and adoption. In the latter, the potential user first becomes aware of the *innovation*, tries it, forms an attitude toward it, then adopts or rejects it. The determinant factors, in both models, are the level of understanding required by the client to adopt the *innovation*, the cost of switching from old to new practices, and the importance of the social norm. The greater the number of modalities of these variables is, the greater the chance that the hierarchy of effects model fits; otherwise, the low involvement model predominates. However, though this model offers a simple representation of new product adoption, it does not clarify the motivations for *consumer* action. Moreover, it assumes that *consumer*s are subject to psychological mechanisms, in spite of their choices.

To determine how marketers can influence the adoption process, researchers have addressed the role of interpersonal influence and opinion leaders, starting as early as the 1940s (Lazarfeld, Berelson, & Gaudet, 1944). A two-step model of the *diffusion* of information suggests that information first gets disseminated from the source to opinion leaders, then from these leaders to followers. Two important concepts explain the role of the opinion leader: His or her perceived level of competence and the degree of homophily between the leader and the follower. Homophily implies similarity in status and values; it thus constitutes a barrier to *diffusion* beyond the immediate group, whereas heterophilic communication encourages *diffusion* across social groups. These two factors explain the speed at which a new technique diffuses. Furthermore, the social system in which the *diffusion* takes place consists of three descriptors: Norms and values, system evolution, and system homogeneity. The rate of *diffusion* and penetration level links positively to the degree of compatibility of the *innovation* with the values and norms of the social system (Rogers, 2003). However, the social system does not necessarily define the size of the potential market, because not all segments of the population are ready to adopt the new concept.

To encourage *diffusion*, prior research suggests the importance of factors such as the amount of money spent on marketing (Bass, 1980), the sensitivity of the segments to

marketing action (Robertson & Wind, 1980), and the strength of competition (Olshavsky, 1980). For example, by playing on price sensitivity, companies can stimulate demand during the launch and growth phases. Legal, economic, and political characteristics also could mandate changes that favor *diffusion*.

Cross-disciplinary research by Robertson and colleagues (1984) identifies characteristics common to all *innovation* adopters: Higher income and education levels, strong social mobility, positive risk-taking attitudes, active social participation, and opinion leadership. These innovative adopters possess an independent nature.

Furthermore, according to Rogers (2003), adoption depends on the perceived characteristics of the *innovation*, such that its relative advantage and compatibility with social norms enhances adoption. Conversely, perceived complexity has a negative influence on adoption, and the degree of novelty moderates these relationships, such that the relationship between the degree of novelty and new product adoption is not linear. An extremely innovative product that calls traditional schemas into question makes it difficult for the *consumer* to evaluate its relative advantage. Such a complex evaluation task adds to the uncertain environment, in which information about the virtues of the product is incomplete. However, the more the product corresponds with the norms of the environment, the easier it is to evaluate its relative advantage, such that the product likely prompts positive evaluations by most *consumer*s. Yet this new product also may be less innovative, so its relative advantage might disappear, in which case *consumer* perceptions would be negative overall.

Marketing studies of *innovation* largely adopt this summary of *innovation diffusion* and assess *diffusion* by investigating different factors to identify forms of leverage available to companies. This approach imagines that the characteristics of the new product structure *consumer*s' beliefs and uses, as modified by marketing actions or beliefs derived from the social environment. Thus, marketing literature mostly has reduced the *diffusion* of *innovation* to its economic significance (i.e., sales) and the emergence of a new segment of purchasers. This mechanistic approach is insufficient though; we propose supplementing it with considerations of social change and cultural construction at work in the *innovation* and *creative destruction* processes.

21.1.3 Social and cultural approach to innovation diffusion

With a basis in sociology and anthropology, we aim in this section to update the notion of *creative destruction* by integrating social interactions and the construction of sense in the *innovation*. To demonstrate this approach, we undertake a case study of the introduction of new, industrially produced perfumes in the French market. With this case study, we examine the phenomenon of *innovation* as a social interaction that features deviance of a minority, legitimation by the majority, imitation, and social distinction, which support the emergence, development, renewal, or destruction of cultural meanings (cf. chapter 20 by Ourahmoune).

Furthermore, the sociocultural context and history of perfume in French culture offers a rich setting to interpret *innovation*. In particular, we note that the *symbolical* meaning of perfume (e.g., *fashion*, luxury) has evolved in response to socio-political changes, power structures, and gender ideology.

A case study of such luxury products is ideal for understanding *innovation*, because it relies heavily on the system of meaning production and imagination. In addition to offering a source of social distinction, luxury products give *consumer*s a means to build a singular identity or conform with the elite. It thus illustrates the creative process of value and

sense-making, through distinction and singularization—mechanisms also at the foundation of *innovation diffusion* that constitute a source of competitive advantage for modern firms.

21.1.4 Technological innovation mediated by cultural context

Eugénie Briot (2007, 2011) offers a history of the beginnings of the perfume industry in 19th-century France. She notes that technological *innovation* in the perfume sector came about mainly at the end of the century, when *innovation* in chemistry lowered production costs and opened prospects for large-scale development. In turn, "The economies brought about by the synthesis of artificial fragrances played a large part in the rapid development of the perfume industry in the 19th century" (Briot, 2007, p. 4). However, even as production costs dropped, some perfumers maintained the same prices, so "By disconnecting the intrinsic value of the product from its sales price … they chose to transfer those elements that make the product desirable in the eyes of *consumers* from the product itself to elements that were external to the product, thereby placing its value on a *symbolic* level" (Briot, 2007, p. 8).

From that point on, the *symbolic* dimensions of perfume became essential, with a central role in shaping social and cultural norms. Perfumeries developed marketing resources to enhance the distinctive value of their products and focused on the quality of production to highlight features that clients could not assess without chemical expertise. These arguments, as validated by the respectability and celebrity of the perfumeries, also gained support from popular media. Even the points of sale became "salesrooms:" "The prestige of the point of sale also contributed to justifying the price of these products. The same perfume by Lubin, retailing at 1.85 francs in the Galeries Saint-Martin, sold for 2.25 francs in the perfumer's boutique in the rue Royale. The framework for the sale therefore has a positive effect on the *symbolic* value of the product, and consequently, on its sale price" (Briot, 2007, p. 9).

At the sociocultural level, the 19th century also was a period of radically changing social forces. After the French Revolution, class considerations shifted, producing a conflict between the tendency to abolish privileges and inequalities but with the concomitant growth of the bourgeois model as dominant. Money, merchandise, and mass consumption, in Western societies at least, became the primary method of producing sense through the consumption of differentiated products. The resultant concept of luxury gained new meanings: A *consumer* of luxury would pay more to obtain singular, rare, or localized products.

The changing social forces influenced not only the market but also *consumer*s' rituals. For example, the meaning of artificial versus natural categories underwent a notable shift. Furthermore, innovators could construct distinctive elements that prompted social imitation. In this industrial and cultural context, the *fashion* designer Gabrielle Chanel—one of the first to link her name to a perfume—invented a new way to distinguish between luxury and the mass market by thinking of a perfume in the same terms as a garment: "An artificial perfume and I mean artificial in the same way as a dress, that is to say something that is made. I am an artisan of dressmaking." (Erner 2006).

Gabrielle Chanel therefore joined forces with the perfumer Ernest Beaux, whom she told that "I want a woman's perfume that smells of woman" (Erner, 2006, p. 49). From series of numbered samples presented by Beaux, she chose the fifth, which contained aldehyde and 79 other ingredients that were not being used by perfume manufacturers at the time. Moreover, the alliance of a prestigious *fashion* name with a perfumery launched a trend that still constitutes a recipe for success. Even the naming method was innovative; Coco Chanel asserted, "I am launching my collection on 5th May, fifth month of the year; let's leave it with the number it already bears, and the number 5 will bring it luck." (Erner, 2006, p. 49).

Thus, CHANEL N°5, one of the world's best-selling perfumes and a primary representative of French-style luxury, was born.

As this case illustrates, the industrialization of perfume was accompanied closely by a cultural construction that linked perfume with luxury.

21.2 Luxury, perfume, and legitimated taste: Social imitation and distinction

Alter's (2004) research is useful as a specific perspective for analyzing the *diffusion* of an innovation from a cultural point of view. The *diffusion* process begins with a phase of imitation, followed by deformation when the players adapt the new product to existing constraints. Acculturation occurs when an *innovation* encounters other cultural spheres; the meeting of two cultural spheres creates a new concept space (Alter, 2004). Therefore, the construction of collective meaning arises from the confrontation of representations, each issuing from a separate cultural sphere.

Consider the example of perfumes: 19th century French manufacturers could respond to reduced manufacturing costs by either lowering their prices and distributing their products widely or investing in the construction of social status for their perfume as a luxury product. From these two directions, two market sectors emerged: The personal hygiene industry, which produces products with low added value, and the cosmetics and perfume industry, with its high added value. Underlying these two strategic orientations are the two sociocultural systems generated by the French Revolution. That is, the republican ideology embraces "perfume for everyone," whereas an elitist and aristocratic tradition values perfumes as luxury products (e.g., the meaning of perfume in Louis XIV's French court).

Moreover, the CHANEL example reveals that the *diffusion* process initiates with actors who challenge established norms and appear deviant. Merton (1957) defines deviance as nonconforming behavior; *innovation* is a form of deviance that consists of doing things in a different way from the group norms. The project diffuses only when the new transgression gets validated. When the new concept is legitimated, its *diffusion* is facilitated. This process corresponds to a process of regressive *institutionalization* (Alter, 2004), in which deviant behavior gradually gets accepted and becomes the conventional norm.

The acquisition of legitimacy also increases access to resources. Therefore, this process leads to reappropriation by leading actors, because the logic of the market again applies. Alter's (2004) conclusions about the process of *innovation* in companies thus appear similar to the *diffusion* of new products, because "At the end of the process, conscious of the economic advantages of deviance, they transform what was a transgression of the rules into the rules" (Alter, 2004, p. 73).

The challenge then is to maintain control of the shared representations of legitimacy. Within society, people constantly search for new approaches that will constitute the next active source of *innovation*. Therefore, we derive an enriched view of *innovation diffusion* theory that connects research in a "naturalist" tradition with studies that consider the players central to the *diffusion* phenomenon (Alter, 2004). This approach emphasizes that the characteristics constructed and perceived by players influence beliefs in an interactive process that lead to the adoption or rejection of the *innovation*.

The construction of new meanings and practices requires interactions among inventors, designers, and *consumers* who attempt to resolve social controversy. The interpretation must make the new practice credible and legitimate within a set belief system, so marketing appeals can help reduce the perceived complexity of and skepticism attached to

new products. An *innovation* becomes stable only if actors can create an alliance between an operational framework and the norms of use. This idea has a proximity with the "sociology of translation" or Actor-Network-Theory which analyzes the construction of markets as a process of translation (see Akrich, Callon, & Latour, 2006; Özçağlar-Toulouse, Béji-Bécheur, & Murphy, 2009 (the case concerns the diffusion of fair trade; cf. chapter 28 by Toulouse & Benmecheddal); Blanchet, 2017 (the article deals with the development of the market of ethical fashion)).

Therefore, companies and marketing researchers argue that to increase a new product's chances of success, the market must be "educated." Companies develop market preparation techniques (e.g., product testing, preliminary advertising, public relations, opinion leaders) to ensure *consumers* are ready to receive new concepts. For example, film production companies activate various networks before launching a film, known as buzz; before automobile companies launch a new model, they present their prototypes at automobile fairs or leak details of "secret" tests. The clear objective of these different forms of publicity is to solicit positive word-of-mouth reports and gradually construct favorable meanings for the new product so that its attributes become the determinants of its cultural use. Therefore, the organization's interpersonal communication networks must stimulate positive beliefs and shared notions of new practices. The standardization of an *innovation* results from a process of mutual adjustment and mediation between technical and cultural systems.

In initial stages, astute, heterophilic networks are most effective for encouraging adhesion to a new concept. The agents of change include avant-garde users who tend to promote new ideas and encourage collective learning through experimentation. Because they sit at the frontier of various spheres of knowledge, these creative users favor new solutions. It therefore seems relevant to envisage their role as co-designers of the *innovation* and thus as channels for *innovation diffusion* in the initial stages.

Through more established players, recognized at institutional level, new practices then get accepted and enter into a normalization process. At this point, the original meaning of the *innovation* may be removed from initial adopters' control if their network is not powerful enough to ensure their vision prevails. The success of an *innovation* (i.e., high rate of adoption) thus can lead, ironically, to its dilution and assimilation by a system of existing practices. Thus, initial adopters move to the margins of the new system they have helped create.

This cultural approach to *innovation* raises questions about the role of marketing and agents in the construction of cultural norms. In this respect, *fashion* theory provides strategic ideas for understanding the construction and *diffusion* of trends and new products.

21.2.1 Innovation that builds new cultural norms: The creation and diffusion of fashion

Both in practice and theory, *fashion* has been recognized as a phenomenon affecting many aspects of our lives; however, historically, it has been mainly associated with clothing that is a great tool for constructing one's desired look (Davis, 1992). We focus here on *fashion* because of its importance as a metaphor for understanding contemporary consumer culture (see Atik & Fırat, 2013).

As conceptualized by McCracken (1988), the *fashion* system comprises all people and organizations involved in creating symbolic meaning and transferring them to cultural goods. It takes new styles of clothing and associates them with established cultural categories,

moving meaning from the culturally constituted world to the consumer good. These cultural categories of meaning can be associated with time (e.g., leisure, work time), space (e.g., public or private), or human communities (e.g., distinctions of class, gender, age, or ethnicity) (McCracken, 1988). In turn, in order to add "meaning into things, creative directors and fashion/product designers discover structural equivalents and draw them together in the compass of an advertisement to demonstrate that the meaning that inheres in the advertisement also inheres in the product in question" (McCracken, 1988, p. 120). For example, marketers try to convince consumers that they can secure athletic accomplishments, sex appeal, popularity, or status by consuming certain brands (Goldman & Papson, 1996). Yet, the meaning creation is not a one-way process. During the appropriation of cultural meanings, consumers continuously engage in interpretive dialogues, reworking their localized knowledge and value systems (Thompson & Haytko, 1997). This active reworking is also shaped by consumers' desire to construct self-identities through *fashion* discourses.

One of the earliest theories of *fashion diffusion* was developed by a famous sociologist in the beginning of the 20th century. According to Simmel 1904/1957), new fashions trickle down from the upper classes to the lower ones. The wealthy upper class wear expensive clothing to display their prosperity. However, as *fashion* diffuses to lower classes, it is diluted and vulgarized; as a result, it loses its ability to register appropriate status distinctions and soon comes to be regarded by the upper classes as unfashionable and in bad taste. In this manner, conditions are set for a new *fashion* cycle to be launched by the upper classes to keep the distance. This is a sociological explanation of *fashion diffusion* that we can still observe in our contemporary society; however, it is no longer the only explanation. We can observe all trickle-down, trickle-up, and trickle-across movements of *fashion.*

King (1963), with his horizontal flow concept, delivers a different perspective, by arguing that in mass production and mass communication environments, fashions tend to spread simultaneously within each social class over time. Mass production makes new fashions available at all price levels while mass communication rapidly disseminates information and influences new *fashion* offerings. The *diffusion* speed is even more accelerated today thanks to social media, such as Facebook and Instagram.

Fashion can also emerge from the streets in a trickle-up movement with individual consumers having social influence (e.g., Gladwell, 1995). These are mostly cool adolescents who are sensation seekers, and they have the respect, admiration, and trust of their friends, for something different than just a kind of status envy. It is about a kind of revolution that sets earlier paradigms aside and says, in fact it is not at all concerned with those matters; the idea is about occupying a unique position in the culture. However, in a trickle-up movement, most trends in their earliest form are distinct, and they will never make it outside. They need to be repackaged for the mass market (Gladwell, 1995). Thus, trickle-up *diffusion* of *fashion* does not happen in the reverse pattern of the sociological trickle-down version. It is mediated by *fashion* institutions such as trend search agencies, *fashion* designers, or "cool hunters" (in Gladwell's terms) who spot the social changes, transmitting those to new designs and communicating the new trends. For instance, thanks to this process of institutionalization, a *fashion* trend such as vintage clothing (that once started in the streets) can be found in high *fashion* windows, not through some elite people imitating low-income students' choice of second-hand clothing. In fact, any kind of *fashion diffusion* is aided by marketing institutions such as *fashion* design and advertising, including a possible trickle-down *diffusion* of *fashion* through the presentation of products in high *fashion* windows or *fashion* shows. The next section takes a closer look at this process of institutionalization.

21.2.2 The process of institutionalization

Through big textile companies worldwide, Rinallo and colleagues (2005) illustrate the highly institutionalized *fashion* processes from collective investments in trend forecasting to announcements of *fashion* investors. Saviolo and Testa (2002) show that the complex institutionalization process within the apparel sector entails structure and competition from the management of creativity to communication processes. The players include "fashion designers (independents, or those operating within a fashion-house or industry, or retailers), producers (of semi-finished or finished products), distributors, retailers, mass media, research and trend institutes (including fairs), consumers (opinion and market leaders), product category associations, banks, and government" (Saviolo & Testa, 2002, p. 13). In table 21.1,

Table 21.1 Marketing institution constituents and their institutional roles examined

Constituents of the marketing institution		*Institutional role(s)*
Industry constituents		
Creative experts		Sift among observed alternatives
Textile firms		Eliminate/choose
Fashion house	Trend watchers	Act as the "Gaze" Institute the market logic Articulate and institute "the proper"
	Managers	Identify and generate market potential
	Designers	Interpret and channel desire Transform artistic creativity to commercial potential
Major retailers	Purchasing agents	Diffuse the market logic and potential Reinforce familiarity
	Store windows	Validate & legitimize styles Attract mass consumers to the market
Fashion magazines		Gatekeeper—confirm trends Reassure the public & purchasing agents Excite fantasy, imagination, and dreams to provide impetus for change
Celebrity/star		Trend setter Seduction Perpetuate fashion motion
Consumer constituents		
Marginal (creative) consumers		Inspire creative experts Inspire designers Present diversity of possibilities
Mass consumers	Fashion lovers	Energize and facilitate diffusion Mix & match to increase acceptable alternatives for mass consumers
	Fashion concerned	Provide mass demand Be an example and guide for each other Act as a point of comparison for fashion lovers
Fashion uninterested		Motivate fashion by providing a negative example

Source: Atik and Fırat (2013)

Atik and Fırat (2013) show how each player contributes to the *fashion* system. The role of *consumers* summarized in Table 21.1 will be discussed in more detail in the next section.

Two institutional logics dominate the field of *fashion*: The logic of art and the logic of commerce (Scaraboto & Fischer, 2013; Dolbec & Fischer, 2015). At the invention phase of *fashion*, the sources and circumstances of creativity are not very much different from those we find in artistic practices; designers, especially those aspiring to international reputation, take pride in being thought of as original and innovative (Davis, 1992, p. 125). Designers get their ideas from everywhere: They consult books of costume history for ideas, as well as borrowing from their own earlier work and that of others. They are usually in close contact with leading creative and progressive elements in the arts, sciences, politics, and culture generally (Davis, 1992; McCracken, 1988). However, a strongly institutionalized motive remains in place, as the key players of the *fashion* world (like the *fashion* press), sustain and reinforce the designer's quest for originality. Also, the massiveness and demand constancy of the apparel market, along with heavy fixed capital investments in clothing manufacturing and distribution, restrain the creativity of designers more so than in other forms of art (Davis, 1992; Saviolo & Testa, 2002).

"The purpose of artistic creativity is not to satisfy the needs of a mass market. Artistic creativity is above all the means through which artists express themselves. Commercial creativity, on the other hand, does not have this freedom of expression. This is because its purpose is to achieve another subject's objective, the firm. The firm's reason for existence lies in its ability to satisfy market needs" (Saviolo & Testa, 2002, p. 23).

In the introduction phase of new collections, not all creations make it to the fall and spring openings where typically, new fashions are introduced. The social construction of seasons, competition among designers and *fashion* centers, the *fashion* choices of buyers for big department stores, the *fashion* press, and the merchandizing strategies all have a great deal to do with how *fashion* happens (Davis, 1992; Saviolo & Testa, 2002). These actors act as gate keepers (on the industry side) of the *diffusion* of *fashion*. The quote below from one interview conducted with the press office director of a major high *fashion* company in Milan in 2005 (Atik, 2009) illustrates well this complex process of fashion creation (neither the interviewee nor the company names are exposed as requested by the informant and for confidentiality):

"It is important to increase popularity of the brand, using the right channels of communication … . There are so many details involved for achieving this popularity. For example, in fashion shows, we choose the best hair dresser (the most famous in the world), for makeup, similarly, the best people to make the hats, so the level of my company, each operation, each person (HR), everything has to be at a high level … the people who work for you … let's say, if you are working for African market, you try to find the person with the best experience, consultants with great experience. There are one million synergies. It is too easy to say for example, I go to the right place, so it is OK, it works. For example, our store in Paris is located in the best spot (Champs-Elysée), next to a Gucci store; the shop is two floors, elegant, beautiful, but it does not work. Every French … no … every Parisian because the reality is Paris … just buy famous brands, so it does not work, while in Germany, we sell one million shoes, even if we are in a small town … but also, I must confess that we don't have a big communication budget for France. We go there, we talk to Madame Elle, we get some editorial, but it depends. There are so many variables … it is not only the designer … it is not only the selling point … it is a mix of everything and if everything is well calibrated … probably it works … also during (economical) crisis, even the best, the most famous companies have problems. You can never say, I am there, so it will sell. Everything must be

done in a perfect, at a very high level, and even if you do the best work, it is never sure that it works. You never know in fashion … maybe it is famous Gucci bags … it also depends of the age of the company … also, the pricing strategy …. Ok I have these shoes, I sell them for five euros, maybe you don't succeed; maybe your price is too low, you lose the 'allure' of the object; it is very complicated."

By the time new collections are displayed to the public, they have already gone through an extensive filtering process; "more gestures are arrested than completed, and more ideas are abandoned than kept (Davis, 1992, p. 136)." How the crafts, skills, and talents are coordinated and integrated have a great role in the introduction of a new *fashion* and on the reception it receives (Saviolo & Testa, 2002).

Although creativity is always sought after, designers and producers largely conform to the *fashion* trends of the moment. There is an inclination toward producing what sells most, rather than experimenting with radical creations that involve the risk of not selling. In another 2005 interview (Atik, 2009), a high *fashion* retail director in Milan acknowledged that only a minor portion of *fashion* collections are for the catwalk; the majority is for mass consumption. The really important purchases are made by representatives of firms that can produce vast quantities of any given design at a price accessible to the mass market (Bell, 2003). After the process of institutionalization, a period of uncertainty thus follows: Will a new *fashion* be accepted by wider market segments? If the innovation is not widely adopted, it is not likely to become a trend. The next section takes a closer look at the role of consumers in this process of institutionalization.

It is important to note here though, within the current dynamics of the *fashion* industry that is dominated by fast *fashion* brands like Zara and H&M, the *fashion* cycles are even faster. The three-month (seasonal) production cycle, which includes the time to design, manufacture, and distribute clothing to stores, has decreased to three to eight weeks requiring continual changing of styles and frequent renewal of products (Ozdamar-Ertekin, 2016). On the consumer side, speedy circulation of new products at affordable prices helps to fulfill the restless desire for new, and fuels the throwaway *fashion* consumption. Progress, the desire for the new, and change have all been highly valued, especially in Western societies, to keep the capitalist system alive; however, scholarly research shows that the current *fashion* system—driven by speed, change, artificial newness, planned obsolescence, disposable trends, and aesthetic fads—has both positive and negative outcomes on society and the environment at a global level, and requires a sustainable redesign (Ozdamar-Ertekin & Atik, 2015). Within the space limits of this chapter, we cannot expand on this topic here, but marketing and sustainability will be discussed in further chapters of the book.

21.2.3 Interagency and the role of consumers in the creation and diffusion of fashion

Kozinets et al. (2004, p. 658) emphasize that "consumer and producer interests are embedded in one another in a process of 'interagency.'" Thus, many players are involved in the complex process of fashion, including consumers. The interaction between producers and consumers, from an *innovation* perspective, may include several circumstances that allow consumers to play a creative and active role. In particular, success is measured by sales performance, which means producers must take the interests of *consumers* into consideration when designing their creations.

According to Atik and Fırat (2013) (table 21.1), there are different categories of consumers, all having different roles in the *fashion* system: The creative (marginal) *fashion*

consumers, the mass *consumers* of *fashion* (who can be further divided into two categories as "fashion lovers" and "fashion concerned"), and the *consumers* who are uninterested in *fashion.* As the authors mention, these categories display some similarities to those of the innovation adoption curve of Rogers (2003); however, there are also clear differences. Atik and Fırat (2013) categorize *consumers* not in terms of the consumers' adoption behavior as in the case of Rogers, but in terms of the different institutional roles they play in the *fashion* system. Creative *fashion* consumers like the cool adolescents we discussed above have a role in inspiring designers, and thus, contributing to the creation of *fashion*. Creative *fashion* consumers are different from the innovators of Rogers since they have a role in the creation of fashion much before the *fashion* product is introduced to the market. Among the mass *consumers*, *fashion* lovers can be similar to innovators as they energize the *fashion* system by being the first to recognize new *fashion*, mixing and matching to provide alternatives to others to join the market, and feeling proud of one's individuality and "leadership." The *Fashion*-concerned are also followers; they just do not change as often as the *fashion* lovers. They are more skeptical, like the early and late majority consumers of Rogers. They provide the mass demand, which is needed for the industry to have economies of scale. Mass *consumers* rarely initiate *fashion* trends but instead, choose from market offerings and exercise creativity by mixing and matching different products, as in the case of *fashion* lovers. Their greatest power lies in their refusal to accept every new trend or styles that are radically different from what they already wear. Inventions of new *fashion* trends may be initiated by producers and creative *fashion consumers* together, but mass *consumers* serve as a jury (act as gatekeepers on the consumer side) that determine if a particular new idea eventually will become a socially accepted norm (Atik, 2009). Finally, *fashion*-uninterested consumers are often the ones who are either content to purchase clothing on the basis of non-*fashion* considerations (such as cost, comfort, and habit), or who cannot afford to keep up with *fashion* (Atik & Fırat, 2013). They may also be unaware of the trends. They contribute to the *fashion* system by helping mass *consumers*, who compare themselves to those who are "outside the system." Some of them can be similar to late adopters or traditional people like in the definition of laggards (Roger, 2003).

As illustrated in figure 21.1, though interagency is evident in *fashion* creation and *diffusion*, it is not limited to the efforts of consumers and producers but rather, spans the entire context. For example, just as consumers' desires are, designers' artistic inspirations are also socially constructed. Designers and producers constantly observe the social, cultural, and political events around them; thus a political event like a war in Iraq might prompt military styles to come into *fashion*, by affecting both *consumers* and producers (Atik, 2009). Atik and Fırat (2013) suggest that because of the complexity of the *fashion* system and the multiplicity of elements that constitute it, agency is not the purview of any single element. If we focus on just one player, such as the consumer or the producer, we can find each both having and lacking agency. What is necessary to understand, therefore, is how the *fashion* system institutionalizes agency and distributes it according to each actors' role.

21.3 Conclusions and implications

A cultural approach to consumption regards *innovation* as the "co-production of meaning" (Marion, 2004) by *consumer*s, companies, and influencers together. These players all participate in the definition of the cultural norm being constituted. Therefore, the *diffusion* process may leave the control of companies because of the multitude of influences that enter the *consumer*'s decision process. A multitude of influences and a variety of messages means

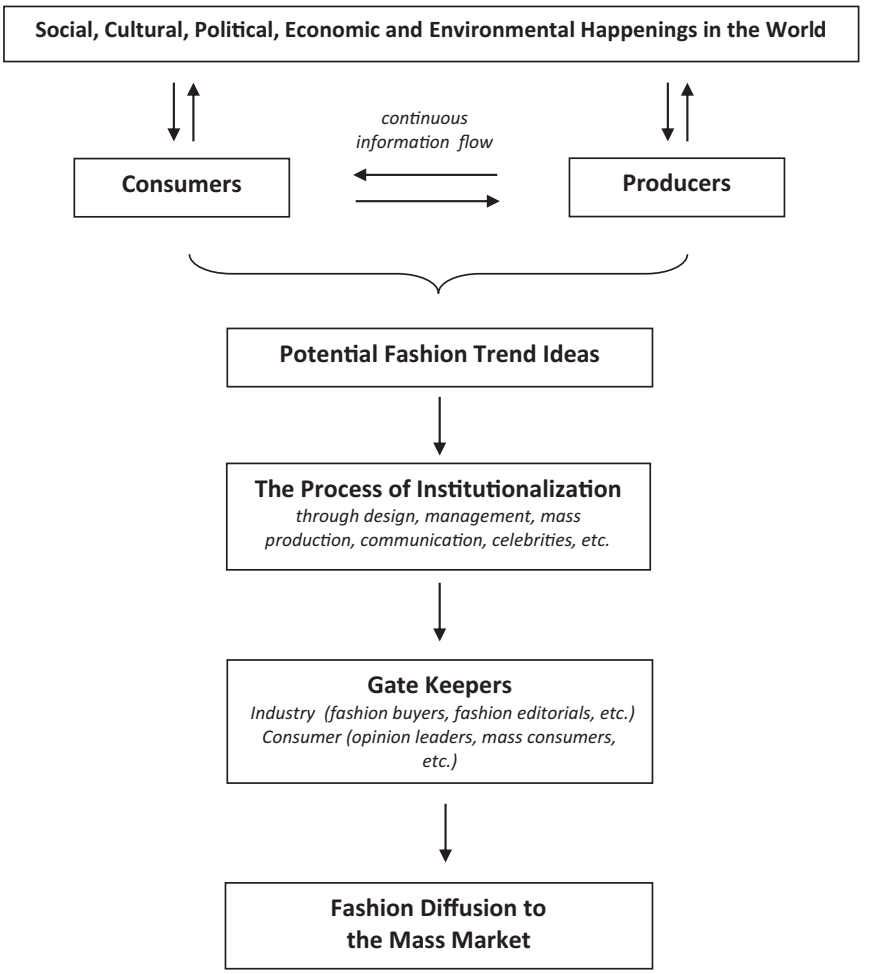

Figure 21.1 Interagency in the creation and diffusion of fashion trends

a multitude of responses on the part of *consumer*s which participate to the process of co-*creation* of markets.

In the modern economic and social system, "The marketer is part of the long chain of decisions … from an idea or a vague intuition to the commercialization of an offer. … [They] did not stop at making latent ideas manifest, but steadfastly contributed to constructing, out of the same impulse, solutions and problems" (Marion, 2004, p. 269).

Thus, culture, as the basis for interpretation, provides a channel for understanding *innovation* as a collective phenomenon. In truth, *innovation* can never be attributed to a particular individual, because after an invention, interpretation invariably follows. The originality of the *innovation* reflects the complete exchanges among various interpreters, all of whom adopt varied, multicultural, collective perceptions. For new ideas to emerge, the process of interpretation is thus crucial. Science and technology are inextricably linked to society and politics and the culture they constitute. Therefore, to find answers to the questions that

continue to confront modern society (sustainable development, poverty, ecological issues), we need not only new technologies but also new ways to regard the world and ourselves.

These new ways can be supported by managers' practices. As we have acknowledged, managers are not the only creators of innovation. This implies two major directions when dealing with innovation diffusion: 1) it is relevant to analyze cultural discourses when studying the market in order to understand the emergence of new trends, and 2) a management of interagency should be developed so that the firm has a systemic and dynamic view of innovation diffusion.

To conclude, managers have the power to change the way we produce and consume through their visible hand on the innovation and the market (Callon, 2017).

Takeaways

1. *Innovation* differs from invention; it represents the implementation of an invention and its integration into a social milieu.
2. In traditional marketing theory, *innovation* diffusion depends on six factors (Rogers, 2003): A process of adoption, media and interpersonal influence, a social system, marketing actions, innovation characteristics, and innovators' characteristics.
3. Positivist marketing literature mostly has reduced the diffusion of innovation to its economic significance (i.e., sales) and the emergence of a new segment of purchasers. This mechanistic approach is insufficient.
4. From a cultural point of view, the *diffusion* process begins with a phase of imitation, followed by deformation when the players adapt the new product to existing constraints. Acculturation occurs when an *innovation* encounters other cultural spheres.
5. This cultural approach to *innovation* raises questions about the role of marketing and agents in the construction of cultural norms.
6. *Fashion* theory provides strategic ideas for understanding the construction and *diffusion* of trends and new products.
7. The fashion system is complex and involves multiple actors and elements.
8. In contemporary society, we can observe trickle-down, trickle-up, and trickle-across movements of fashion.
9. Fashion creation and diffusion are mediated by the process of institutionalization.
10. Consumers have a role both in the creation and the diffusion of fashion.

Review and discussion questions

1. Explain the *diffusion* of smartphones using Roger's (2003) theory. Do the same exercise using the framework of fashion's diffusion. What differences are there between the two points of view?
2. Could the firm control all the *diffusion* process? Explain.
3. How do deviance, *creative destruction* and *institutionalization* operate in the process of *diffusion*?
4. Who are the main players in the *fashion* system and what are their roles? Discuss with examples.
5. How can *consumer*s play a role in *fashion creation* and/or *diffusion*? Discuss with examples from your own experiences and observations with friends.
6. How can a brand be creative and trendy at the same time? Give examples.

7. Should marketing actions look the same for creative *consumers,* mass *consumers*, and uninterested (resistant) *consumers*? Discuss.
8. Discuss how *symbolic* meanings transfer to cultural goods such as clothing. Give examples from your own life, such as how you and your friends use certain products to convey meanings.

Keywords

Innovation, creation, diffusion, consumer, fashion, interagency, institutionalization, symbolic meaning, market.

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22 Gendered bodies

Representations of femininity and masculinity in advertising practices

Lorna Stevens and Jacob Ostberg

Overview

This chapter introduces the topic of representations of masculinity and femininity in advertising practices. We will show the differences between a common, taken-for-granted understanding of gendered representations in advertising and a cultural perspective, which takes the culturally and socially constructed nature of gender into consideration. We will also demonstrate how marketing managers can choose to adopt a *traditional* approach or a *cultural* approach to their advertising strategies in relation to gender. They may also adopt a *complacent* strategy or a *subversive* strategy. There are therefore four choices available to marketing managers in terms of their advertising strategies. These are *traditional/complacent*, *traditional/subversive*, *cultural/complacent*, or *cultural/subversive*. We illustrate these positions with examples from contemporary advertising campaigns. The key implication is that the discussion invites present and future marketing managers to take a more macro and reflective view of gendered representations. By sensitizing managers to wider macro issues, we argue that they can make a more informed choice about whether to sustain the status quo of conventional gendered representations (the *complacent* strategy) or whether to aspire to taking a vanguard position by challenging traditional representations and thereby offering something new instead (the *subversive* strategy).

22.1 Introduction

The specific marketing issue to be discussed in this chapter is representations of gendered images in advertising. As consumers, we are bombarded by thousands of commercial messages every day. There is simply no way to avoid being exposed to advertising, and even if we do not necessarily buy the items that are advertised, advertising serves a number of other important functions, which we may not always be consciously aware of. One of the more important functions of advertising is that it provides us with a blueprint of how to live "the good life." Among other things, it provides us with images of how "real" women and "real" men should be. Often, advertisements present us with repeated exposure to representations of men and women which are stereotypical, and these stereotypes give us an implicit assumption of how men and women really are. In particular, we would argue that the different and often opposite ways that men and women are represented might, over time, appear natural and self-evident. While we might be able to critically reflect on an individual advertisement, analyze it, and discuss its implicit values and unrealistic portrayals, the sheer mass of commercial messages has a way of breaking through the barriers of even the most critically conscious consumers. Consequently, advertising portrayals of gender insinuate

their way into our collective cultural consciousness, even our individual psyches, normalizing certain traits associated with "masculinity" and "femininity," "men" and "women," and impacting the way we frame and define gender and sexual difference in contemporary consumer culture.

Advertisements may reflect, sustain, challenge, or even subvert the predominant cultural values of a society. They are myth carriers in our culture, and they may draw on symbolic codes and metaphors to serve up ancient narratives, but often in new and exciting ways. They hold up a mirror to society, reflecting its beliefs and values, or they challenge and subvert the norms of society, in order to catch the attention of an intended market. Cultural values are conveyed in advertisements through the language and imagery used in them, and such texts communicate with us at a profound, emotional level, drawing on deep-rooted cultural meanings that are embedded in our shared cultural consciousness and experiences, namely the myths, taboos, rituals, and customs that surround us.

Since advertising serves these important social and cultural functions, marketing professionals can benefit from developing a greater awareness of the significance of these more macro dimensions in the marketplace, and how they reflect and indeed impact on both advertising and the consumer behavior they seek to reflect and influence. Above all, the chapter therefore seeks to explore the dynamics of gender portrayals in contemporary advertising. Insights into the historical, social, and cultural constructions of gender in Western culture can be used in order to uphold the status quo by employing traditional gender stereotypes in advertising campaigns, if one believes this to be the best way to appeal to a target market. We will call this the *complacent* strategy. Both *traditional* (*laissez-faire*) and *cultural* (playful) approaches in advertising may employ this complacent strategy. Alternatively, managers might use the power vested in the advertising industry to create a more nuanced and complex view of masculinities and femininities, by either adopting a *traditional* approach (critiquing institutions) or a *cultural* approach (destabilizing ideologies), in order to better reflect the realities of gender in the contemporary marketplace, or even to strive to change perceptions and make us think about what we take for granted in our marketing practices. We refer to this as the *subversive* strategy. We illustrate these two axes in figure 22.1.

22.1.1 Differences between the traditional and the cultural approach

In traditional marketing, consumer culture exists "out there" and is more or less seen as a pre-existing structure in which the company finds itself operating. At each point in time, and in each location, it is up to the marketing department to conjure up an attractive marketing offer best suited to a particular target market. Most marketing management textbooks stress the importance of marketing research and robust marketing information systems (see, for example, any edition of Philip Kotler's *Principles of Marketing* texts). Successful marketing management is thus said to be contingent upon a sophisticated understanding of what happens in the company's micro and macro environment. While we do not deny that this type of knowledge is important, we want to challenge the sharp distinction made between the company and the rest of the world. We particularly want to challenge the assumption that consumer culture exists independently of individual companies. One reason for drawing attention to this is that such a view does not place any responsibility on companies for shaping consumer culture. More specifically, it does not place any responsibility on companies in terms of how stereotypical depictions of gender in advertising may serve to reinforce traditional views of what constitutes *real* men and women.

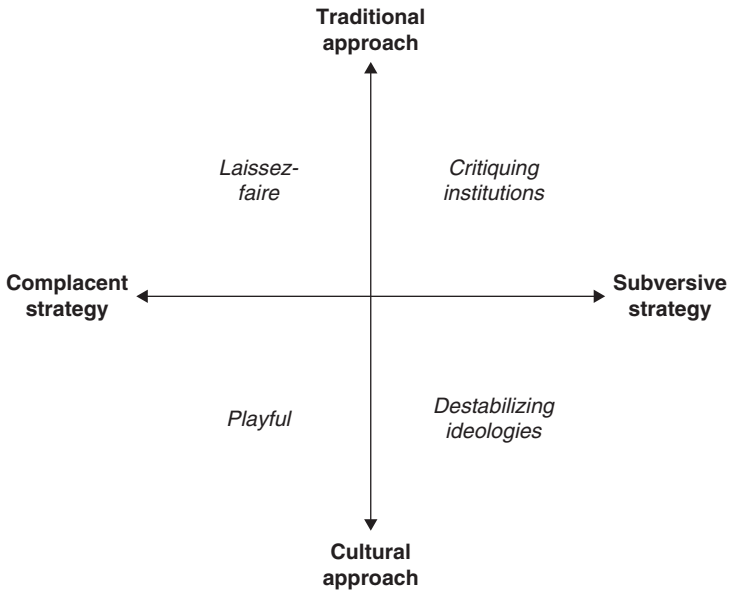

Figure 22.1 Alternative approaches in gendered advertising

Instead, we want to introduce a cultural approach to consumer culture and advertising. Such a view recognizes that companies are engaged in actively *co-producing* consumer culture and the norms and values associated with it. A cultural approach to advertising thus places much more weight, and hence responsibility, on marketing managers' capacity to shape consumer culture. Rather than viewing consumer culture as existing "out there" as a separate entity, a cultural approach recognizes that company activities, such as advertising, play a part in shaping consumer culture. What we hope to offer are new approaches for understanding advertising, and especially to critically look at portrayals of men and women. It should be noted, however, that this sort of critical inquiry into how we portray certain groups of people in advertising could equally be applied to other "variables" such as age and ethnicity.

22.1.2 Managerial contribution of the cultural approach

Why should a company care about these issues, one might ask? Will it lead to higher revenue in the short run, or even in the long run? We are not making such promises, partly because we do not have any empirical basis to either refute or support such claims, and partly because it is outside the aims of this chapter. Instead, we would like to draw comparisons with the burgeoning management phenomenon of Corporate Social Responsibility (CSR) whereby businesses are conducted along socially and ethically responsible lines. One could argue that CSR is the deliberate inclusion of public interest into corporate decision-making, and indeed the societal marketing concept draws attention to citizens rather than consumers. Most of the time, when such public interest is referred to, it has to do with ethics, environmental issues, and labor rights, but we would like to add gender to this agenda. Companies aspiring to contribute not only to their own short-term profits and customer satisfaction, but also to

Table 22.1 Differences between the traditional and the cultural approach

	Traditional marketing approach	*Cultural marketing approach*
Consumer culture	"Pre-existing" as an entity separate from companies	Companies and consumer culture exist in a co-constitutive relationship
Role of marketers	Marketing activities do not play a significant role in shaping consumer culture	Marketing activities are co-responsible for creating consumer culture
Responsibility of marketers	None—they merely react to marketing conditions	Considerable—portrayals of idealized gender stereotypes in advertising impinges on consumer culture

Table 22.2 Cultural associations with notions of masculinity and femininity

Concepts associated with femininity	*Concepts associated with masculinity*
Nature	Culture
Body	Mind
Instinct	Logic
Passion	Reason
Carnality	Spirituality
Impulse	Control
Consumer	Producer
Emotion	Discipline
Irrationality	Rationality

long-term profits and public interest and welfare should, we argue, behave responsibly in terms of how men and women are portrayed in their marketing campaigns, as this is not only an important strategic decision but an important ethical decision.

Marketing managers are thus faced with choices in relation to how they portray gender in their advertising campaigns. They can either sustain gender stereotypes or offer more pluralistic ways of looking at gender. In doing the latter, they resist serving up the same old formulaic stereotypes of men and women. These choices acknowledge the profound influence of advertising and how it can reinforce cultural values and, by extension, consumers' values in the marketplace.

22.2 Theoretical discussion: Gender studies and marketing

We now move on to discuss how stereotypical portrayals of men and women in advertising are based on deeply-seated gender dichotomies in culture, such as culture/nature, man/woman, mind/body, and so forth, as depicted in table 22.2. In marketing, a gender dichotomy lies at the heart of its theories and practices. We can illustrate this by offering a brief account of the evolution of marketing as a discipline. The marketing concept places consumers at the center of the organization, and the traditionally accepted view of consumers in marketing theory was that they were rational and logical human beings, with clear needs that could be met by effective, consumer needs-focused marketing. This focus was very much a micro-managerial one, with an emphasis on identifying consumers' social, psychological, and demographic characteristics, and then meeting their needs better than competitors.

It is perhaps curious that early marketing theorists took the view that consumer behavior and consumer buyer decision-making revolved around a mental process of problem recognition, information searching, evaluation of alternatives, and the purchase decision. After all, the word "consumer" usually describes a physical, bodily act. Joy and Venkatesh (1994) write that this led to the act of consumption being envisaged as a "disembodied phenomenon." The wider, cultural context for this emphasis was that the mind was privileged in Western culture. This so-called *privileging* of the mind had its basis in a modernist value system focused on a perception of man as a rational being, and it led to models of consumer buying behavior that viewed consumers and the purchase decision-making process as predictable, rational, and sequential.

This managerial, modernist focus neglected wider, macro environmental forces, such as cultural, social, and political influences. Change was afoot, however. In the 1980s, new theories of consumer behavior infiltrated the field, originating in other disciplines such as anthropology, the humanities, and sociology. These brought with them new perspectives on consumers. Consumers were no longer simply viewed as potential customers of products and services that would satisfy clearly defined needs and solve specific problems. Consumer behavior was beginning to be understood as being located in a much wider, macro context, and it was acknowledged that it was important to consider issues of cultural, social, personal, and gender identity.

Marketers now had a choice: They could rely on models of consumer behavior that focused on mental processes such as cognition, rationality, and logic, or they could consider new concepts of consumer behavior that focused on the emotions, senses, and impulses. Certainly, it is true to say that consumers were increasingly recognized as being driven as much by their senses as by reason, as much by their passions as by logic. Irrespective of which perspective marketers took, experiential and hedonic aspects of consumption had now come to the fore, and the consumer was unlikely to ever again be conceived of as a disembodied problem identifier and solver! (See Holbrook & Hirschman, 1982 for a full discussion of this paradigmatic shift in consumer behavior research.)

In this more "animistic" world, the human *body* inevitably took center stage, and the focus on the body had important implications for how men and women were depicted in advertising. Traditionally, men were rational customers who ultimately purchased products and services, and women were the emotional consumers who were targeted by advertisers. This gendered division reflected distinct and different gendered roles and responsibilities in Western society, and furthermore these differences had a long history. In general terms, "masculinity" was associated with the mind, logic, and rationality. Men were traditionally regarded as being "naturally" more rational than women, and thus they had the ability to transcend their bodily urges; women, however, were not perceived as being able to do this, and were envisaged as being at the mercy of their bodies' wants and desires (Joy & Venkatesh, 1994).

Women have been associated with nature, carnality, instinct, and passion since ancient times, whereas men have been associated with culture, reason, control, and spirituality. The feminine thus came to define emotionality, irrationality, and sensuality (Bordo, 1993). Furthermore, womanhood had a dangerous, appetitive, and volatile nature, in contrast to manhood, which was disciplined, rational, and controlled. Unlike men, women were therefore at the mercies of their mortal bodies, subject to the body's frailties and vagaries, forever buffeted by their feminine natures.

The traditional privileging of the mind over the body was gradually being challenged, however. The so-called "turn to the body" is usually associated with postmodernism. Postmodernism is attributed with changing the focus of the consumer as a rational, knowing

subject to a communicative subject indulging in subjective experiences. The postmodern consumer is characterized as having a playful attitude to the marketplace, enjoying the games, simulations, and fun associated with being a "fragmented" consumer, leading a "multi-layered existence" in a liberating and limitless space, where freedom and choice is both expected and demanded (see Brown, 1995 for a full discussion of postmodernism and marketing). The postmodernist perspective takes a somewhat ironic view of the meaning and value of things, questioning all that is taken for granted and respecting very little.

Postmodernism puts the body center stage, and significantly, this body is no longer a female body. The triad of male/producer/mind versus female/consumer/body has now broken down and become fragmented, and the old dichotomy of the marketplace has also been challenged; some might say it has been turned upside down. Postmodernism has paved the way for new conceptualizations, representations, and visual spectacles of both men and women in the marketplace, and the marketplace now provides a stage for all kinds of representations of men and women, which shake up traditional ideas about the "masculine" and the "feminine," about "men" and "women," about "sexual objects" and "sexual subjects," about the mind and the body in consumption, and about gender roles in consumer culture. Gender blending and gender bending have thus been thrown into the marketing communication mix alongside traditional gender stereotyping and gender categories, and this has had surprising, challenging, provocative, and at times, shocking results.

Aside from the influence of postmodernism, feminist research on the body has also been influential in drawing attention to so-called embodiment issues in the marketplace, challenging how women are portrayed in the media. This research shows how bodies are continually molded and shaped by societal, cultural, and political forces, in order that individuals can achieve normalization in terms of physical appearance (see Davis, 1995 for a full discussion of this). In the past four years, with the arrival of fourth-wave feminism, we have seen considerable change, as feminist issues such as empowerment and representation come to the fore again. In certain circles it is now the new "norm" to address (and expose) gender inequality and discriminatory gendered practices. This process is gathering momentum. At the 2017 Cannes Lion Festival, the Unstereotype Alliance was formed to tackle objectification, stereotyping, and diminishing character portrayal in the industry, and this new wave is now being reflected in many current advertising campaigns.

In the previous section we highlighted how the values associated with femininity and masculinity emerged in Western culture, briefly outlining the role of history, culture, marketing, postmodernism, and feminism on how feminine and masculine values were mapped onto men and women in social and cultural practices, including advertising. We have suggested that a *cultural* approach and a *traditional* approach to advertising are at opposite ends of a continuum. We have also suggested that there is another intersecting axis, with a *complacent* strategy and a *subversive* strategy as the endpoints. In other words, marketing managers can choose to adopt one of four positions: A traditional/complacent, traditional/subversive, cultural/complacent, or cultural/subversive position (see figure 22.1). Furthermore, we will argue that there is a distinct lack of subversive perspectives in marketing communication strategies. In both traditional and cultural approaches, the dominance of the postmodern paradigm leads to either a *laissez-faire* attitude on the one hand, or a *playful* attitude on the other.

22.3 Femininity and masculinity in advertising

We now offer examples of how contemporary advertising deals with female and male bodies and their representation. The "carnal feminine" offers an analysis of several advertising

campaigns that show a return to the ancient narrative of what we describe as "the carnal feminine," namely the age-old notion that women are irrational bodies who are prey to their carnal appetites. Sometimes these ads employ postmodern irony when they represent women in stereotypical ways and at other times, they assume a more conventional, taken-for-granted tone. The second part explores how the representation of men and masculinity in contemporary advertising campaigns are challenging, yet upholding, conventional norms. Sexual objectification is no longer the preserve of women, it seems, but is becoming increasingly prevalent in advertisements targeting men, specifically in relation to traditional taboos about male sexuality.

22.3.1 The "carnal feminine"

The main narrative used in advertising depicts women as "consummate consumers" who are ruled by their bodies' appetites and are unable to resist the lure of carnal pleasures. The word carnal is from the Latin *carnalis*, from *caro carnis* meaning "flesh." The definition of "carnal" is "of the body or flesh; worldly." Its secondary meaning is also noteworthy: "Worldly, sensual, sexual." Most contemporary advertisements targeting women thus adopt what we would define as the *complacent* strategy. In other words, they either adopt a traditional/complacent, *laissez-faire* attitude in terms of gender portrayals, or a cultural/complacent one, employing a postmodern *playfulness* in relation to gender stereotypes. The traditional/complacent *laissez-faire* position is exemplified by advertisements targeting women that emphasize women's animal natures, specifically their carnal appetites. This usually results in advertisements that employ sexually suggestive and erotic narratives which emphasize experiential consumption and sensory pleasures. The narrative is particularly overt in the advertising of products (of which there are many) that are depicted as being endowed with the power to enable women to experience intense physical pleasure from their consumption. Examples of product categories that are depicted as objects of desire for women include food products such as chocolate, ice-cream, yoghurt and cream cheese, luxury biscuits, and toiletries and cosmetics, such as shampoo, bath and shower products, and perfume.

Food product advertisements targeting women are usually framed within a carnal (and often erotic) narrative, because these narratives assume that eating is women's secret pleasure and secret sin. The association of women's consumption of food and toiletries with their sexual appetites provides advertisers with opportunities to playfully explore "naughty but nice" narratives. There is also a dark side to this, however, in that giving into the lure of one's appetites can lead to excessive consumption, and this may have undesirable outcomes in our culture, notably in the form of weight gain in the case of high-fat foods such as chocolate. The notion that women's "animal" appetites are always in danger of spiraling out of control draws on long-standing cultural codes, as we have argued.

Bordo (1993) writes that in Western culture, women's appetite for food, and women's appetite for sex are often represented as being one and the same thing. There are a number of excellent examples of the conflation of eating and sexual suggestiveness in advertisements targeting women, and its inherent Freudian symbolism is often used to full effect in contemporary advertisements. One of the most famous examples is the 1991 Cadbury's flake ad, which features a woman eating a Cadbury's Flake in an overflowing bubble bath.[1] Such ads draw clear parallels between food consumption and sexual surrender. This ad is still considered to be one of the all-time most sexy ads.

In their study of women's chocolate consumption, Belk and Costa (1998) write that the consumption of luxury foods is gendered as female. They also refer to the "emotionally

charged" environment within which women consume chocolate (p. 189), and they highlight the ambivalence that surrounds women's consumption of such products. Advertisements for chocolate address this ambivalence in their seductive and often tongue-in-cheek narratives about women succumbing to the temptation of eating pleasurable, high calorie, and often luxury food products. In another study, Lupton (1996) writes that chocolate signifies "romance, luxury, decadence, indulgence, reward, sensuousness and femininity" (p. 35). Chocolate advertisements, reflecting a traditional cultural norm, thus tell us that such animal wants are "natural" in women and cannot be denied. This being the case, they are thus compelled to offer women a never-ending array of sensually, erotically, and emotionally-charged advertising narratives; narratives that also point to the bittersweet ambivalence that lies at the center of such seductive appeals.

Ice-cream is another popular product category for depicting the auto-erotic potential of food consumption for advertisers. One recent ad for Wall's Cornetto range of luxury ice-creams features an attractive young woman on a balcony slowly consuming her ice-cream with a spoon while watching a handsome artist at work in the room opposite. The artist is aware that he is being watched and becomes increasingly distracted from his work and aroused by this spectacle. This is suggested by some auto-erotic body stroking on his part and a noticeable increase in perspiration! Finally, he can bear it no longer and he rushes from the room, presumably in the direction of her apartment, judging by her knowing smile towards the door at the end of the advertisement. In the 1990s, Wall's launched a humorous TV ad campaign for a new range of luxury ice-creams in their Cornetto range called "Love Potion." The strapline is "Love at first bite—steer clear of them," and the ad shows the wild, uncontrollable passions that can be unleashed in women by their consumption habits. HB's Magnum range of luxury ice-creams called "7 Deadly Sins," shows a woman who is tempted by Magnum (the devil) who introduces her to her "sinful selves" and she then embarks on her "journey" … "so many sins, so little time." The television advertising campaign features an ad for each of the seven options available in the range and shows the same woman in seven different guises to represent each of the seven sins: Revenge, gluttony, sloth, greed, jealousy, vanity, and lust. Words and phrases used include: "Give in," "let go," "let gluttony consume you," "succumb to true indulgence," "indulge in the joy of sloth," "fulfill your heart's deepest desires," "you know you want to," "tantalize yourself," "slide the wrapper off," "indulge in the uninhibited pleasure of ice-cream," "enjoy the sensation of decadence," and finally, "lie back, breathe deeply, and continue to relish the sensuous experience." The campaign clearly draws parallels between ice-cream consumption and sexual surrender.

One of the most common ways of underlining women's animalistic sides is to compare them with animals, particularly big cats. These are used to signify women's lustful and dangerous aspects. An advertisement for Dior's Pure Poison perfume shows a dark, predatorial temptress who transforms herself into a black panther. Lynx toiletry products for young men play on the idea that women have animalistic, lustful natures that are waiting to be unleashed with the right stimulation; in this case the scent of Lynx. A recent television advert shows wild, bikini-clad women descending in their droves from the surrounding hills in order to ravish (we assume) a young man on a deserted beach who has just sprayed himself with some Lynx body spray. Interestingly, Lynx have now created a new "chocolate" scent in the range that is depicted as being doubly irresistible for women! One particularly humorous ad shows a life-size chocolate virtual man being eaten bit by bit by uncontrollable women whose desire overwhelms them to the extent that they must consume him.[2] This advertisement recalls ancient associations of women as devouring she-devils who will consume

men and ultimately destroy them, but the humor ensures that there are no overtly negative undertones in the advertisement.

Another important dimension of women's identification with the body in advertising is apparent in ads that show women as a larger than life force of nature that is out of control, and "loving it." Such representations of women in advertisements have a humorous and playful tone, as they typically show real, believable women having fun and happily succumbing to their animal appetites. Perhaps the best-known example of this theme is the long-standing Terry's Chocolate Orange campaign in the UK. This campaign memorably casts the generously proportioned English comedienne and actress Dawn French as the insatiable chocoholic who can't control her consumption of Terry's Chocolate Orange, and nor does she want to! Above all, she wants to keep the pleasure of eating chocolate to herself: "It's not Terry's! It's mine!" We are also led to assume that she is supremely indifferent to the bodily consequences of such indulgence, and indeed, Dawn French takes a celebratory approach to being a larger woman generally, not least by developing a range of clothing for women with larger than average body shapes. She is a role model in English culture for a woman of excess who delights in it, whether it is her ribald and outrageous comedy routines, or her role as the face of Terry's Chocolate Orange, the campaign for which reflects her own flamboyant, comedic style.[3] Dawn French embodies the garrulous, amply-proportioned, big woman who is ruled by her appetites and makes no apology for this. In some respects, this could be considered to be a difficult position to take in the current climate of concern over the rise in obesity levels in Western societies, and indeed Dawn French ceased to be the face of the campaign in 2007, amid speculation that Terrys were responding to increasing social pressures in this regard.

Another common strategy in advertising is to deliberately employ "porn codes" to draw parallels between food consumption and sexual intercourse with "bad" women. These codes are commonly used when the target markets are men. The pornographic often denotes prostitution and sex for sale and is rooted in the concept of domination over women. It also commodifies the human body and persistently stereotypes male and female sexual roles (Schroeder & McDonagh, 2004). Probyn (2000) suggests that food narratives generally draw on the language of "soft porn" and thereby equate food consumption with sex consumption. In her study she cites the "soft porn" antics of celebrity TV cooks in the UK, and she quotes Nigella Lawson's comments that all of us are "gastropornographers."

The Kinder Bueno range of chocolate bars provide an excellent exemplar of the pornographic in an advertising campaign, and this brand freely and unapologetically uses "porn codes." A TV advertising campaign in the UK memorably, and disturbingly—given that the product range originally targeted children—uses such codes to personify the product as a female prostitute. It features a male customer entering a newsagent's shop in a dirty mac, furtively glancing at the top shelf of the magazine racks for something to buy. His attention is arrested, however, by the voice of a young, high-pitched Far-Eastern accented female voice, who urges him to "bite me, bite me, I'll be whatever you want me to be." The voice comes from a gyrating chocolate bar. The ad draws on sadomasochistic porn codes to make the product memorable and appealing to its new target market, young adult males, and it clearly hints at sex tourism in its narrative.

In a similar vein, a TV ad for Pot Noodles shows a man rejecting his wholesome wife's offer of a homemade sandwich so that he can search for "something dirty" in the local red light district. Having been slapped by a number of indignant ladies of the night by his requests, he eventually finds a "tart with a heart" who takes him into a dark alley, where he finds what he's been looking for: A Pot Noodle! More recently, a horse-riding and hunting

analogy is used in this series of television ads, with references made to an upper-class lady (with more than a passing resemblance to Lady Chatterley from the notorious novel by D.H. Lawrence), and her lusty gamekeeper. The campaign used a riding horn ("have you got the horn?") to suggest the product's association with sexual arousal and the sex act itself. A number of Pot Noodle ads were subsequently banned. Their most notorious campaign used the strapline "the slag of all snacks" to underline the positioning of their product.

This strategy can be perceived as another example of the cultural perception of woman as an insatiable consumer who lures men from the straight and narrow path. In this case she is also the product itself, a commodity that men can't resist. She is consumed, and, even worse, she is a product that is bad for men's health! The consumption of food and the consumption of sex become one and the same, the common denominator being women; a body to be consumed (for more consideration of this, see Mäkelä, Bettany & Stevens, 2018).

22.3.2 Undesirable and desirable males

Due to changes in conventions of representation of the male body, it has been suggested that men today are being taught, or allowed, to gaze at other men either for pleasure or for anxiety-evoking contrast, and that this makes men increasingly aware of, and dissatisfied with, bodies that do not meet various cultural ideals. When we are faced with admirable bodies in visual representations, such as advertising, the subject being depicted is turned into an admired and admirable object. While female bodies can be portrayed in the nude without too many apologies, the nude, or partially nude, male body typically needs an excuse to be portrayed. The men depicted need to be engaged in some activity rather than just posing. In classical art, war scenes have been the most common excuse to portray eroticized male bodies in action (ripped clothing, bulging muscles, sweat) with neither the subject portrayed, nor the onlooker, having to feel uncomfortable. Today, especially in advertising, sports seem to be the excuse of choice, as there is apparently nothing peculiar about masses of half-naked, well-sculpted, sweaty bodies being seen either on sports courts, or in places connected to sports, such as locker rooms.

Representations of men in advertising have typically been connected to men's traditional role as breadwinners, and this legacy was unchallenged up to the 1970s. During the 1980s, however, this slowly changed, as men started appearing without references to family—shown alone and in close-up. Still, men were typically portrayed as dominant and as actionable—in charge—as if they were creating a sense of identity by extending out from their body to control objects and other. In his classic study of gender in advertisements, Erving Goffman (1979) found that women are typically represented as cradling or caressing an object but not grasping, holding, or manipulating it in a utilitarian way. All in all, it seems that men are active with clear purpose, whereas women just look on admiringly. During the 1990s, men's role as homemakers/breadwinners was further de-emphasized, and contempt for stereotypically unpleasant male behaviors—such as uncleanliness and poor household skills—became a staple of advertising. This open ridicule of masculinity slowly paved the way for an increased erotization of the male body in advertising. In the 1990s men were increasingly portrayed as objects to be looked at, without the protective shelter of humor, degradation, or ridicule. In 1982, Bruce Weber's image of Olympic pole vaulter Tom Hintnaus wearing only a pair of white Calvin Klein briefs stopped traffic at Times Square in New York, starting a series of CK underwear ads with overtly sexual representation of males that has continued to this day. About the same time, Nick Kamen's classic ad for Levi's 501,

where he undresses in a 1950s launderette, aired for the first time in 1985, is typically seen as a shift in representations of men in TV ads.

While there have been changes in the way masculinity is portrayed in advertising, there is still a dominance of fairly traditional modes of representation, where men are active, in control and acting upon the world—the *laissez-faire* position in figure 22.1. Advertisements of this type either address or portray men in a taken-for-granted manner, where stereotypes of how men behave are sustained—such as not being comfortable taking care of babies, being poor at expressing emotions, or being naturally unskilled at household work. There is an abundance of these types of advertisements available. There has, however, been an increase in the amount of advertising where men are portrayed in other, non-traditional ways, thus occupying the three other positions in figure 22.1. Most of the time, there is no real subversive potential; rather we see a cultural/complacent strategy, where a postmodern *playfulness* in relation to gender stereotypes is employed, but there are tendencies towards change. Here we will look at how men are increasingly being reminded in advertising that they might not be living up to the beauty standards in society; the notion that they might indeed be undesirable is thus played upon. In particular, there is the suggestion that their self-worth is measured by how much attention they are getting from females. This is interesting, as the dominant masculine mode of being judged by what one *does* rather than by how one *looks* is thus challenged. We will also look at how men are shown as objects of sexual desire. Typically, this is described in terms of "beefcake" ads in addition to the conventional "cheesecake" ads used in advertising. In all these examples, we will see how men are portrayed as potential objects of desire, but how the ads, in more or less subtle ways, make sure that something more can be detected. It is not merely a picture of a beautiful man or a suggestion that men need certain products in order to be accepted. Instead, there is typically a rational consumption choice that can be made.

Recently, there has been an increase in ads where it is suggested that the purchase of a particular product will result in increased female attention to a man. This marks a shift, as insecurity is inserted in the representations of men. It is no longer self-evident, even in the fantasy world created by advertising, that a good man will find a good woman. Advertising targeted at women has long used this strategy and there are plenty of ads where women are being offered various products or self-help procedures that will help them "capture" a man. All of a sudden, it has become increasingly common to adopt such an approach in advertising for men. Some of the most vivid examples of these types of advertisements can be seen in the penile enlargement industry, as discussed in detail by Östberg, 2010. There are, however, plenty of less extreme examples, taken from mainstream advertising, pointing towards similar tendencies.

Ever since the breakthrough advertising of Calvin Klein in the 1980s, men's bodies have frequently been shown in advertising as objects of desire. An example is the underwear brand Frigo Underwear (www.frigounderwear.se) that has one of their ads featuring a man lounging in a cane chair (figure 22.2). He is wearing bright white underwear that stands in stark contrast to the grey shades of color used in the rest of the picture. The man's crotch is in focus in the picture and the rest becomes increasingly unfocused as one's eyes move away from that area of his body. The man is leaning backwards in the chair, but his abdominal muscles appear tense and flexed, as if he is about to get up from the chair. This is contrasted by the top part of the body that seems exceptionally relaxed and at ease. The man's mouth and eyes are half-open, and he is gazing lustily at something outside of the picture. Is he waiting for someone? You perhaps? A lover? Male or female?

Figure 22.2 Advertisement for Frigo Underwear

These facial features, the half-open eyes and mouth, are a common visual convention in portraits of women as desirable objects. We thus see, in figure 22.2, how visual conventions of how to portray women are transferred to the portrayal of men. This shows a cultural sensitivity on the behalf of the company; they know that this will not be read negatively by the target group. Eroticized images of men are not new to advertising, but this particular image shows a man that is not actionable, a man that is not engaged in sports, for example, which is the usual excuse for the exposure of partially nude male bodies.

Even though there are to-be-looked-at ads featuring men, this is often regarded as being too overt. There must typically be something more that excuses the presence of the scantily-clad man. In the case of Frigo Underwear, the man in the picture is not just stretched out on the cane chair for our pleasure; he is indeed displaying a fantastic invention. The copy reads "Frigo: A small step for man. A giant step for manhood." Frigo Underwear is, apparently, the greatest invention in the underwear business since Jockey invented the Y-front in 1935. It is, according to Frigo Underwear's homepage "more alluring than the wonder-bra." The very masculine traits of science, progression, invention, and technology function as a counterbalance to the picture of the lounging man. The tendency to offset the picture of the lounging man with a more goal-directed reasoning is also found in the statement of the company philosophy:

> When God created man he wanted their genitals to hang loose. The genitals were supposed to stay cool in the gentle breeze, before, after and during the hunt for food. But then things began to change … And then what happened to their precious genitals? I guess you know. Sweat broke out, it rubbed and hung. But let us establish that we're living in a modern era and stay positive. The men who choose to wear Frigo today are also hunting. It's just the prey that is different.

First and foremost, we see here that the man-as-breadwinner ethos is restored; men are born, even created, to hunt for food. In today's environment when the hunting might be less

eventful, the predatory instincts of men have been transferred to the hunt for a partner. The advertising for Frigo Underwear is playing with ideas of some eternal masculine traits. Still, despite the attempts to hide the invention of Frigo Underwear under the veil of "restoring things to their natural state," the real benefit of the particular model is that it gives the wearer a more "shapely package." The inventor apparently "… equipped his underwear with a sewn pocket in which the whole package was placed which made it easy to ventilate and regulate the body temperature: All parts were kept in place and 'voila' he had invented the first 'shape-up' for men."

So, despite the attempts to cast the marketing of Frigo Underwear in a macho tone, the product is geared towards the insecurities of men. And not just any insecurity, but the most taboo of all insecurities: The insecurity of not being sufficiently well-endowed. The advertisers thus utilize the classic technique dispersed in most mainstream branding or advertising textbooks: If you want consumers to act on your marketing offer, make them insecure in their relationships with others and offer your product as the solution.

Frigo continues to play with the conventions in the next ad where they move into slightly more subversive terrain by directly referencing the iconic 1994 advertising campaign for Wonderbra, where Eva Herzigová is shown with the caption "Hello boys," suggesting that men cannot keep their eyes off a woman showing off her assets. In the "Hello girls!" advertisement, it is implied that women cannot keep their eyes off a man showing off *his* assets. By placing the man in such an ostentatiously objectified position, albeit with the possibility of a tongue-in-cheek reading, they are using an updated version of the visual repertoire available for the depiction of men.

In these examples, we see that even when men are turning themselves into objects to be desired by others, they are given a chance to be in control. We see here a tension between men being insecure and the conventional way of portraying masculinity as a dominant force.

22.4 Concluding discussion: The consuming body in contemporary consumer culture

In this chapter, we have given you a backdrop to the "brave new world" of more or less conventional representations of femininity and masculinity in advertising. There have been some recent changes in how men and women are portrayed in advertising, not least when it comes to "softer" portrayals of men, such as portrayals of men interacting with children (Grau & Zotos, 2016). In this chapter, we have focused mostly on the body, previously represented in a very restrictive and gender-stereotyped way, that has now been set free, and this has opened up an arena of carnivalesque humor and previously unimaginable possibilities. Advertisers can engage in a free-for-all bodyfest where almost anything goes, and postmodern irony can cover a multitude of sins. The consuming body has become a powerful symbol of 21st-century consumer culture, and this concept offers advertising/marketing practitioners the opportunity to engage in tongue-in-cheek theatrics, audacious feats of daredevilry, slapstick comedy, and fantastic flights of fancy that amuse, provoke, move, and at times shock their intended target audience(s), as well as those who are not their intended target audience(s)!

One of the issues we have addressed in this chapter is that by turning to the body and postmodernism, we are in danger of being purveyors of the same old stereotypes. No amount of humor or tongue-in-cheek irony can obscure that. We need to be aware of the power issues that lie at the core of dichotomous thinking about gender. While we have demonstrated that change is happening in terms of how the masculine body is represented in current advertising

campaigns, and in terms of how women's bodies are represented, we have also shown that these discursive practices may often reproduce long-standing tendencies in marketing strategy to trade in and on the (gendered) body insecurities of consumers. We welcome the sea change currently underway that sees major brands now addressing issues such as diversity and positive role models for men and women that are beginning to transform the contemporary media landscape.

This chapter does not present a step-by-step guide to increasing sales and profitability for companies. We are suggesting, however, that by adopting a more critical and culturally aware approach to the study of advertising, we can better understand where dichotomous thinking originated, how it has evolved over time, and how it currently is manifested in contemporary advertising practices. We have also tried to show that increasingly, male and female bodies are represented in advertising as complex, living bodies acting in the marketplace and engaging and interacting with it, rather than stereotypical, gendered objects that are easily manipulated by marketers. This is of course a step in the right direction. While gender stereotypes and dualistic thinking runs deep in our society, then, we have argued that new and more varied forms of femininity and masculinity are emerging in the marketplace. If nothing else, we hope we have raised awareness in this chapter of an emerging process in Western society, whereby the dualist structures surrounding masculinity and femininity are beginning to unravel, the old monochromatic black and white lens is now being replaced by many shades of grey, and indeed we might more accurately say that color has finally been introduced! As marketers, we now need to rise to the challenge of turning the current idea of the body as the seat of consumer identity into a positive one that more accurately reflects the diversity of gendered positions and the multiplicity of gendered identities (and human bodies!) in the marketplace.

Exercise

While it might be far from a simple and straightforward process to move from a complacent to a subversive strategy regarding the use of gendered representations in advertising, we would like to invite present and future managers to address these issues and to make a conscious choice, rather than just opting for the easy way out, which would typically be the *laissez-faire* position. In order to think more consciously about these issues, here are some questions that one might pose to one's own company:

- In what ways are we presently portraying women and men—as well as femininity and masculinity—in our marketing communication campaigns?
- Are we, by portraying women and men in this way, contributing to cementing stereotypes, or are we creating positive change?
- Are there other possible ways, in which we could portray, or address, women and men in our marketing communication campaigns?
- What would be the possible effects of portraying or addressing women and men in these alternative ways?

Review and discussion questions

Browse the Internet, thumb through a magazine, or watch the TV and try to find examples of advertisements that challenge the status quo of masculine and feminine representations.

- In what ways do you think these advertisements have the potential to create positive change in society?
- Are certain types of companies more likely to be successful in the marketplace with non-traditional representations of masculinity and femininity? If so, what are these types of companies and why do you believe that they are more suited?
- Humor is a very effective means of gaining consumers' attention and increasing the likeability of a brand. It also enables advertisers to get away with "political incorrectness," for example, and push the boundaries of good taste. Do you think the end justifies the means? What moral and ethical issues do such strategies raise?

Keywords

Gender, advertising, femininity, masculinity, body representation.

Notes

1 https://express.co.uk/news/uk/179006/Cadbury-drops-Flake-girl-after-fifty-years
2 http://theinspirationroom.com/daily/2008/axe-dark-chocolate-man/
3 https://dailymotion.com/video/x18donu

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23 Sales promotion

From a company resource to a customer resource

Isabelle Collin-Lachaud and Philippe Odou

Overview

For many years, sales promotion has accounted for a large part of companies' marketing budgets because of their short-term positive effects on sales. While their transactional impacts may be doubtful from a relational standpoint, numerous questions have also arisen about their long-term efficiency, in terms of sales, brand image, and customer loyalty. Although these techniques still remain a core element of marketing plans, consumers have started to exhibit negative responses towards them (skepticism, mistrust, and even resistance). These reactions are exacerbated by the recent development of new types and forms of sales promotions. Indeed, thanks to the diffusion of cross-channel shopping experience 24/7 and to technological innovations (such as geo-tracking, re-targeting techniques, Big Data, etc.), brands/retailers are now able to propose sales promotions 24/7 wherever the customers are. Due to this high and continuous commercial pressure, some consumers feel that promotions seek to trick them into buying unwanted and useless products, favor hyperconsumption and therefore try to avoid them, while others use them to outsmart the marketers and improve their lives. So it seems that sales promotions, which were initially a company's resource to increase sales, can now also be considered as a consumer's resource to optimize their purchasing power, achieve an identity project, or challenge marketing principles. Marketers must therefore change the way they perceive consumers, who should be viewed not as passive recipients of marketing stimuli, but as partners with whom marketers can co-produce marketing actions and co-create value. They must supply consumers with resources capable of helping them to fulfill their own objectives and values.

23.1 Traditional sales promotion: Principles and limitations

Before analyzing the limitations of traditional sales promotions, we will briefly present the principles on which they are based.

23.1.1 Traditional sales promotion principles

Sales promotions are traditionally viewed as "temporary incentives that encourage the trial of a product or service" (DelVecchio, Henard, & Freling, 2006, p. 203). They can target various actors at different stages of the purchasing process: Consumers, retailers, or sales forces. Throughout this chapter, we will be looking at consumer promotion as initiated by brands or retailers.

Sales promotion is supposed to:

- Offer an incentive to purchase.
- Have a short-term effect on behavior (or medium-term where the re-purchase is deferred).
- Be a temporary phenomenon.

The objectives of sales promotions vary according to the source of the promotion—brand or retailer. The promotional technique chosen will depend largely on the objective and also on the nature of the professional, as summarized in table 23.1.

Traditional promotional practices are based on behavioral learning theory. According to this theory, the individual learns to react, often in a reflex, automatic way without an analysis of the situation, in response to an external stimulus (stimulus-response). Two types of learning may be distinguished:

- Conditioning learning: Unconscious behaviors are induced by the association between an unconditioned stimulus (which is the initial cause of the response) and another conditioned stimulus (which is able, after repeated pairing with the unconditioned stimulus, to produce the original response).
- Instrumental learning: The individual learns to reproduce a behavior for a reward (positive reinforcement) or to avoid punishment (negative reinforcement).

Table 23.1 Promotional objectives

Promotional objectives			
Brand		*Retailer*	
Objectives	*Examples of techniques*	*Objectives*	*Examples of techniques*
➔ Recruit new customers	Trial techniques (free samples, free trial, etc.), cash refund offers, big data re-targeting, etc.	➔ Increase customer numbers as well as the frequency of visits to stores, website, or mobile app	Price discounts, coupons, deal of the day, free shipping, online flash sales, promotion codes, etc.
➔ Develop loyalty among existing customers	Special purchases, games, sweepstakes, premiums, online contest, etc.	➔ Increase basket loads, encourage impulse buying	Point-of-purchase demonstrations, price rebates, free tasting, Buy One Get One Free (BOGOF), online-only (website or mobile app) specials
➔ Increase sales volumes	Multi-product cash refund offers, draws, etc.	➔ Develop loyalty	Offers based on points accumulated, premium free shipping, e-loyalty cards
➔ Competitive offers	Rebates	➔ Increase customer traffic for (physical and/or digital) store opening	Special offers, welcome gifts, etc.

In sales promotion, the most frequently used strategy is positive reinforcement. By providing a benefit for the consumer, the manufacturer or retailer tries to condition consumers and encourage them to buy the product, even in the absence of the benefit at the end (e.g., 1) offer a free sample to promote the testing of the product, 2) attach a refund offer to the sample to facilitate an initial purchase, 3) buy the product at the normal price). In this approach, the consumer is seen as passive, responding mechanistically to the stimulus of the sales promotion. The effectiveness of this transactional approach has many limitations.

23.1.2 Traditional sales promotion limitations

While the effect of the promotion on the increase in short-term sales is indisputable, its long-term effectiveness, both in recruiting new customers and in developing customer loyalty, is now questioned for a variety of reasons.

Negative effects of promotion on the brand's (retailer's) perceived image

Systematic use of promotions runs the risk of impairing a brand's image by making it appear too "cheap," and has negative effects on brand equity (Valette-Florence, Guizani, & Merunka, 2011). In their meta-analysis, DelVecchio et al. (2006) found that price-related promotions may have detrimental effects on brand preference in the long term if the brand is unfamiliar, if the promotion is not temporary, or if the sales promotion is too large, and exceeding 20 percent of the product. However, when the sales promotion takes the form of a coupon or a premium, those post-promotion negative effects are not observed.

The search for a long-term relationship with consumers leads professionals to bet on advantages other than purely monetary benefits, namely more hedonistic advantages. Premiums or prizes are offered to customers, either in the classic framework of short-term promotional operations, or possibly in brand or retailer loyalty programs. However, even if the rewards offered to customers are more varied than previously, the way of operating has not changed, since the consumer is still viewed as passive and easily conditioned. A gift can certainly have a significant emotional value, but only on the condition that it is appreciated and valued by the consumer. Reactions to a brand can be negative when a promotion does not appear attractive or relevant to consumers (Darke & Chung, 2005). However, in an online setting, the sale's impact of a premium is still smaller compared to an equivalent price cut (Foubert, Breugelmans, Gedenk, & Rolef, 2018).

Development of price sensitivity and consumer disloyalty

The objectives of recruiting new consumers and the development of loyalty may be thwarted by the price sensitivity and opportunism of some consumers. Thus, the proliferation of promotional offers may lead to increased consumer sensitivity to price and promotions. Instead of accustoming the consumer to buy the brand, the promotion results in him buying only when goods are on promotional offer (i.e., the consumer becomes deal-prone; Lichtenstein, Burton, & Netemeyer, 1997). He will then tend to attribute his purchase to the promotion rather than to any preference for the product. In this case, new buyers are in reality simply opportunist buyers who will change brand (or retailer) when the promotional offer ends. Moreover, promotional outbidding tactics make the consumer gradually lose the notion of the reference price and this consumer then becomes a sales promotion hunter. Sales promotion and, by extension, loyalty programs may therefore fail to meet their marketing objective of developing loyalty, as a result of fickle purchasers who don't hesitate to switch brands,

channels/touchpoints (stores, websites, mobile app) or loyalty programs in accordance with whatever promotion is currently available.

Cultural differences as limitations to the effectiveness of promotions

The cultural characteristics of individuals influence their attitudes and responses to promotional practices. Standard promotional offers without any distinction between cultural backgrounds may be ineffective. Saving money, an important benefit of sales promotions, does not have the same value for consumers from dissimilar cultural backgrounds (Jamal, Peattie, & Peattie, 2012).

Promotional techniques can be associated with an image of social status: "In many countries coupons or money-off offers can be associated with low-class status, because the implied price consciousness mediates an image of low purchasing power" (Usunier & Lee, 2005, p. 359). For example, in a cross-cultural study, Huff and Alden (1999) showed that use of both coupons and sweepstakes is substantially lower in Taiwan than in Thailand or Malaysia. Among these three countries, Malaysians appear to have a greater fear of embarrassment or losing face when using a coupon. In other cultures, e.g., certain Muslim countries, promotional techniques such as games and lotteries are either forbidden or strictly controlled. These practices are seen as immoral and contrary to religious principles that prohibit easy money and games of chance. Thus, in thinking about sales promotions, it would seem to be essential to consider the sociocultural context in which the consumer evolves.

23.2 New consumer responses to measures aimed at stimulating sales

For the most part, research focuses on what makes a promotion attractive for consumers. This approach may be logical, but it does have one major disadvantage: It views consumers as apathetic agents of the commercial transaction, as if waiting patiently for someone to come along and stimulate their purchases. In most cases, of course, consumers are neither passive nor naive when it comes to the different promotional tools employed. Their purchasing experience over the years has allowed them to develop persuasion knowledge thus improving their understanding of the various techniques used by brands and retailers to encourage them to make a purchase, leading to a backfire effect (Raghubir & Celly, 2011). In order to identify the active role played by consumers, we must first decipher their consumption practices in given contexts; doing so will help us understand how they adapt promotions to their behavior, rather than the other way round (looking at a promotion and studying its effect on the consumer). This requires a shift in our point of view, as proposed by the cultural approach.

23.2.1 Sales promotion as a resource for the consumer

To adopt a cultural point of view is to believe that consumers, although influenced to some extent, enjoy a degree of agency by using their consumption habits to achieve personal and family objectives. In this respect, promotions can be considered as resources that are provided by brands and retailers and allow the purchaser to realize his/her own projects. Consumers make daily choices based on their resources in terms of finance and time. This means that compromises must be made, and products of value must be distinguished from those where savings may be made. As well as their practical aspects, promotions may also be used to satisfy hedonic needs (e.g., treasure hunts) or to express oneself (a smart purchase). Bargain hunting can even be considered a core tendency in consumer practices. From something marginal a few years ago, the search for "great deals" is now becoming a distinctive style of consumption. Consumers are transforming themselves into "smart shoppers," especially

when they feel a reduced financial wellbeing (Hampson & McGoldrick, 2017). The development of low-cost businesses, hard discounts, special online offers, and the success of in-store promotions and sales bear witness to the appetite among consumers for such commercial offers, as well as their ability to find products at the best price.

For a few years, specialists have been able to identify those consumers who display a particular type of behavior: Smart shoppers. These consumers have developed a highly opportunistic approach to sales promotion. Once inside the store, they do not hesitate to ask staff about special offers and try to identify the available promotions. They are also more likely to bargain over price. Outside retail outlets, smart shoppers are attentive to the media and advertising; they read consumer magazines and visit consumer websites. For these consumers, searching for the most appealing promotions is akin to a treasure hunt; it makes them feel proud of being craftier than other shoppers who pay the full price. These smart shoppers take advantage of loyalty programs by, for example, lending their loyalty cards to friends in order to accumulate the promised benefits as quickly as possible.

Thus, as well as the economic benefit such behavior provides, there is also a degree of motivation based on self-expression and hedonism (Schindler, 1998). Some consumers—cash refund hunters—have taken the principle of smart shopping to an extreme: They will actually exploit sales promotions by only purchasing products that are partially or fully reimbursed (box 23.1). Others—competition specialists (sometimes from the same category of shoppers)—systematically enter all competitions organized by various brands.

BOX 23.1 Refund offer specialists

Although few in number, cash refund hunters in France represent a significant proportion of consumers seeking full or partial reimbursement on their purchases. They therefore have a considerable impact on the profitability of promotional activities and are forcing brands to introduce stricter conditions for the refund. The development of more complex conditions discourages the occasional purchaser and has led to a feeling of defiance among certain consumers towards promotions.

A study of 15 cash refund offer specialists, contacted via a dedicated website, shows that they use promotions as a resource enabling them to realize various projects, particularly in economic terms: "With the money we get back, as well as what we save through coupons, we've always been able to afford a few treats, such as a meal out or small gifts for the family, etc. I've always budgeted that separately from the family budget. It's really about small pleasures" (Michèle). Nevertheless, hunting for refunds occupies a significant amount of time (around 10–15 hours a week) and the time devoted to this activity is justified by many forms of valorization. Using the four "metaphors for consuming" (Holt, 1995)—consumption as experience, consumption as integration, consumption as play and consumption as classification—we explore the ways these bargain hunters make use of sales promotions.

- *Consumption as experience*: How cash refund consumers make sense of their activity and respond to sales promotions: "It's a real game for me to go looking for the different offers … I get a certain amount of excitement out of browsing through the shops" (Martin).

- *Consumption as integration*: How cash refund consumers integrate their activity into their identity: "It's kind of satisfying to outsmart the big shots … it's silly but I think it's cool to make these big companies lose money" (Sandrine).
- *Consumption as play*: How cash refund consumers interact with other like-minded consumers (information exchange, comparison with other refund specialists, etc.): "There's a small group of us in the town where I live. We give each other tips, it's pretty friendly … we meet up in shops and exchange information by email" (Martin).
- *Consumption as classification*: How cash refund consumers differentiate themselves from other people: "People complain a lot but they don't watch what they buy. Advertising is okay but it's up to them what they put in their trolley, nobody's forcing them. We live in a country full of people with their hand out. Am I too harsh? I don't think I'm resisting a consumer society; I'm just respecting my own desires, I'm not a sheep who does the same as everyone else" (Athos).

Source: Odou, Djelassi, and Belvaux (2008)

Yet the smart shopper is looking for consumption optimization. The cultural goals linked to consumerist materialism are still predominant, but he tries to find innovative ways to satisfy his consumption appetite. In times of economic crisis, the desire for hyperconsumption is less obvious. Consumers become more price conscious (Hampson & McGoldrick, 2017). They assess the ways in which they consume. They use blogs, social media and C2C to find the best deal. A phenomenon of rationalization affects purchases, leading consumers to exploit their knowledge differently. The problem is less about consuming more with the same budget, than about providing for an anticipated decrease in purchasing power. Such consumers are considered "wise" rather than "smart" shoppers (see table 23.2). Rationalizing

Table 23.2 Smart and wise shopping: Two different ways of dealing with sales promotion

Smart shopping	*Wise shopping*
Objective	
To quench the urge to consume by spending the least possible ➔ active search for the best deal.	To control spending in order to respect the budget defined beforehand (even if it means reducing consumption).
Attitude toward retailer offer	
Opportunistic attitude: Taking advantage of the system and even sometimes exploiting it for one's own interest.	Distrust and questioning of many aspects of the offer (selection, communication, etc.).
Sales promotion use	
Active use of promotional offers, even if they do not relate to products which the consumer needs.	Use of promotional offers only if items are included in the shopping list. Distrust and caution in the use of promotions.
Consumer role	
Active ➔ considerable time and energy are devoted to bargain hunting, procurement optimization, and thinking about the best way to take advantage of promotional offers.	Active and critical thinking on the mode of purchase and consumption, control of purchases. Key behaviors: Buy cheaper but also less, try to avoid temptation.

their consumption practices means that wise shoppers see promotions differently: They will first ask whether a product is indispensable before finding out whether a good deal is on offer. The utilitarian consumer makes a return but has retained the experience accumulated over years of purchasing. Like smart shoppers, wise shoppers are fond of promotions and other advantages offered by their loyalty cards. They keep themselves informed about ongoing promotions and include them in their shopping list. They maintain an overall positive attitude toward promotions even though their expertise leads them to systematically check the appeal of each one. By contrast, many consumers develop a negative attitude towards stimulating techniques involving sales promotion or loyalty program benefits.

23.2.2 Consumer resistance to programs aiming at stimulating sales: From skeptical to cynical consumers

Reactions to sales promotions can be viewed from two angles: Interest in the promotion and a feeling of manipulation. Companies must be careful: By increasing interest in a promotion (by indicating the value of the offer, for example) they can also heighten the sense of manipulation and thereby damage their brand image in the long term (Darke & Dahl, 2003). The type of promotion used will influence perceptions of manipulation. For example, offers that include deferred payment and proof of purchase are perceived as more manipulative and, similarly, promotional offers that offer very little value or are complex (e.g., promotions involving various mechanisms) increase consumer mistrust and skepticism. The same applies to loyalty programs, in which the complexity of reward schemes, as well as delays before any reward is received, adversely affect the ways in which customers benefit.

In response, consumers develop new reflexes, such as always checking the true appeal of a promotion in relation to their regular purchases. Typically, consumers ask themselves the following questions: Is the promotion on this brand really advantageous compared to the brand I usually buy? Are they trying to make me buy something I don't really need? Is the quantity appropriate for my consumption habits? (This last question is very common among single people, one-parent families and the elderly.) Such consumers are wary of false promotions and can be defined as skeptical or even cynical (if they doubt whether there is any such thing as corporate altruistic motivation). Consumer skepticism may be interpreted as a way to keep a distance, a kind of emancipation, from marketing stimulation techniques and sometimes even from the consumer society. In both cases, the consumer tries to regain control of his consumption in order to achieve his own goals. The realization of these objectives is not necessarily accompanied by a negative attitude toward stimulation tools but is simply a reasoned distrust allowing the consumer to distinguish a good bargain from a bad one, as is the case for smart and wise shoppers.

Regaining control of one's consumption can also satisfy other needs, such as remaining master of one's acts. Maalej and Roux (2012) have shown, for example, that consumer reactance is one of the reasons for non-participation in loyalty programs. Other consumers avoid them by shopping in stores that do not offer loyalty cards, in particular hard discounters such as Lidl or Aldi, or by providing false contact details when filling out their subscription forms. Apart from reactance, stimulation techniques may be rejected for ideological reasons, whether or not such techniques relate to a loyalty program, because they encourage the individual to consume more and keep him in a consumerist logic that creates social and environmental problems (cf. Chapters 27 and 28). Moreover, promotional techniques and loyalty programs are often seen as intrusive, especially in a context of omni-channel retailing 24/7, and their growth fuels consumers' resistance to such practices.

23.3 How can companies' objectives be reconciled with consumer personal identity projects? Some examples of successful campaigns

Many consumers today are looking for new experiences and new social links that are meaningful. They also have feelings of mistrust towards institutions. It is therefore particularly difficult to win the loyalty of these customers without taking away their freedom to choose, try new things, and pursue their personal identity projects or without heightening their resistance to marketing. How then can managers secure the loyalty of their customers?

As value is co-created with consumers, considering them as skilled partners (Vargo & Lusch, 2016) is the first step. Second, managers have to develop consumer-centric strategies by providing consumers with resources (promotions, loyalty program benefits, prizes, services, information, many touchpoints both physical and digital, games, innovations, skilled personnel, values, myths, symbols, and so on) that they can combine with their own resources (economic, ludic, utopian, temporal, social, etc.) to "accomplish the pursuit of their personal identity and communal projects" (Arnould, 2005, p. 89). We will offer some ideas that can help to realize this co-creation process.

23.3.1 Providing consumers with economic and time resources for the pursuit of smart, wise or responsible consumption: Consumption as integration

The proliferation of promotions has led customers to reflect on what is a fair price for products. It can also be perceived as an incitement to consumption during periods when consumers would rather make savings or try to move towards a more frugal lifestyle. Both retailers and brands must therefore endeavor to restore trust among consumers. It is better, in such times of economic hardship, to offer everyday low prices (EDLP) (e.g., Aldi or Costco) in order to make consumers feel that the company is on their side from day to day and that talk about defending their purchasing power is not simply vacuous (see the Costco case study in Box 23.2).

Besides, promotional mechanisms should be simplified (cash benefits and immediate payment). Customers become confused by the combination of loyalty card advantages, discounts valid on their next purchase, and immediate reductions, and view this negatively. Several brands have also increased the administrative obstacles to full or partial refund, which is seen as unfair and time-consuming by consumers.

Moreover, loyalty programs are meant to simplify life, and provide customers with solutions and help them save money and time. Hence brands have to develop loyalty programs that are user friendly and easy to navigate across all channels (stores, laptop, tablet, and the most important: Mobile device). Indeed, consumers are quick to abandon slow-loading apps or confusing interfaces that do not save them time or add value to their lives. They are looking for resources (smart apps for example) to help them take the best advantage of their loyalty programs (digitalized loyalty cards, reminders of the advantages they are due).

23.3.2 Surprising customers through creativity: Mobilizing consumers' ludic resources for consumption as experience

Most promotions display little creativity, recycling the old approach of price reductions which, while effective, usually end up damaging brand image in the long term. The most effective promotions are generally those that show some innovation. Promotions not only stimulate sales, but also favor creative consumer activities and then develop hedonic and

BOX 23. 2 Costco case study

Costco, the second-largest retailer in the world after Walmart, do not use a lot of price promotions, unlike its main competitors. From its origins (1983), Costco has practiced an Every Day Low Price (EDLP) strategy on its regular assortment, enriched by exclusive products (reference, size, famous brands, private label) and special offers every week. By doing this, Costco provides its customers with economic, temporal, and ludic resources. Indeed, as customers know that they can find low prices every day, they do not waste time comparing market prices. They also enjoy the "treasure hunt" as the arrival of products is not communicated nor available for sale on the internet, hence customers have to patronize the stores to find their "treasure" and buy them immediately as the offer is limited in quantity. Moreover, as the prices are low every day, consumers trust Costco more than other retailers or brands which practice "high/low" price strategy due to extensive use of price promotions. Besides, as consumers have to be members to purchase in Costco stores/warehouses, the renewal of their membership is the best proof of their loyalty (91 percent in the US and Canada, 88 percent on average in other countries). This marketing strategy preserves Costco brand equity and nurtures consumers' trust and commitment. Some members are so loyal that they act as ambassadors of the brand, promoting it on social networks.

affective bonds between the retailer/brand and consumers. Several innovative approaches may be used: Creativity in the medium deployed (interactive screens, social media, mobile marketing using personalized and contextualized messages thanks to geolocation, messages using augmented reality), creativity in the reward on offer (inviting customers to the filming of their favorite television series, meeting the top managers of the company, inviting the best customers to participate in crowdsourcing actions), or creativity in the promotional mechanism (games, treasure hunts). Indeed, adding digital gaming techniques is more and more common, either in loyalty programs, or in sweepstakes and instant-win promotions. Very recently, a US brand of seafood products—Chicken of the Sea—organized an instant-win, interactive game played through Facebook where the customers could earn rewards when they "Pull it Off"—or pulled the lid off a can. The game was designed to show off the brand's new easy-open lids. Players got the chance to win more than $25,000 in mobile gift cards. The non-winners received a healthy tuna or salmon recipe, to drive further engagement and brand awareness. In a few weeks, over 200,000 people played this online game with more than 95,000 unique players.

Creativity and digitalization are not the only key factors of success in today's promotions or loyalty programs; some classical strategies still work very well and nurture trust and attachment (see the Costco case study in Box 23.2).

23.3.3 Offering consumers social and utopian resources for consumption as play and classification

Firms can offer consumers social and utopian resources that help them to accomplish their identity project and supra-ordinate goals: Family, happiness, community, frugality, charity, and so on. Various examples detailed below show how sales promotion and loyalty programs

can provide symbolic and affective benefits to consumers that bond them first to their community and consequently to the companies.

Research carried out on Anglo-Pakistanis has shown them to be particularly sensitive to rewards that allow their children to develop intellectually (Jamal, Peattie, & Peattie, 2012). These consumers will therefore support promotions that help to educate their children.

In more and more countries, there is real appetite for charity promotions, with five identifiable issues: Health, environment, society, hunger, and children. For example, the Smile with Lay's campaign is a major initiative that pivots on the release of a massive number of specially designed bags in February 2018 that, when purchased, spark a donation up to $1 million to Operation Smile, the medical service organization that helps children suffering from a cleft palate condition. Along the same lines, some retailers develop links with charitable or environmental organizations, such as the WWF or the Red Cross, and pay the monetary equivalent of any loyalty points accumulated by their customers. Loyalty programs then become a resource that gives meaning to people's consumption.

In addition, a strong attachment can transform mere behavioral loyalty into a genuine affective bond. A customer's visit to a sales outlet can be made sacrosanct by means of rituals (Belk, Wallendorf, & Sherry, 1989). For example, a divorced father can visit McDonald's every other Saturday with his children to celebrate their reunion and treat the kids, even though he may not actually enjoy the experience himself. An individual's loyalty to a brand/organization/event can therefore be synonymous with his/her loyalty to family or friends; this constitutes a strong "exit barrier," as commercial loyalty is associated with a higher, non-commercial form of loyalty (Collin-Lachaud & Kjeldgaard, 2013). The positioning of a brand/company can therefore be based on affective connotations rather than tangible attributes, making for a competitive advantage that is much more difficult to imitate. This generates and propagates a sort of utopian and affective proximity or identification between a company and consumers, thereby reinforcing trust in the company and the intention to frequent it—maybe again and again. Loyalty to brands or commercial activities is just a small part of people's overall loyalty and allegiances. Commercial loyalty only makes sense for customers if it is linked to the allegiance they have to the people, objects, and activities that actually mean something for them and are a part of their values or life projects (Arnould, Price, & Malshe, 2006).

If a company adopts a more sophisticated conception of customer-centered loyalty that considers the wider sociocultural context of the individual lives of its customers, and their values and life projects, then it leads to a more involved relationship, and thereby strengthens the commitment and attachment of the customer to the brand/company. In this perspective, traditional loyalty programs might be dropped to invest in more interpersonal enriched relationships with customers (see box 23.3).

BOX 23.3 The end of traditional loyalty programs? The crucial role of human to human interactions to make customers loyal and happy in the era of digitalization

For more than 30 years, most retailers relied on tangible monetary rewards to make their customers loyal, without much success. An approach now favored is to develop customer loyalty on the non-trade value of a lasting interpersonal relationship, by providing resources to their customers to develop social links among them and to help them to realize their life projects. Some adventurous brands such as the French sport

dealer Decathlon (85,000 employees in the world, 1,230 stores and websites in more than 40 countries, and a turnover of US$15 billion) decided to stop their traditional loyalty program to invest the same budget in developing close relationships between their customers and their employees with the aim of improving their wellbeing. Decathlon created a national network of sport associations and public actors to enable their employees (all passionate about sports) to initiate—for free—their customers to any sport (237 activities possible) and/or "coach" them to improve in their favorite sport. Decathlon lend them all the technical materials, clothes, and shoes necessary to practice the activity the customer chooses. If the customer does not want to carry on the activity, he can give back what he was lent and Decathlon will sell it as second-hand. For the customers who want to carry on the sport they discovered, the employees can share with them during their working hours, either in store on online, advice or events they organize. By doing so, Decathlon creates value both for its customers and employees but also for the global community, as sport plays a major role in the quality of social life and public health. It is transformative marketing.

From a more operational point of view, this new strategy has very positive effects on company-customer relations and loyalty both in terms of attitudes and behavior. Since they depend on employees' skills and motivations, these actions, based on intangible and personalized soft benefits, are less easily imitated by competitors, and could be significant sources of competitive advantage that will help distinguish brands. However, it makes employees' motivation and loyalty crucial to make customers loyal: Even in the digitalization era, humans are still at the center.

23.3.4 How can companies activate cultural resources? By customer empowerment and co-design strategy

Companies provide consumers with different resources that consumers will freely use and combine with their own resources. Consumers become actors, and companies' results improve as they offer personalized promotion and loyalty programs that are valuable because they match consumers' personal goals and projects. Various examples illustrate this co-creation, in which consumers are constrained to a greater or lesser extent.

The development of digital marketing, especially with the smartphone, has made personalized and highly contextualized promotions possible, particularly thanks to geo-tracking. More targeted promotions that take account of customers' individual characteristics are valuable tools in the development of customer relations. Unlike push strategies, the new trend is to offer consumers the freedom to choose to receive coupons on their mobile phone or other devices, to print the coupons they want, and to indicate what sort of promotions they are interested in. A far cry from standardized price-based promotions, which usually prove damaging to a brand, personalized promotional strategies lie halfway between sales stimulation and the development of brand attachment. They are also associated in most cases with loyalty programs. For example, the Starbucks Rewards program particularly speaks to the mindset of the Millennial who wants to be free to choose and participate in programs that work best for their lifestyles and enable them to live a great experience. Forgoing traditional transactional loyalty metrics, Starbucks engages shoppers with music

downloads, games, a "stars" system, and the occasional free coffee. As a tech-savvy and highly connected generation, Millennials are attracted by loyalty programs that engage them in a brand experience through various channels: In store or online, through a mobile app, or social media. Social media facilitates peer-to-peer recommendations, which many Millennial shoppers turn to before making purchases. Besides, it favors the feeling of belonging to a community.

There are more and more brands and retailers that empower customers by enabling them to acquire new competences (in-store training sessions, online tutorials, the advice of sales personnel) so that they can become more autonomous or skilled in several areas (cooking, DIY, decoration, sports, growing their own vegetables, or making their own cosmetics). Consumers are then empowered and proud to be able to make a lot of new things by themselves. Brands/retailers that help consumers can be considered by the latter as trusted partners of their emancipation, hence avoiding being bypassed by Consumer to Consumer exchanges (sharing/collaborative economy) (for the application of the same logic to market segmentation, cf. chapter 18 by Visconti, Üçok Hughes, & Corengia).

Besides, brands/retailers consider more and more their consumers as partners for whom operand but above all operant resources (tastes, skills, and ideas) integrated with their own can create value for both sides (Vargo & Lusch, 2016). For example, a European sport retailer, Decathlon, co-creates very technical and specific products with passionate and very loyal customers so that both parties value the results of their co-creation and consumers' commitment to the brand is reinforced.

23.4 Conclusion

To conclude, promotional techniques have serious limitations. The most usual criticism, mentioned in the first part, is linked to the ephemeral nature of their efficiency. The integration of these techniques into loyalty programs was an initial answer to this problem. However, both the opportunism of some consumers towards promotional techniques and loyalty programs, and the resistance of other consumers, which is linked to personality drivers (the desire for independence and control), whether ideological (anti-consumerist movements) or cultural (cf. Part I), lead to a questioning of traditional stimulating techniques. It is thus necessary to rethink these techniques by reflecting on one of the key principles of the cultural approach: The consumer is not the passive and obedient receptacle of marketing techniques. On the contrary, he neutralizes them, diverts them and sometimes even sets himself in opposition to them (Peñaloza & Price, 1993).

This chapter shows how sales promotion has moved from a traditional behaviorist approach to a broader and richer cultural perspective in order to suit new consumer behaviors and requirements (see table 23.3 for a summary).

Thus, if companies want to improve the effects of their sales promotions and loyalty programs in both the short term and the long term, they need to consider consumers as smart partners and co-producers. If they are personalized and co-conceptualized, and if consumers have the power to choose their rewards, sales promotions and loyalty programs should minimize consumers' opportunism and skepticism.

Adopting such sales promotion techniques and loyalty programs, which combine tangible (monetary) and intangible soft benefits (hedonic, symbolic) with a high level of personalization, heightens the creation of experiential value by activating the various value sources (intrinsic or extrinsic, active or reactive etc.).

Table 23.3 Sales promotion: Traditional behaviorist versus cultural approach

Sales promotion principles	
Traditional behaviorist approach	*Cultural perspective*
Promotion = brand/retailer resource	Promotion = consumer resource
Consumer = passive target	Consumer = co-producer, partner
Based on behavioral learning theory/ stimulus = response	Based on a broader consumer analysis, experiential, more affective and sociocultural, etc.
Short term	Medium and long term
Quantitative measures of sales promotion performance	Qualitative approach to sales promotion performance measures
Imposed promotion, chosen by company, push strategy	Promotions chosen by consumer, consumer freedom, pull strategy (e.g., thanks to the app of a mall or a city center, the customer is informed of the available promotions and can choose the ones he wants)
Firm has power	Power shifted to consumers
Promotion diffusion control belongs to brands/retailers (offer)	Promotion diffusion is influenced by consumers, social media, by word-of-mouth. Consumer is central to the success of sales promotion (website such as https://wellkeptwallet.com)

Review and discussion questions

1. What are the major limitations of the traditional view of sales promotion?
2. Why do sales promotions provoke such negative reactions nowadays?
3. What are the major changes from the traditional to the cultural perspective on sales promotion?
4. Why may we consider sales promotions to be consumers' resources?
5. How can co-creation improve the results of sales promotions and loyalty programs?
6. What sort of consumer resources can sales promotion and loyalty programs mobilize?
7. What are the main differences between online and traditional sales promotions?
8. In a digital marketing context, how is it possible to reconcile loyalty and promotions?

Keywords

Sales promotion, consumer resistance, empowerment, co-design, cultural resources, loyalty, digital, on/offline.

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Online resources

http://costco.com

https://decathlon.com

https://retail.emarketer.com/: This website can provide good examples of sales promotions and loyalty strategies mobilized by retailers in the US. A daily or weekly newsletter can be sent.

http://utalkmarketing.com: Many case studies are available on this UK website.

http://promomagazine.com/: Many useful insights on promotion marketing are provided on this American website.

http://cles-promo.com/: This French news site offers case studies, thematic files, and numerous information on French sales promotion.

24 Second-hand markets

Alternative forms of acquiring, disposing of, and recirculating consumer goods

Dominique Roux and Denis Guiot

Overview

This chapter examines how classical approaches to retailing management should account for second-hand and peer-to-peer platform markets as they proliferate at the expense of conventional retailers. While conventional retailing has focused on how intermediaries may efficiently sell new goods to end consumers, many other market actors, including consumers themselves, have, over the past two to three decades, developed various systems of exchange and recirculation of pre-owned goods that bypass traditional shops and their brand new merchandise. This growing phenomenon not only develops at the margins of the conventional retail sector, but also poses a real challenge to its present and future situation. Indeed, the development of both second-hand channels and peer-to-peer platforms in the sharing economy has contributed to divesting conventional retailers of substantial revenues. To better deal with this emerging trend, we argue that there is a need to adopt a cultural perspective that departs from traditional views on retailing. Contrary to traditional marketing management that mostly focuses on how producers seek to reach consumers and what this implies in terms of decision-making, the organization, and assemblage of various market intermediaries, we provide here a new perspective on how consumers become retailers of their own goods. Our cultural reading emphasizes the crucial role that a changing macroeconomic context plays in affecting the social and ecological outcomes of consumption, and hence individuals' shopping preferences and relationships with objects.

The chapter is organized as follows. We first examine the changing cultural meaning associated with second-hand markets and peer-to-peer exchanges. We then propose a conceptual map that highlights the role of new market actors who render such exchanges more fluid. In line with interpretive contributions that portray consumers as active producers (prosumer; cf. chapters 10 and 11), we next identify various rationales reflecting the desire of a growing number of consumers to find alternative kinds of products, channels, and modes of exchange, which in turn, lead them to bypass and evade traditional shops. To illustrate this trend, we develop a case study on Le Bon Coin, a leading French second-hand selling platform equivalent to Craigslist in the United States. This leads us to outline different second-hand users' profiles that exhibit different orientations as well as levels of involvement with second-hand markets. While some get involved in casual reacquisition only for a limited set of products and some preferred second-hand channels, others act as "protailers," or quasi-professional retailers who patronize a wide range of channels regularly, depending on what they need. Finally, we conclude by underlining major challenges that threaten traditional retailers, while offering new dynamics for the reconfiguration of markets, relationships to possessions, and sustainability. This chapter provides insightful contributions, both for

MBAs studying emerging trends in retailing and consumer behavior and for managers operating in conventional retailing, second-hand systems, and the sharing economy.

24.1 Shifting cultural representations of second-hand buying behaviors

Trading used goods is quite an old practice in many Western countries (Weinstein, 2014). In some countries like France, it dates back to the 12th century as exemplified by the Lille Braderie, a huge annual street market that still brings together around 10,000 sellers and several million attendees. With the rise of industrialization, trading used goods developed in Europe in the 18th century (Van Damme & Vermoesen, 2009). For instance, a resale market for clothing emerged during that period because clothing was the most precious and hence most commonly stolen merchandise at the time (Roche, 1996). Later, second-hand markets expanded with the parallel growth of distribution channels for new domestically manufactured goods, until the variety of cheap products offered by mass production rendered second-hand products less attractive (Weinstein, 2014). As a result, patronizing second-hand channels such as flea markets, car-boot and garage sales, jumble and rummage sales, consignment stores, and thrift and charity shops has long been associated with economic constraints, deprivation, and poverty (Hamilton, 2009).

While decline and stigmatization were affecting second-hand markets in Europe at the end of the 19th century, they were developing in the colonies as new destination markets. In Africa, trading used clothes began when major colonial countries like France, the United Kingdom, Belgium, and the Netherlands began to recycle their own surpluses (Hansen, 2000). At the same time, second-hand markets were undergoing a renaissance in affluent countries due to major economic crises. Buying second-hand was deemed helpful for acquiring many valuable goods such as housing or cars, which were beyond the financial means of a significant part of the population. Also, for more common goods, buying second-hand was viewed as a preferred solution among the lower classes (Williams & Windebank, 2000). However, while people suffering from exclusion have been the traditional population that patronizes second-hand channels, things have changed gradually over the last few decades. Since the 1980s, and due to several economic crises, consuming used goods has been reinterpreted as a smart way of shopping and finding good bargains (Bardhi & Arnould, 2005). This change does not necessarily imply de-consuming but involves finding hidden "treasures" at the best prices and/or retrieving objects that other people do not want anymore. This can be achieved by purchasing pre-owned goods but also by retrieving objects deposited on the sidewalks on bulky items collection days for free (Guillard & Roux, 2014). In addition, the environmental damage expected in the future has fostered the idea that resources must be preserved as much as possible. Hence, both factors—economic and environmental—have combined to alter representations about second-hand shopping, including in emerging countries where ecological concerns are gaining in popularity (Xu, Chen, Burman, & Zhao, 2014). This trend has resulted in creating a different type of margin whereby exclusion from the consumption society is not experienced as a burden but as a deliberate life choice (Cherrier, 2009). Among such orientations, the voluntary simplicity movement, which developed in the United States, and more generally in a number of Western countries, has contributed to popularize a radical shift from mass consumption to voluntary reduction and changes in spending. This downshifting has affected many personal and household decisions such as working and buying less, ridding oneself of a number of goods considered superfluous, repairing or reusing products that still work, encouraging self-production, and buying second-hand. Such behaviors, known as the 3 R's (Reduce, Reuse, Recycle), are deemed to create a virtuous

circle in terms of ecological footprint, although they lead to an exit from conventional retail channels and hence a decrease in corporate earnings. Compared to the marginalization of the poorer classes, these new trends have produced a different form of eccentricity, namely an opposition to—rather than an exclusion from—the consumption society as a reference point.

Likewise, in many emerging countries, the second-hand clothing trade reconciles various motives such as being affordable, fulfilling practical clothing needs, and creating a resource for identity construction (Hansen, 2000). Yet buying second-hand continues to be perceived in various ways and can be culturally acceptable, depending on the country's level of development and its cultural values (Norris, 2005). In China, for example, buying second-hand is negatively conceived in part because the price difference between new and second-hand products is not significant enough for Chinese consumers to perceive economic value (Xu et al., 2014). Hence, countries have a different appreciation of second-hand goods on a continuum that goes from a "modern, functional, rational, and conventional outlook" at one end to a "distinctly postmodern and constructionist perspective" on the other (Isla, 2013, p. 16). But because these channels have continued to provide needy persons with an appropriate means for acquiring basic equipment at low prices, they have subsisted over time and in various areas, in spite of their seemingly "archaic" character (Belk, Sherry, & Wallendorf, 1988; Sherry, 1990b).

In order to expand, peer-to-peer second-hand exchanges have depended on various structures able to connect buyers and sellers to each other. In France, as well as elsewhere in Europe and the United States, flea markets, garage sales and car-boot sales have become more widespread and popular (Belk et al., 1988; Gregson & Crewe, 2003; Sherry, 1990a; Stone, Horne, & Hibbert, 1996; Weinstein, 2014). Other more formal retailers, such as consignment store chains, have also appeared in various countries. In France, for example, Troc de L'Ile was created in 1982, two years before the worldwide franchise Cash Converters was launched in Australia. But still, before the development of the internet, the circulation of used goods was envisioned as a localized, marginally small-scale byproduct of the primary market and these infrastructures were confined to physical outlets and classified ads that organized exchanges on a limited geographical scale. Gradually, with the rise of the Internet, they have been replaced by a platform economy, which has made it possible to spread supply and demand for used goods all over the world. Global sites such as eBay and Craigslist have been growing significantly, but they still coexist with more grassroots and popular websites such as Le Bon Coin in France (Garcia-Bardidia, 2014), Blocket in Sweden (Haraldsson & Peric, 2017), and Kijiji in Canada (Ertz, Durif, & Arcand, 2016, 2018), to name a few. These "redistribution markets," as Botsman and Rogers (2010) term them, are now part of the sharing economy whereby "a consumer could be both an obtainer and a provider of a given resource" (Ertz, Durif, & Arcand, 2016, p. 5). Hence, various buying, selling, renting, lending, bartering, or swapping platforms have made it possible to open up a previously informal and somewhat confined market. Hence, these apparently marginal modes of exchange at the heart of the consumption society emphasize two different readings. On the one hand, they make visible what they are excluded from, in this case, impossible access to the realm of futility, superfluity, and sacralized brand new commodities (Belk, Wallendorf, & Sherry, 1989). On the other hand, they are envisioned as an "anti-structure" that challenges the formal sector by celebrating disorder and accommodating "economic and festive impulses" (Sherry, 1990b, p. 28).

In the next part, we will sketch out how second-hand markets and exchanges may be mapped according to two core dimensions: The degree to which intermediaries participate in organizing peer-to-peer exchanges and the low/high value of traded goods.

24.2 Mapping second-hand markets

Second-hand markets are characterized first and foremost by a high number of trading circuits, this being linked to the fact that pre-owned objects can be everywhere and anywhere. Unlike a new product, it is not easy to identify who possesses a given good that an owner wants to dispose of. Products must be geographically "located" and hence, their potential owners may be widely dispersed geographically. Second, transactions are characterized by an unequal exchange of information between sellers and buyers. When no reputation system exists, the latter may indeed have difficulty in evaluating the actual product performance because the seller may choose to provide only the information he wants to disclose. This entails the perception of a risk for the buyer. Second-hand exchanges thus rely on relational and consensual discussions between strangers who have never met each other. But these exchanges are more and more often mediated by third parties that take charge of various transaction costs such as where to locate the product, how to assess its condition, or which guarantees are offered in case of breakdown. We can therefore structure second-hand markets according to the degree of intermediation between sellers and buyers, but also according to the value of goods which influences the nature of this intermediation (figure 24.1).

Two main types of circuits and two forms of intermediaries coexist as follows:

1. A "direct circuit" means that second-hand exchanges and the recirculation of used goods include no participant other than a seller/giver and a buyer/receiver/retriever.

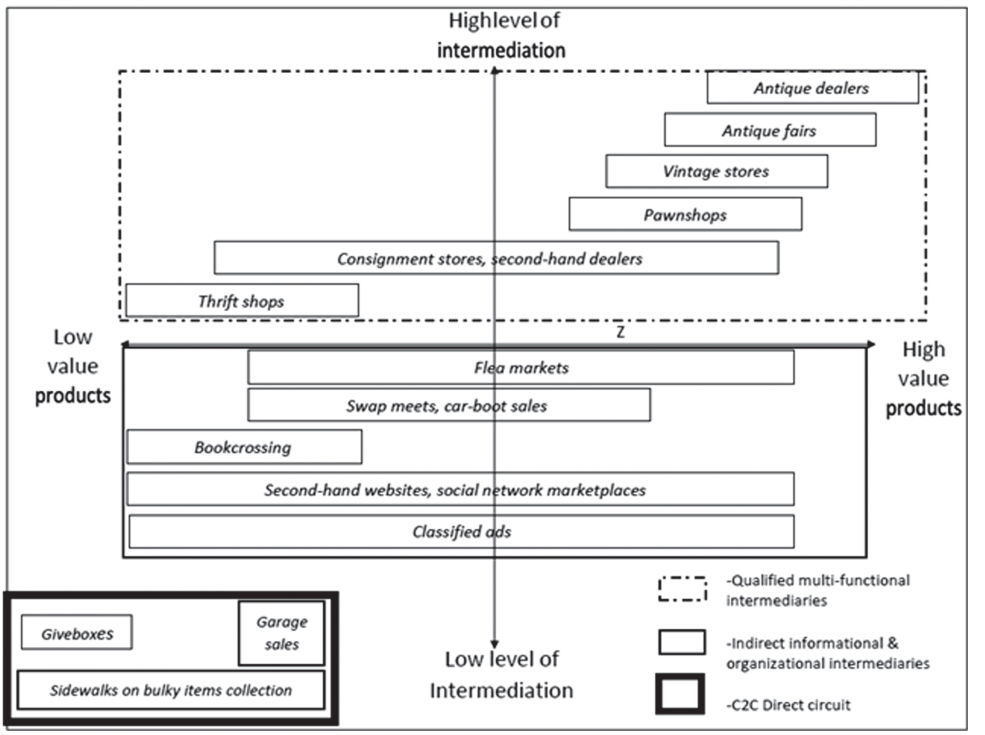

Figure 24.1 Mapping second-hand venues

In garage sales, sellers advertise themselves where and when they want to get rid of their possessions. As shown by Herrmann (1997), such exchanges are not necessarily driven by a pure market logic, since many objects are given away for free or sold at throwaway prices. But in general, transactions in other venues such as flea markets and car-boot sales may present various levels of asymmetry (Sherry, 1990b; Stone et al., 1996). When prices are significant and the product condition is difficult to assess at first sight, all risks are assumed by the buyer who may thus ask the seller to offer a discount in compensation. In such transactions, the price is particularly volatile, subjective, and dependent on the assessment of the two parties. But on the other hand, some buyers may be more skillful than sellers who want to get rid of an object at any price. In sum, their moral contingent contract remains soft, unverifiable, and not governed by law. Apart from garage sales and car-boot sales that are quite well-known second-hand channels, other circuits have developed recently to recirculate used goods for free. For example, Le Grand Don (The Big Gift) takes place along a Parisian bridge where people come with small objects that they want to give. There, they hail and prompt passers-by to take stuff for free. In another context, people also deposit objects on the sidewalk on bulky items collection day that they do not want to throw away, but instead "offer" to "gleaners" in need (Guillard & Roux, 2014). Likewise, some people place "give boxes" near their front doors or in apartment entrance halls in which small objects are left for those who want to retrieve them. In all these cases, municipalities or social landlords are not directly involved in and may not even be aware of this informal and somehow invisible peer-to-peer economy that occurs in public or collective places, although they indirectly provide people with a space for such a recirculation.

2. An "indirect circuit" includes at least one intermediary whose function varies. In second-hand markets, intermediaries have specialized in two broad categories according to the type of resources they provide:
   - Relational and organizational intermediaries provide buyers and sellers with a real or virtual space where they can meet and sometimes concretely organize encounters in real life. More precisely, classified ads, second-hand websites, flea markets, swap meets, or car-boot sales offer a medium that either enables sellers to advertise their products permanently or provide them at various times with a place to meet buyers physically. Although such intermediaries do not involve themselves in seller/buyer transactions, they may provide them with legal advice about what they can/cannot sell. For activities occurring in the public space such as flea markets or car-boot sales, relational/organizational intermediaries are generally in charge of: Asking permission from municipalities; keeping a record of sellers; monitoring safety requirements; and ensuring the cleanliness of the streets once the event has ended. However, they do not provide buyers and sellers with any expertise or guarantees for the transactions themselves. In the Bookcrossing case (Corciolani & Dalli, 2014; Dalli & Corciolani, 2008), online and offline activities combine—by registering, getting a code that identifies the book and the reader, and affixing a label—to make books circulate in the public space.
   - Qualified multifunctional intermediaries such as consignment stores, second-hand goods dealers, pawnshops, vintage stores, antique fairs and antique dealers, and thrift shops (Parsons, 2002, 2004) generally offer more than simply connecting people together. They appoint experts and qualified salesmen who are able to assess the condition of the product, advise sellers on the level of pricing, and offer buyers certification and a warranty in case of defects or poor workmanship. Within

this broad range of intermediaries, small second-hand dealers specialized in one type of product may coexist with big second-hand stores, some of them having developed in a very structured way through large distribution chains. The largest French second-hand channel Troc.com numbers some 106 points of sale in Europe, while the Australian franchised retail network Cash Converters is present in 21 countries with more than 650 stores worldwide. In addition, second-hand dealers and thrift shops have made considerable effort to create store atmospheres that parallel conventional shops, professionalize their staff (Parsons, 2002, 2004), and erase markers of poverty by creating vintage labels for pre-owned merchandise (Brace-Govan & Binay, 2010; Horne & Maddrell, 2002).

Overall, various types of actors, including consumers themselves, operate in second-hand markets. This variety testifies to different motivations/orientations toward second-hand buying that each actor tries to address specifically. In the next section, we will outline these motivations, showing first that they go beyond commonplace representations of economic deprivation, and second, that they are far from being mutually exclusive. Rather, we highlight how their close intertwining sketches complex trajectories between preferred channels and the type of products purchased.

24.3 Motivations to buy, sell, and exchange used goods: Consuming elsewhere and differently

The motivations for second-hand consumption have been addressed in various studies (Belk et al., 1988; Cervellon, Carey, & Harms, 2012; Chu & Liao, 2007, 2010; Ertz et al., 2016, 2017; Gregson & Crewe, 1997, 2003; Guiot and Roux, 2010; Liao & Chu, 2013; Pierce & Paulos, 2011; Sherry, 1990a, 1990b; Soiffer & Herrmann, 1987; Stone et al., 1996). They point out that, beyond economic motivations, various other rationales lead people to privilege second-hand buying/selling, such as practical, hedonic/recreational, and ethical/critical motives.

24.3.1 Economic motivations: Earning/saving money

The emergence of new intermediaries combines two related desires: A wish to sell, for those who are encumbered by too many possessions, which they want to exchange in order to earn more money, and the wish to buy, for those consumers or dealers who can find good quality and often nearly-new merchandise at reasonable prices. Early explorations of second-hand markets (Razzouk & Gourley, 1982; Razzouk & Voight, 1985; Sherman, McCrohan, & Smith, 1985) attribute the development of second-hand channels to declining middle-class purchasing power in the 1980s. Their findings show that the vast majority of regular second-hand shoppers belongs to low-income households, while the upper classes remain casual consumers (Yavas & Riecken, 1981). In the context of second-hand outlets and charity shops (Horne & Maddrell, 2002), second-hand consumption has undoubtedly been a parallel form of acquisition and redistributive mechanism for the underprivileged classes (Williams & Windebank, 2000). Yet more recent studies, comparing socioeconomic profiles with people's motivations to buy second-hand, do not confirm that second-hand shopping is popular only within classes for which such retail channels are usually intended. For example, Gregson and Crewe (1997) showed twenty years ago that 62 percent of people patronizing car-boot sales had a job and only 4 percent were unemployed. Likewise, more than ten years later, Guiot

and Roux (2010) confirm that more than half of the heavy shoppers who patronize various second-hand channels and acquire a wide range of used goods actually belong to the highest income brackets. Conversely, two-thirds of casual buyers belong to lower income brackets.

Second-hand channels may be patronized by better-off people in particular because they can find good deals, and hence are able to afford more things within the same budget. This confirms that second-hand shopping is not necessarily a marker of poverty. As for gleaning, a recent qualitative study also demonstrates that some individuals regularly collect objects deposited on sidewalks on bulky item collection days without any particular economic need (Guillard & Roux, 2014). While a segment of "gleaners" still belongs to the lower classes that are excluded from consumption, others retrieve objects because they may be reused directly or may need only a small repair, or, by going through "alteration rituals," they can be transformed into unique and personalized objects (Gregson & Crewe, 2003). From a different angle, thrift shopping that is primarily motivated by bargain hunting may fuel, rather than oppose, hedonic motivations deriving from the hedonic shopping experience itself, that is, the thrill of the hunt for unexpected and valuable products (Bardhi & Arnould, 2005). Therefore, other dimensions must be examined to account for why second-hand channels have become increasingly attractive. Let us look, then, at the practical, as well as recreational and critical motives that orient people toward second-hand markets.

24.3.2 Practical motivations: Decluttering and recirculating objects conveniently

Beyond economic motivations that drive both buyers and resellers, second-hand markets are fueled by practical reasons associated with resellers' need to declutter. The pervasive incitement to buy, impelled by the consumption society and the concomitant shortening of the life cycle of most product categories, have led people to accumulate objects that either stagnate in the home or need to be disposed of (Jacoby, Berning, & Dietvorst, 1977). Among the disposal options available, individuals may throw away, give, or resell unwanted goods at various second-hand venues (Chu & Liao, 2010). All three options present convenient and tailored solutions, including public curbside collection, charity businesses or reselling and sharing platforms.

The practical dimension of recirculating used goods has thus been pointed out from different angles. In online reselling contexts, getting rid of unwanted products easily appears to be a major motivation to patronize C2C classified ads platforms such as eBay, Craigslist, or local websites such as Le Bon Coin in France (Benmoyal-Bouzaglo & Boissinot, 2014). Even more convenient is to deposit objects on the sidewalk on bulky items collection days. Yet interestingly, those who dispose of unwanted objects through curbside collection do not expect them to be destroyed. Rather, they deposit objects for "gleaners" for whom they are intended (Guillard & Roux, 2014). As a result, the sidewalk temporarily becomes a liminal space where invisible recirculation of objects takes place, these being in transition between disposal and reappropriation (Roux, Guillard, & Blanchet, 2017). This demonstrates a renewed interest in used goods—and even what is commonly considered as waste—thus opening further considerations about value in objects, distribution channels, and commercial exchanges.

24.3.3 Hedonic/recreational motivations: Bringing extra soul into consumption

A third motivation to reacquire used goods relates to the experience of searching, buying, and reselling different things in different places. Regarding flea markets (Sherry, 1990a, 1990b), swap meets (Belk et al., 1988), garage sales (Soiffer & Herrmann, 1987), or car-boot sales

(Gregson & Crewe, 2003; Stone et al., 1996), extant research emphasizes the stimulating dimensions of such venues. Apart from being commercial spaces, they are perceived as places of "experience" that one visits like exhibitions or popular museums (Belk et al., 1988; Sherry, 1990b). In addition, geographical distance can bring an exotic touch whereby, as for tourist travel, people discover new environments, people, and practices. In these places, people may wander and browse for unexpected objects often encountered by chance. For different reasons, collectors patronize such sites, and although they have no predictability per se, they hunt more systematically for treasures and rare pieces they hope to exhume (Ertz et al., 2017). Another reason that attracts second-hand buyers and other reacquirers to such channels is that they may find products that are no longer available through traditional channels and hence appear singular, sometimes unique, and often historicized. For example, vintage fashion purchases can be explained by the buyer's need to be involved in fashion, proneness for nostalgia, and a need for uniqueness through the mediation of treasure hunting, whereas second-hand buying is often driven by frugality and eco-consciousness through the mediation of bargain hunting (Cervellon et al., 2012). Hence, objects of the same category may be differently appraised depending on their characteristics such as age, rarity, brand name, and firsthand price that distinguish mundane objects from vintage and luxury items (Turunen & Leipämaa-Leskinen, 2015).

Admittedly, singularity and antiquity are more likely to be found at antique dealers or in specialized and vintage shops in particular, but people also testify to the value and authentic character of what they find, often by chance, at flea markets and yard sales (Gregson & Crewe, 2003). Shopping in second-hand venues thus helps amateurs to escape the serial nature and lack of temporal depth and personalization of firsthand mass-produced goods (figure 24.2). Feelings of nostalgia may also prompt people's desire to reappropriate pre-owned objects that connect them back to their own youth. Moreover, they can share the story or biography of the object with the seller who is often its former owner. Sharing anecdotes about the object's past life not only creates bonds between the buyer and the object, but also between the buyer and the seller, the latter being able to find a "shared self" to securely pass down his/her possessions (Lastovicka & Fernandez, 2005). Hence, second-hand sites are places where more than objects are exchanged (figure 24.3). Buyers interact with sellers, sometimes in playful bargaining rituals (Gregson & Crewe, 1997), and such places offer a sharp contrast to the dehumanized world of self-service hypermarkets (Belk et al., 1988). Likewise, while internet sites may fail to recreate the particular sensory enchantment of physical second-hand places, they provide browsers and hunters with an endless cornucopia of commodities that stir their desires and imagination (Denegri-Knott & Molesworth, 2010; Ertz et al. 2017). Hence, the ethos of second-hand markets is complex and multifaceted. It comprises physical as well as digital virtual worlds whereby functional and economic needs may fuel targeted searches just as much as the physical/virtual settings may present users with unpredictable experiences, imaginary work, and the redefinition of their own desires and identities (Denegri-Knott and Molesworth 2010).

As regards exchanges, hybridity is also evident as these combine the core principles of market logic, such as haggling and bargaining, with "the spirit of the gift" (Godbout & Caillé, 1998), which is evidenced by the fact that sellers often charge prices as low as possible or even give stuff away for free (Herrmann, 1997). One of the basics both for buying and selling, however, remains the price of first-hand goods. This element indeed constitutes a reference point against which used goods are appraised, depending on their condition, age, and use. Some second-hand buyers do acquire real expertise in evaluating objects, to the point that they can purchase goods from less skilled sellers and resell them immediately at

Figure 24.2 Standardization: Buying in a supermarket
Source: Photo credits: Dominique Roux

Figure 24.3 Alternative: Shopping in a flea market
Source: Photo credits: Dominique Roux

a higher price. Even if such activity is casual, they act as "protailers," or quasi-professional retailers (Ertz et al., 2016). Conversely, in other contexts such as garage sales, participants are more inclined to eliminate the calculative ethos of the marketplace in order to preserve a communal spirit through gift-like exchanges and generalized reciprocity (Herrmann, 1997). By favoring bargain prices over actual prices, they thus engage in a moral economy in order to fight against the logic of the commercial sphere.

24.3.4 Ethical/critical motivations: Reassessing value and challenging market principles

A fourth set of motivations toward second-hand shopping pertains to the critique of the conventional marketplace and some problematic outcomes for mass consumption. First, reacquirers (Guiot & Roux, 2010) as well as second-hand resellers (Ertz et al., 2016) tend to challenge the way value is assessed in firsthand markets, that is, mostly through the price people pay for objects and status. Hence, these "protesters" (Ertz et al., 2016) refuse to pay extra money for symbolic cues such as brand names and expensive luxury goods when they simply need a functional product. Their critique is that of "sign value" whereby capitalism transforms objects into sacred commodities at the expense of their use value (Belk et al., 1989; Baudrillard, 1983). Hence, they tend to find value precisely in what other people disparage or neglect. For others, reselling used goods is precisely the way by which they take advantage of market principles by speculating on the exchange value of rare and unique objects. But both cases testify to the desire to either circumvent or play with rules that prevail in the conventional marketplace.

Second, second-hand shoppers may also express a conscious, deliberate rejection of everything associated with mass consumption for aesthetic and "fashion motivations" (Ferraro, Sands, & Brace-Govan, 2016; Yan, Bae, & Xu, 2015). In the garment sector in particular, buyers have been shown to look for originality in order to create their own style and even show non-conformity through second-hand clothes (Roux & Korchia, 2006). But this need for uniqueness and authenticity is not limited to fashion apparel and may also apply to other types of goods such as collectibles, crockery, decorative items, and even objects purchased as gifts for others (Guiot & Roux, 2010; Guillard & Roux, 2016). Indeed, people justify offering second-hand items because these may be more suited to the recipient's personality than a mass product and hence they represent "perfect" gifts (Carrier, 1990) that require work, effort, and time to be found (Pierce & Paulos, 2011).

Third, a common representation of second-hand markets holds that buying used goods is risky, as information asymmetry between the buyer and seller could lead the latter to offer "lemons," namely, defective products that present a high risk of breakdown (Akerlof, 1970). Yet this economic framework overlooks two core elements that animate second-hand markets. The first is that sellers do not necessarily get rid of faulty products. They may resell duplicate goods that they have received as gifts and hence are generally brand new. They may also be forced to sell some of their possessions because they do not use them any longer, or because they need money or more space in the house. Such needs do not mean that the products are broken or damaged. For some categories, second-hand buyers even argue that recent and more sophisticated products are of lower quality than older ones that have proven their durability (Pierce & Paulos, 2011). The second reason why Akerlof's (1970) argument proves to be empirically irrelevant is that second-hand buyers may be qualified enough to assess the value of the product. As suggested above, some "protailers" have real expertise in specific categories of products they are interested in. Expertise means that they

have acquired technical skills in a specific domain. Techniques are not necessarily related to high-end technological competencies. Rather, they may start with the ability for a young mother, for example, to check how baby clothes have been taken care of and to consider that there is no risk regarding hygiene.

Finally, critiques also focus on the consequences of mass consumption, such as waste and the environmental impacts of a throwaway society (Lucas, 2002; McDonagh, Dobscha, & Prothero, 2011). Second-hand shoppers are "ethical consumers" who express social and ecological concerns by trying to minimize the depletion of natural resources (Szmigin, Carrigan, & McEachern, 2009). To that end, they show a strong preference for reusing existing products and avoiding the purchase of first-hand goods (Dobscha & Ozanne, 2001; Guiot & Roux, 2010; Leonard-Barton, 1981; Roux & Korchia, 2006) (cf. chapter 28). For people highly committed to voluntary simplicity, purchasing or reusing second-hand goods does not just mean that they make better use of objects or refrain from buying only new things. It also highlights how, by recirculating objects among their relatives or strangers through peer-to-peer sharing platforms, they find relief from the burden of possession, marking a move towards empowerment and sacredness (Cherrier, 2009). From this perspective, research shows that a generative orientation, i.e., extending the lifecycle of the product and making it available for others, drives the most involved segments of online resellers, namely, those characterized by a medium and high propensity to resell goods on C2C classified ad websites (Ertz et al., 2016). Although these segments earn more money than casual or sporadic resellers, economic motivation is not their prime reason to do so. Rather, they exhibit nuanced profiles that combine social, pragmatic, and generative motivations.

24.4 Second-hand profiles and practices

While four main broad orientations toward second-hand goods/channels have been identified and detailed above, past research highlights that individuals show various levels of involvement in the second-hand reacquisition/recirculation of used goods and that the most involved segments score higher on all types of motivations (Ertz et al. 2016; Ferraro et al., 2016; Guiot & Roux 2010).

Generally, past studies concur that there are three broad segments of second-hand users (Yavas & Riecken, 1981). The first comprises people who do not hold much interest in second-hand markets. These are variously termed "sporadic" resellers (Ertz et al., 2016) on the seller's side and "specialist shoppers" (Guiot & Roux, 2010), "casual reacquirers" (Pierce & Paulos, 2011), or "disengaged second-hand shoppers" (Ferraro et al. 2016) on the buyer's side. Overall, these segments show very low and/or partial concern for second-hand buying/reselling and tend to patronize second-hand channels mostly for economic reasons and particular products—buying/selling second-hand cars, mobile phones, and electronic products such as videogames (Guiot & Roux, 2010). Most of all, they show a dominant preference for conventional stores and first-hand items. Interestingly, casual shoppers are often characterized by moderate income levels.

By contrast, "regular shoppers" (Guiot and Roux, 2010) on the buyer's side and "pragmatic resellers" (Ertz et al., 2016) on the reseller's side demonstrate a higher involvement in second-hand markets. The former score high on recreational motivation and mainly search for original items. Likewise, "fashionable hedonists" and "infrequent fashionistas" are motivated by the surprising nature of what they find at second-hand clothing stores (Ferraro et al., 2016). Shoppers are also motivated by the nostalgic pleasure and treasure-hunting

aspects of garage sales and flea markets in particular (Gregson & Crewe, 1997). Some of them (namely "browsers") may be driven by the serendipitous discovery of something unexpected while others ("hunters") may spend time and effort to find a particular item they are actively looking for (Ertz et al., 2017). On the other side, "pragmatic resellers" (Ertz et al., 2016) show a medium intensity in using second-hand C2C exchange platforms, mostly for the practical and generative dimensions of online resale.

Finally, a segment of heavy shoppers/sellers is made up of "motivated enthusiasts" and "treasure hunting influencers" (Ferraro et al., 2016) on the buyer's side and "online aficionados" on the seller's side (Ertz et al., 2016). All segments are highly involved in second-hand buying/reselling and their particularity is to score high on all types of motivations (Ertz et al., 2016; Ferraro et al., 2016; Guiot & Roux, 2010). In other words, the more buyers/sellers engage in second-hand activities, the more they pursue a set of intertwined economic, recreational, and critical motives that lead them toward alternative retail channels/products.

In sum, past research highlights the complex mix of motives for both buyers and sellers, all the more so when people are heavy adopters of such practices (Guiot & Roux 2010). Moreover, second-hand buying/reselling, though often studied separately, proves to have strong intersections that characterize redistribution markets (Botsman & Rogers, 2011; Ertz et al., 2017). Indeed, the rise of the sharing economy has popularized the idea that objects need to recirculate temporarily or in an ongoing way through free exchanges or commercial transactions. Hence, people are likely to patronize more than one type of second-hand channel as heavy shoppers/resellers show (Guiot & Roux, 2010). In addition, buying/reselling practices may coexist with other emerging consumption practices related to "goods multiple lives practices" (GMLPs) (Ertz et al., 2018). Reacquirers for example testify to their involvement not only by buying objects in second-hand markets, but also in retrieving "interesting" objects left out on the sidewalk on bulky item collection days (Guillard & Roux, 2014). They indicate that they may discover old armchairs, original lamps, or other relics that have been abandoned in the public space. The flexibility and multiplicity of second-hand venues and places where used objects circulate thus enable individuals to acquire, exchange, and dispose of products more fluidly. They may move from the first-hand to the second-hand market, from retrieving and purchasing, to reselling, donating, or sharing things depending on what they need, how they want to exchange, and what they want to pay. A recent survey conducted in France about emerging consumption trends thus shows that a segment of "recyclers" representing 18 percent of the sample is very much focused on buying and selling second-hand goods, but also on borrowing, gleaning, and DIY activities such as cooking, repairing, gardening, and the like (ObSoCo, 2015). The socio-demographic profile of "recyclers" is very close to that of the whole population, with a slight over-representation of women (54 percent versus 51 percent in the total population), employed workers, and couples with children. "Recyclers" in fact are composed of two subgroups whose underlying logic is significantly different. On the one hand, some of the "recyclers" are economically fragile, and find, thanks to second-hand purchases and gleaning, a means to consume more. On the other hand, another portion of "recyclers" is more strongly endowed with financial capital and engages in various second-hand practices with a more ecologically directed goal, consisting in giving objects a second life. In sum, the permeability between various second-hand channels helps individuals deconstruct and reconstruct their own way of "undoing" and "remaking" the market through the dynamics and fluidity of such exchanges.

BOX 24.1 Le Bon Coin

In this box, we describe the Le Bon Coin (LBC) case study which reveals two specific features: The volume of the transactions in Europe and the relative absence of tools of trust on the platform, which has not affected its success, that we explain below.

Le Bon Coin, an intermediary / facilitator within the collaborative consumption market.

In 2016, the company celebrated its tenth birthday. With 25.4 million unique visitors a month and 28 million ads, this peer-to-peer platform represents an alternative to the traditional retail market by giving a second life to products no longer being used, or products subject to programmed obsolescence. The observed preferred use of LBC in France is due to the availability of a critical mass of users that cannot be found in other channels (Benoit-Moreau, Parguel & Lunardo, 2017).

Undeniably, the rapid growth of this operator has benefited from a rise in collaborative consumption needs. These have been met by the evolution of web technologies and the increasing use of peer-to-peer platforms, which act as redistribution market operators.

The survey implemented by TNS for the European Commission in 2016 revealed that 17 percent of European consumers (22 percent in France) declared having used collaborative consumption. On the supply side, according to the Consulting company PwC (2016), 275 platforms in 9 countries (France, Belgium, Netherlands, Germany, UK, Poland, Spain, Italy, and Sweden) made a turnover of €28.1 billion. With 730,000 visitors a day, LBC is the biggest peer-to-peer platform in France and plays a facilitator role: It puts the user and the supplier in contact, who are then free to determine the conditions for the distribution and consumption of a service or resource (Borel, Roux, & Demailly, 2016). The platform does not intervene in the exchange and does not take compensation on the exchanges being made. Consumers interact directly with each other (Ertz et al., 2017).

Beyond motivation, a unique experience where users themselves shape their exchanges in a limited trust context.

The role of facilitator makes it possible to satisfy the motivations we have identified for buying, selling and exchanging used goods (practical, hedonic/experiential, and critical motivations).

Concerning the practical dimension, in addition to the ease of use, access to free ads and services, and a geographical proximity between sellers and buyers, the latter also testifies to the following strong points of the LBC business model: Buying and reselling a diversity of products, quick approval of the ads, the absence of an intermediary, no transmission of banking information, the possibility of staying anonymous, and posting pictures of the products.

While some authors (Piscicelli et al., 2015; Bezançon et al., 2019) underscore the hedonic/recreational motivation that is linked to the platform's characteristics and the nature of the offerings, a recent study (Garcia-Bardidia, 2014) reveals that LBC is not used as a social link lever, even though such a link is a "possible, unpredictable and unexpected consequence (without consumers realizing it) of exchanges." Nevertheless, the link is always possible but is not a priority for the users of LBC.

It is also worth noting that apparent ethical/critical motivations can in fact hide other motivations.

Some studies (Benoit-Moreau et al., 2017; Borel et al., 2016) show that platforms such as LBC can be analyzed as a tool to lessen and even remove any feelings of guilt concerning impulsive and overconsumption-purchasing behaviors, especially among users interested in environmental values. This apparent contradiction can be explained by the self-licensing theory which states that an individual may allow himself to act in way contrary to his past behavior or beliefs because of a context of being freed from guilt (a good action allows for it to be followed by a more questionable action) (Miller & Efron, 2010). Hence, the LBC platform serves as a tool for a clear conscience in relation to environmental concerns and the right to please oneself through a means of consumption that is perceived as not being superfluous (Benoit-Moreau et al., 2017).

The case study illustrates the imbricated nature of the motivations we identified earlier. Hence, studying the way consumers experience their interactions with the platform is crucial because it reveals other mechanisms operating within second-hand markets.

Unlike platforms such as eBay, which offers secure transaction management on its platform, the Le Bon Coin website is limited to providing a simple contact interface, ads that are moderated, and a few tips that try to standardize offers (for example, pictures, phone number, direct payment between individuals. Thus, the reduced number of tools available to users allows for a simple and free consumption experience but at the price of increased uncertainty, raising the issue of weak tools of trust on this site. This aspect of Le Bon Coin can be a problem amplified by the phenomenon of negative contagion also present on peer-to-peer platforms. Users may fear a transmission of a material essence (germs, odors, viruses, residue) or immaterial essence (morality, qualities, abilities) from the owner to the buyer via the used good. Hence, contagion increases the perceived risk and lowers the perceived quality of the objects. Some experienced suppliers may anticipate these difficulties in trading and try to adopt strategies to make the old product look like new, using the packaging, for example. However, this strategy may be counterproductive, especially among experts in the product category (Bezançon, Guiot, & Le Nagard-Assayag, 2017).

Hence, it is interesting to look at how the transaction is carried out in such a context and to understand why the trading volume is so high. First of all, we highlight that users do not want the platform's appearance to change to become more professional, which would raise suspicion among users (Borel, Roux, & Demailly, 2016). At the transaction level, some authors (Borel, Guillard, & Roux, 2017) find that trust can be managed through a more or less formalized and social-matching process characterized by five recurring steps: The preparation of the exchange through the platform ("staging the offer"), anticipation in order to select the right partner ("electing his/her fellow exchanger"), the organization and preparation of the meeting (preferably in a public place), the experience of the exchange, and the "reformulation" that seeks to re-evaluate the practice (once the exchanges are made, many users express satisfaction in meeting their partners, rewarding a form of conviviality by merchant exchanges between non-professionals).

In a context of limited but managed trust by the users, the nature of the exchanges reflects the desire of individuals to reappropriate the techniques of professional retailers. Also, their satisfaction with this type of transaction (often mercantile) between individuals encourages them to renew the exchanges.

Other forms of exchange should also be highlighted: The choice of a unique, original gift (or to get rid of an unwanted gift), or the possibility of donating, which for beneficiaries is sometimes reflected in counter-donations in the form of services (Guillard, Guiot, & Roux 2013, 2014).

In sum, the growth of this company has been spectacular over the past five years because the platform configuration has allowed consumers themselves to shape the exchanges they wish to have and enabled them to act as "protailers."

24.5 Lessons for the retail sector

From a cultural viewpoint, second-hand markets emphasize fragmentation, loss of bearings, and discontinuity rather than the homogeneity, predictability, and linearity that characterize modern approaches to retailing. In second-hand markets, disorder prevails over order, the unexpected over the planned purchase, the sudden find over the conventional search, bargaining over fixed prices, social interactions over individualism, and the merging functions of producers, retailers, consumers, and intermediates instead of the clear-cut definition of roles (Sherry, 1990a). The inversion of the characteristics of the formal first-hand sector offers areas of freedom that "liberatory postmodernism" has long depicted and consecrated (Fırat & Venkastesh, 1995). We next outline how key operational features of second-hand markets/exchanges may disrupt and destabilize the conventional dynamics of markets. This topic is, of course, of importance for conventional retailers but also for new intermediaries who participate in such disruption by meeting emerging consumer needs.

24.5.1 Absence of real barriers to entry

The barriers that limit entry into traditional markets are less applicable in second-hand markets. First, technological barriers do not exist because research, development, and marketing costs have already been supported by the producer and retailer that first introduced the new item to the first-hand market. For C2C buying/reselling platforms and online relational intermediaries, financial barriers are limited to web development only. Moreover, platforms make a profit by organizing the circulation of people's assets without the need to invest and risk their own capital. For physical outlets, the situation may be a bit different when, as for the Cash Converter franchise retail network, second-hand shops purchase used items which they then resell. Yet even though they buy objects at a quarter of their worth and resell them at half price, they still make a 25 percent margin. For consignment stores, financial barriers are even lower since they do not buy things. They only store goods until they find a reacquirer. For physical outlets, financial barriers thus involve the cost of a space as they often need room for bulky objects such as furniture or domestic appliances. Finally, a lack of extensive regulation eliminates most institutional barriers. Even in France, where some restrictions exist on private selling, people remain free to sell their personal belongings several times a year in their place of residence, and without any restriction in terms of where they do so. However, contractual barriers might arise when second-hand markets grow. Hence, many recent second-hand retailers have developed

franchise networks (e.g., Cash Converter, Easy Cash, Cash Express), which concentrate the activities of traditionally isolated second-hand dealers. Physical interactions may also retain a local dimension, though the growth of the Internet has largely overcome such limits and created a global marketplace where people can quickly search for, locate, evaluate, and negotiate for items they would have no chance of finding within easy reach of their homes.

24.5.2 Reversal of trade principles and of actors' roles

The marketplace concept is usually viewed from the sellers' standpoint—whether producers or retailers. A linear producer-retailer-consumer schema grants all initiatives to producers. But the second-hand market voids such an approach, because it prioritizes a consumer-consumer schema, in which consumers bring their own goods to market. The usual linear form of the market is therefore replaced by an informal, circular relationship (Sherry, 1990a). Although a lack of official statistics makes it difficult to measure this phenomenon in terms of volume or value, several convergent estimations indicate that consumers prefer second-hand markets in ever-increasing numbers. Estimates suggest that individual consumers account for nearly two thirds of the total sellers in second-hand markets in France (Roux & Guiot, 2001).

In addition, another basic characteristic of second-hand markets is the shift in actors' roles. Both consumers and retailers can be sellers as well as buyers of second-hand products. In these new market dealings, the presence of intermediaries is justified only if they add value to the transaction. By bringing sellers and buyers into contact, new intermediaries, be they second-hand stores, flea market organizers, or C2C classified ads websites, facilitate the temporary as well as ongoing recirculation of used goods.

24.5.3 Lateral recycling and the extension of the life of products

Second-hand markets support the potentially repeated circulation of the same object among several actors, based on a notion of "lateral recycling" (Sherry, 1990a). The object may be used and reselled as many times as individuals attach value to it. The second-hand market thus organizes an unending circulation of products commonly considered as rubbish or waste, but whose post-death life span actually happens to be long. This circular mechanism or "goods multiple lives practices" (GMLPs) (Ertz et al., 2018) threaten traditional producers *and* retailers. Indeed, with the growing rise of the sharing economy, objects transcend boundaries of property and may circulate between various forms of hybrid systems such as gift-giving (Sherry, 1983), intracommunity giving (Weinberger & Wallendorf, 2012), donating to charities (Bajde, 2012), passing objects along through donation websites (Guillard & Del Bucchia, 2012), or public spaces (Corciolani & Dalli, 2014; Dalli & Corciolani, 2008; Guillard & Roux, 2014), swapping events (Albinsson & Perera, 2012), second-hand marketplaces (Ertz et al., 2016, 2017, 2018), and market-mediated (Bardhi & Eckhardt, 2012), and non-market-mediated (Ozanne & Ballantine, 2010) access to consumption goods. Conventional market actors may thus regard these various forms of exchange as parasitic, that is, they do not destroy the traditional market to which they belong, but live at their expense and deprive them of substantial revenues (Roux, 2007).

Review and discussion questions

1. In the minds of some consumers, how does the use of second-hand markets compare, favorably or unfavorably, with the use of traditional ones? What are the main aspects?
2. Among the alternative retail channels you are familiar with, which ones respond to certain motivations more than others? Which features respond best to which orientations?
3. How can the second-hand venues mapped in figure 24.1 be used as part of a cultural marketing approach?
4. In what respect can second-hand exchanges between consumers be said to enhance their power? In your opinion, does this constitute a long-term threat to traditional channels?
5. Discuss the strengths and weaknesses of lifestyle segmentation criteria when applied to second-hand markets.
6. What are the positioning themes that traditional retailers could adopt based on the second-hand motivations?
7. How should merchandizing be implemented in outlets that sell both new and second-hand items?
8. Could second-hand shopping segments define subcultures? What are other cultural issues pertaining to second-hand markets? Compare and discuss these notions and issues.

Keywords

Second-hand markets, alternative retail settings, second-hand shopping motivations, contagion, online and offline second-hand venues, consumers' interpretive strategies.

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25 The ecology of the marketplace experience

From consumers' imaginary to design implications

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Overview

In this chapter we explore the role of place from a cultural perspective. More precisely, we show how consumers make sense of the spaces and places around them, and how "consumptionscapes" such as flagship stores, shopping centers, restaurants and bars, and also ordinary stores, perform many sociocultural functions that go unacknowledged in traditional marketing management texts. According to this constructivist view, we propose that design of commercial spaces should be grounded on a thorough understanding of these psychological, bodily, and cultural processes, and of consumers' needs for self-affirmation through a self-place bond fulfillment. The suggested principles of store design are thus based on the use of devices and architectural elements which provide a stage for consumers' experiences (cf. chapter 9) and, at the same time, promote freedom of movement and meaning construction. We illustrate our discussions with multiple examples of commercial locations and two brief case studies, namely Prada Epicenter and Mama Shelter as interesting points of reference for both theory development and managerial practice.

25.1 Introduction

In traditional marketing management approaches, the "P" of place is typically regarded as just another element of the marketing mix, referring to a variety of distribution elements, such as channels, coverage, assortments, locations, inventory, and transport. Most commonly, it takes a functional, decision-making approach to assessing the physical logistics of delivering a product or service to the customer. There is some acknowledgement of the importance of servicescapes as environments where sellers and customers interact; and also store atmospherics and their potential sensory appeal to consumers. From a traditional perspective, however, the focus is on the physical, tangible evidence of place and its effects in terms of emotional and behavioral outcomes.

The everyday experience of consumers undoubtedly shows that consumptionscapes can provide deeper symbolic and cultural meanings for their dwellers, thus playing a powerful role in shaping our cultural identity as consumers. Retail outlets, shopping malls, and flagship brand stores are places that provide consumers with material and symbolic environments

Table 25.1 Traditional approaches for the study of store design and its impact on consumer behavior

Approach	*Main tenets and foundations*	*Main contributions*
Ecological approach	Physical environment is like a habitat to which consumers try to adapt in order to search various types of benefits	Bloch et al., 1994
Perspectives based on the SOR paradigm	Stimuli from physical environment influence behavior and emotions Meharabian and Russel (1974) Lazarus (1991)	For an extended review see Turley and Milliman (2000), Lyn (2004), Chebat and Michon (2003)
Socio-systemic approach	The combination of both social and physical dimensions of environments impact on consumer's behavior	Baker, Grewal, and Levy, 1992; Baker, Grewal, and Parasuraman, 1994
Experiential shopping approach	Store design influences hedonic dimensions of consumer behavior	Donovan and Rossiter, 1982; Babin, Darden, and Griffin, 1994; Babin and Darden, 1995; Arnold and Reynolds, 2003

affecting identities and desires. The contemporary thematized and spectacularized commercial venues are able to not only incorporate brand meanings, but also to combine entertainment with therapeutics and spiritual growth, or to enact utopian experiences. Moreover, it is not only spectacular environments that influence us in these ways. We often become very attached to everyday commercial locations such as bars, coffee shops, and even grocery stores.

If we consider the wide range of traditional perspectives which have dealt with the role played by store design (table 25.1) we can see that they have focused mainly on the physical, sensory, and emotional components of consumers' experiences, thus ignoring the cultural and symbolic dimensions.

In this chapter we therefore focus on the cultural dimensions of store design and illustrate how different types of commercial venues can provide cultural resources for consumers.

25.2 Evoking the imagination: Spectacular consumptionscapes

The notion that consumers often visit retail locations for social and emotional reasons, rather than just to make a purchase, is not, in itself, a new concept. Although the more cultural and symbolic dimensions of marketplace experiences are often overlooked by traditional perspectives in marketing and consumer behavior, these dimensions have been evident in retailing practices for many centuries. Indeed, historically the market square was usually a crossroads that served as a focus of community and the point of intersection of different cultures, with merchants from different neighborhoods, regions, or even countries, bringing their various wares to sell.

Spectacular consumption environments—for example, flagship brand stores (Nike Town, American Girl Place) sporting complexes (ESPN Zone), shopping malls (West Edmonton Mall), theme parks (Disneyland), and other themed locations (restaurants/hotels/pubs/shops)—are increasingly a significant part of our cityscapes and reflect a growing tendency

to blur the boundaries between leisure, entertainment, and shopping. Environments such as these awe consumers with their elaborate visual displays designed to evoke desires and imaginings. They invite consumers to enter an illusionary realm where they can fantasize about themselves in multifaceted ways.

Nowadays, the most ubiquitous spectacular consumptionscape is the contemporary shopping mall which is a hybrid of both the arcades and the department stores. The mall shares many of its predecessors' design features, bringing together a large assortment of goods under one roof, and with often spectacular features that attract and enchant consumers. A key principle of shopping mall design is that a distinctive sense of place should be created in order to draw people to visit and identify with the location. Hedonic consumption is encouraged in the mall environment where retailers appeal to multiple senses of sight, sound, scent, and taste through sophisticated merchandizing techniques. The increasing interpenetration of leisure facilities alongside these techniques mean that malls now often become attractions in their own right. For example, more recent major mall developments, such as the West Edmonton Mall, Canada, and The Mall of America, have maximized this new cultural form in their introduction of major leisure complex elements.

An important part of the fantasy-weaving process in such environments is the concept of retail as a play or drama, in which customers become involved. There are many theatrical and hyper-real qualities of the mall and they have been referred to as "theatres of consumption" (Hopkins, 1990). Production at the mall can be likened to a "retail drama" where a fantasy world is managed and orchestrated to persuade customers to buy (Kowinski, 1985). The use of theming is common in mall design to enhance the performative aspects and give the mall (and/or particular areas of it) a more distinct identity. For example, the West Edmonton Mall recreates a Parisian Boulevard and Chinatown among its many other simulations. One of Europe's biggest shopping centers, the MetroCentre in Gateshead, England, has themed shopping in the Roman Forum, the Mediterranean Village and the Garden Court to name but a few of its themes. As theming is becoming an increasingly important part of contemporary retailing, we go on to explore its use in more detail in the following section.

25.2.1 The use of themed retail environments

The contemporary use of theming began with well-known consumer attractions such as Disneyland and Las Vegas. As Western society moves more towards an experience economy, the use of theming is becoming increasingly prevalent across many different types of retail environment as marketers appeal to consumers' imaginations and try to better engage them in the overall experience of the product or service they are offering. The use of theming can be found not only in shopping centers and malls, but also in restaurants, hotels, pubs (the "Irish Pub" can now be found around the world) and many other leisure venues. Another recent phenomenon is the themed flagship brand store that encourages consumers to engage in an experience with their brands (Kozinets et al., 2002). The term "flagship" denotes the leader of the fleet and flagship stores are to be found in exclusive shopping areas of city centers (for example, the Abercrombie & Fitch brand has flagship stores on Fifth Avenue, New York, and Saville Row, London). Flagship stores such as Niketown, Chicago, and Prada, New York (see box 25.1 for details about its retail strategy), Tokyo, and Los Angeles present brandscapes that encode the symbolic meanings of the brand throughout, enabling consumers to experience the brand's values in a very embodied manner. Niketown has museum-style cases displaying Nike shoes that have been worn by the rich and famous. The architecture of the Prada store in Tokyo connotes luxury and refinement and there are

BOX 25.1 Prada Epicenter, New York

The Prada Epicenter in New York, located at the corner of Prince Street and Broadway, was opened on 15 December 2001.

Along with the Epicenters in Tokyo and Los Angeles, this store represents a totally new way to interpret the sales outlet, viewing it as a multifunctional place that celebrates the brand image and its creations, the client and the visitor, contemporary artistic productions, and the city in which the Epicenter is located. The space grew out of a collaboration between the architect Rem Koolhaas and the Office of Metropolitan Architecture (OMA).

From the architectural point of view, the Epicenter occupies two parallel, non-aligned spaces located in two adjacent buildings. The two spaces—one located on the ground floor of one building and the second in the cellar of the other—are connected by a small section of the cellar, which represents a focal point of the store in that it influences its architectural character. In fact, the design of the entire structure revolves around the wave shape of the connecting section (see figure 25.1).

From the street, a wide, wave-shaped stairway leads to the lower level, at the same time shaping the subdivision of the space inside the Epicenter and identifying the entrance areas, the steps that display shoes, a stage, and the main display area. The area around the wave is multifunctional, since it can be modulated based on need. During the day, the steps are used to display the shoes, but they can be changed when necessary into an auditorium that can hold 200 people. Moreover, the rising part of the wave can be mechanically controlled and transformed into a platform.

The ground floor is for the display of merchandise in modulated form. Designed based on the philosophy of "mobile volumes," this surface area contains a series of

Figure 25.1 The wave at the Epicenter in New York
Source: Prada

Figure 25.2 The display cages at the Epicenter in New York
Source: Prada

aluminum mesh cages hung from the ceiling, which can be moved and completed in a flexible way as required (figure 25.2). Set on motorized rails, they can be completed by hangers, mannequins, and merchandise, and easily and quickly moved throughout the store, thereby maintaining a uniformity in business communication style. These are true internal show windows which, by means of their unique position and structure, effectively capture the attention of the customer, who is thereby led to follow a path suggested by the products themselves.

The entrance leads to the lower floor through a glass cylindrical elevator which is spacious enough to contain a display area for bags and accessories. The lower floor, tiled in black and white marble like the Prada boutique in the Galleria in Milan, is divided into a display room and a space dedicated to accessories. The display of products is also achieved through a succession of rooms composed of shelves that bring to mind a library design and which in this case is also modularly modified according to the display needs. Thus, while guaranteeing a certain uniformity in the display approach, the decision to use several criteria contributes to enlivening the product displays, thereby maintaining the customer's attention at a high level.

From the technological point of view, the Epicenter conceives of the personnel and customers as using and "playing with" the technology and its functionality. The wireless terminals or the "omnipresent displays" located throughout the store can be used to consult the database available to the personnel and carry out other service operations—to show films, provide product information, etc.—and also to allow the customers themselves to insert data. In fact, customers can create their own web account by providing personal information during their visit which they can conveniently access later at home.

The main fitting rooms, located behind a wall of Privalit opaque glass, represents an important innovation in managing the appropriation of space by the customers, thanks to the displays and terminals. In fact, each article brought into the fitting rooms is scanned and shown on the screen in the room. By simply touching the screen, the customer can have access to the product's technical information and to other information he/she wishes to save in his or her personal web account. In the fitting rooms, it is also possible to project on the video screen the effects of a magic mirror that allows customers to see themselves from behind and in slow motion instant replay when turning around. The lights can be adjusted as desired, even making the doors transparent so that customers can be seen by anyone accompanying them.

The principle behind the personalization and recreation of one's own physical and virtual space adheres to the philosophy of having the Epicenter represent a true revolution, the physical center of the relationship with Prada. The investment in the web and in computer technology helps the company build a virtual bond with customers and makes it possible to also see at home what has been tried on in the store, thereby building an "existential" link with the Epicenter.

The Epicenter in New York was created also with the idea of reinterpreting not only the language of shopping, but also the use of commercial space and the relation between brand and society as a whole. Each year, the Epicenter organizes cultural events such as exhibitions and film presentations that facilitate the interaction between client and environment.[1]

Just to name a few of those events, in 2002, in collaboration with IFP/New York and Paramount Classics, a preview of the film *Just a Kiss* by Fisher Stevens was shown. In May 2003, the Prada Foundation, together with the Tribeca Film Festival, organized a series of films and discussions with movie directors. In November 2003, the famous jeweler Fred Leighton put on exhibit for sale at the New York Epicenter a collection of antique jewels from various eras.

intermittent fashion shows when music, fashion, celebrities, and consumers merge. The spiritual aspects of such stores have also been noted. They can be likened to cathedrals, and their displays to shrines, where consumers can come to worship the brand. When Apple opened its San Franciscan flagship store in 2004, more than a thousand people queued to be among the first to enter. Many even camped overnight. Flagship stores try to make an architectural impact. Apple's new Boston flagship store has a glass façade and minimalist features throughout, with a glass staircase in its center that is acknowledged as a major engineering feat. The three-story building, which remains lit throughout the night, is now an impressive landmark on the Boston cityscape.

This type of theming, referred to as "high tech urban" by Gottdiener (1997), is designed to overawe consumers and testify to the power of the brand. Commonly used by flagship brand stores, it uses a blend of innovative technology to create stunning visual effects that materialize the power of the brand. Another type of common theming identified by Gottdiener is "ye old kitsch," a theming that harks back to the past and creates a nostalgic atmosphere, recreating elements of a bygone age. This has been very successfully used by various forms of retailing including: Pubs and restaurants such as the Singapore Heritage Restaurant that recreates Singapore in the 1930s; individual retail ventures such as the Pastimes Gift Shop; historic city center areas such as The Lanes in Brighton, England, where a warren of small

antique and craft shops is set in a maze of twisting alleyways; and specialty shopping centers such as the festival marketplace that make use of historic settings and buildings.

Themed environments, such as festival marketplaces and flagship brand stores, invite consumers to develop a relationship with them as they (consumers) invest their imaginative energies in the location. Consumers can thus build strong emotional attachments to themed environments—environments that may become interwoven with their identities and sense of self. This can make it difficult for marketers to develop alternative themes that consumers may find inconsistent.

25.2.2 The social role of everyday/mundane consumptionscapes

It is not only fantasy-provoking spectacular environments that consumers develop bonds with. Often everyday consumptionscapes become places that we rely on and give us a sense of security (Borghini, Sherry & Joy, 2006). They may also perform many social functions, allowing us to reinforce existing relationships and develop new ones. The sociologist Oldenburg (1989), analyzed the home as the "first place," a place that is normally regarded as very private by those of us living in the developed world. He identified where we work as the "second place," a place that can be stressful and pressurized. Both home and workplaces bring with them expected sets of behaviors to do with particular relationships and commitments. Oldenburg identified a social role for "third places" such as pubs and coffee shops, shopping malls, and even health spas and gyms, because these are places where we are free from our other commitments.

Third places are places where we can relax and be ourselves. They are usually places we take for granted; easily accessible, where food and drink are inexpensive, and where we can socialize informally. Fast food restaurants and other branded chains that seek a fast turnaround in clientele cannot be considered third places as they do not encourage sitting around and lingering—behaviors that are essential to the development of a third-place ambience. Many of the key happenings in television soap operas and sitcoms take place in third places. Think of the Rovers Return (a pub) in the long-standing English soap opera, Coronation Street, or the coffee shop in Friends, the famous US sitcom, which both provide a hub from where many comings and goings take place.

Consumer rituals often develop around third places. For example, we may go to a particular coffee shop/restaurant/bar before/during/after work, on a regular basis, expecting to meet certain friends and colleagues there and even taking it in turns to pay. Such rituals may take place on a daily basis or less frequently. There may also be a core group that meets regularly, and others affiliated to it who drop in when it is convenient. Places build their unique sense of place through intangible factors such as atmosphere, both physical and social. This balance is very important, and they must be somewhere we feel good and where there are others to share these feelings with us. City center book shops such as Borders Books or Waterstones are trying to encourage this type of use by having coffee shops, where people can comfortably spend time relaxing over a cup of coffee, alone or with friends, reading and chatting about books.

Both our past and contemporary practices undoubtedly show our deep connection with consumptionscapes and the multiple ways they have been shaping our social life. But why and how have they always been so relevant for our social and individual life? What are the dynamics and the drivers that underpin consumers' behavior within commercial settings? In the following section we will investigate these issues and unpack both the emotional, cultural, and physical bonds with places.

25.3 Cultural identity and the role of place

As the history of retail outlets clearly shows and as Bachelard (1969/1994) has suggested, places have always exercised a poetic power on human emotions and on the development of our sense of selves. Our identities are intimately intertwined with our relationship to the physical spaces around us. Environments represent one important component of our material culture, thus reflecting our beliefs and aspirations. As environmental psychologists, human geographers, philosophers, and consumer researchers recognize, our self-place connections are influenced, not only by the physical reality of spaces, but also by the psychological and cultural meanings that environments convey. Indeed, a space only becomes a "place" when it is invested with meanings by those who use it (Casey, 1993). We form bonds with the places we know or discover and as places become interwoven with events in our lives, they also come to hold many symbolic associations for us. The special meanings that places hold for us are thus imbued with many emotional and aesthetic values.

Outside the home, commercial locations can provide a sense of security, giving us anchoring points that militate against the feelings of displacement and insecurity that we experience from the increased mobility inherent in contemporary life. Conversely, they can infuse energy and enjoyment. We feel comfortable in our favorite grocery store where salespeople know us personally and call us by name. Others may feel bound to a shopping mall where they used to experience happy moments with friends and family.

The same space can even stimulate multiple reactions. While describing their feelings and sensations after visiting one of the Epicenters of Prada, two consumers express completely different reactions (Borghini & Zaghi, 2008). Anna, an enthusiast, was delighted by the Epicenter of Prada in New York (Figure 25.1), while Marla expressed a different view:

> It's impossible to be indifferent after the visit. You cannot avoid [feeling] any emotion. Positive or negative. You are fascinated, seduced or astonished. You fall in love with it or discover that it's not for you. It has an impact on you as it happens with important things in your life."
>
> *(Anna)*

> It's artificial. You feel it from any point of view. The place is too formal, cold for me. I didn't like it a lot … I like different places where I feel at home, more comfortable and warm.
>
> *(Marla)*

No matter how varied and subjective these ways of symbolic interaction can be, an ongoing and existential sense of *place* clearly unfolds within the marketplace (e.g., McGrath, 1989; Kozinets et al., 2002, 2004; Maclaran & Brown, 2005; Borghini et al., 2009) and influences our retail experience. To have customers who are mostly satisfied by this feeling of *being in the place* when visiting a commercial location is becoming a big challenge for retailers. Customers who are experiencing this sensation are consuming the "space" itself, thus transforming it into a meaningful place. Therefore, they will spend more time in the store, and increase their purchasing intentions and level of satisfaction related to the quality of the physical environment. But what makes consumers develop strong bonds with a place? From a phenomenological perspective, the development of such bonds relates to the concept of *insideness* (Relph, 1976). According to this idea, individuals experience this sensation towards a place if there they feel safe and not threatened, protected and not exposed, relaxed and not under stress. Consumers could experience different levels of insideness depending on their

acquaintance and familiarity with place or to a specific bond. Stores can even become points of reference and act as anchoring points in consumers' lives because they evoke feelings of reliability, safety, and self-confidence in identity construction. Conversely, consumers can also feel a sense of outsideness, apathy, or distance towards commercial spaces.

This process is not only a mental activity, a cognitive or intellectual attitude, but an embodied practice or action that engages the entire individual. Any sensorial element of the store design, ranging from its layout to its general atmosphere, guides our movements and thus shapes the overall experience. At the same time, our imagination, together with our memories, aspirations, and dreams, transforms a place and makes it special or meaningless. What a consumer may dream of when visiting a themed commercial environment is subjective, of a temporary nature, and individually stored in his/her mind. His/her own symbolic experience will thus influence the way he/she approaches and spends time in the place. While specific gestures can indicate common sensations and feelings, it is more difficult to give a common interpretation of their meanings. Nonetheless, this complexity and experiential richness represents valuable sources of differentiation for retailers.

In order to understand consumers' appropriation of commercial spaces, and emotional bonds with them, marketers should try to understand consumers' behavior from multiple points of view, and, in particular, focus their research attention on the following dimensions:

- Practices that can be analyzed by observing movements and gestures.
- Narratives that can be collected by the means of multiple qualitative research (i.e., ethnography, in-depth interviews, collages, etc.).

In the next sections we will give an overview of the key issues that should be considered when studying practices and bodily experiences.

25.4 Movements, gestures, and practices in marketplaces

From a traditional perspective, marketing tends to overlook the importance of body movement and gestures in spaces. They are seen as consequences of internal states and as mere vehicular devices or "instruments" to reach products or services. The body is viewed as a machine (Berthelot, 1995). The main marketing response is to calculate the number of actions performed at one specific place in the store (how many times does the shopper stop? How long does he/she stop for? How many products does he/she touch?), or of the flows in the space (where do shoppers go first? Where do they come from? What are their ways in and out?). The goal of the marketing manager is then to try to optimize the flows (e.g., force shoppers to go to specific places).

In contrast, a cultural perspective stresses the role of body movement in the creation of place experience (Sherry, 1998; Joy & Sherry, 2003; Kozinets et al., 2004; Peñaloza, 1999).

The body is our vehicle for being in the world (Merleau-Ponty, 1962). Accordingly, body movement and gestures are practices and not mere outcomes of internal processes (Mauss, 1979; Crossley, 1995). They are active processes through which consumers transform a space into a place and co-produce consumption and place experiences. Indeed, if we want to understand and appreciate a sculpture or any other piece of art in a museum, we need to move towards it, and the way we do this influences the sensorial and symbolic dimensions of our appreciation. Similarly, consumers' behaviors, movements, and gestures are essential parts of spectacular servicescapes (e.g., Nike Town, ESPN Zone, American Girl) and more mundane marketplaces (Walmart, Tesco, or Carrefour stores). The experience is performed

Table 25.1 Traditional approaches for the study of store design and its impact on consumer behavior

Approach	*Main tenets and foundations*	*Main contributions*
Ecological approach	Physical environment is like a habitat to which consumers try to adapt in order to search various types of benefits	Bloch et al., 1994
Perspectives based on the SOR paradigm	Stimuli from physical environment influence behavior and emotions Meharabian and Russel (1974) Lazarus (1991)	For an extended review see Turley and Milliman (2000), Lyn (2004), Chebat and Michon (2003)
Socio-systemic approach	The combination of both social and physical dimensions of environments impact on consumer's behavior	Baker, Grewal, and Levy, 1992; Baker, Grewal, and Parasuraman, 1994
Experiential shopping approach	Store design influences hedonic dimensions of consumer behavior	Donovan and Rossiter, 1982; Babin, Darden, and Griffin, 1994; Babin and Darden, 1995; Arnold and Reynolds, 2003

by consumers who act as both actors and audiences. Understanding the meaning of what people do in a space is then a necessity for marketing managers willing to improve the design of marketplaces.

Of particular importance is the concept of *space appropriation through the body*. It is one of the processes through which people construct place experience. It is complementary to the mental and internal processes, be these emotional or cognitive. According to Fischer (1981) we can distinguish two main elementary means of appropriation: Visual activity and exploration (based on movement and contact). At this elementary level of the senses, the individual is in a working process of control of the flow in/out and of completion/separation from the surrounding world through closing and opening the body (Falk, 1999). The pioneering research of Aubert-Gamet (1996) has shown how these appropriation practices are performed, even in the seemingly mundane space of a bank branch (table 25.1). In this context, appropriation practices can go against the implicit rules and procedures that people are induced to follow and thus they become reappropriation practices, when the consumer diverts the norms inscribed in space.

Another way to account for appropriation of space is to shift from the micro perspective of appropriation practices to the meso-level of appropriation strategies. These result from the combination of appropriation practices (De Certeau, 1980). Appropriation strategies are more global ways of exploring the physical environment. Each appropriation strategy is a construction of a person's role in the space, reflecting how a person has experienced the place and the activity they are undertaking (De Certeau, 1980).

A few empirical studies have identified four ideal types of these appropriation strategies in different contexts (Véron & Levasseur, 1991; Floch, 1990; Bonnin, 2003). These provide a detailed analysis of body movement and its relationship to specific consumption values and consumer roles (table 25.2).

Taken together, all these aspects should be considered when designing commercial spaces, especially when retailers aim at setting a stage for consumers' experiences where functionality and aesthetics merge. In the following section we will explore this issue.

Table 25.2 Actions and gestures inside the entry zone of a bank branch

Nesting practices	• Makes her hair in the zone, looking at herself in a window. • Puts away his/her money in the wallet in the zone blocking the way in. • Hides behind a display, waiting for a machine to be available, so as to avoid the eyes of employees. • Hides behind a display to observe safely the "consultancy" zone. • Stays still in the zone while the door is open, to quietly read his/her bank information or to put away his/her money.
Stamping practices	• Waves "hello" and makes signs to each other from each side of the zone. • Unpacks his/her things meticulously at the beginning of the zone.
Exploration practices	• Stays in the zone, not in a hurry to get out, to scrutinize the inside of the bank.

Source: Aubert-Gamet (1996)

25.5 The design of commercial spaces: The merge of functionality and aesthetics

Designing meaningful places for contemporary consumers is becoming a more and more challenging enterprise that requires taking relevant decisions that will have a broad impact on marketing strategy.

The typical process that can be followed is based on three essential steps:

1. Definition of the *concept* of the physical setting.
2. Definition of the *theme* which will characterize the place.
3. Translation of the concept and the theme into specific architectural features and sensorial cues that will constitute the store atmosphere.

In relation to the definition of the concept, retailers can choose from alternatives that range between two extremes. On one hand, they can choose a strategy of creating spectacular spaces as already discussed above. On the other hand, they can decide to reproduce everyday places (intimate and homely), thus applying and exploiting the concept of third places.

No matter what direction they take, the next decision is related to the definition of the level of *space appropriability*, i.e., the extent to which the store design allows the consumer to perform bodily practices. The structure of the store and the way the designer decides to cut off the space will frame the interaction between the individual and the space, the type of experience that will be created, and the value that will be produced by the consumer (Bonnin, 2003). It will encourage a certain type of appropriation or use strategy.

Three archetypes of spaces can guide marketing managers and designers in the conception of marketplaces (Moles & Rohmer, 1982):

1. *Functional spaces* aim at the efficiency of the task to be performed within them. Their main characteristic is openness and continuity.
2. *Active ludic spaces* aim at entertaining shoppers. They are generally enclosed, and discontinuous. For example, alcoves, subspaces, and round shapes are all typical of active ludic spaces.
3. *Passive ludic spaces* aim at providing individuals with a soft ludic experience. They allow contemplation (distant seeing) but do not encourage the physical involvement of consumers. The typical museum room with panels on the wall is exemplary of this type of space.

Table 25.3 Examples of descriptions of appropriation strategies in three contexts

Experiences	*Neutralization*	*Playful experience*	*Utilitarian experience*	*Stroll experience*
Cultural exhibit (Véron & Levasseur, 1991)	Walks in the middle of the path away from walls, short time, few stopping, the itinerary looks like a loop.	Zigzags, left-right-left-right, semi-long time, about fifteen stops, avoids going through empty spaces.	Close to the exhibit panels, long time, numerous stops, walks along a wall, follows the chronological order of the exhibition.	Jumps from one point to another, short time (five minutes), few stops.
Subway (Floch, 1990)	Follows the flow, ignores limits, signs, attraction and events, same posture, same look, same concentration over its knitting or every other activity.	Search for and appreciation of rhythms and role-playing offered by the environment, tries to delimitate, give rhythm, to segment, to rediscover some places, to oppose other places, at ease and open to the environment.	Joins, steps over, anticipates the obstacles to avoid it, minimum, speeds high and strong, zigzags, moves between, linking, transgression.	Some breaks, pauses, interruptions.
Retail stores (Bonnin, 2003)	Minimum exploration of the environment, no touches, no looks at the product, tries to use the shortest way out of the environment.	Explore all the retail area, many stops, with each time a huge number of actions (touching products, looking at them, etc.). No differences between walking and stopping.	Focus on one particular place in the area. Usually one stop, with many actions, the rest is walking.	Walks in the whole area, but without touching products, just looking at them without coming close to them.

Regarding choice of themes, practitioners potentially have an infinite set of opportunities that include the reproduction of intimate and domestic spaces, the celebration of brands, lifestyles, subcultural ideologies and myths, sports, hobbies, fun, fantasy, evasion and escapism, and temporal and spatial journeys. The opportunities for value creation are endless.

Generally, in terms of both concept and themes, there is no definitive best choice. The decision should be based on the so-called *design fit* which aims at matching both retailers' and consumers' desires and goals.

The final step involves the translation of the concept and the theme into specific architectural features and sensorial cues that will constitute the store atmosphere. Here the main decisions are related to:

- *Architectural design*: Internal and external architecture, layout, logics of visual merchandizing.
- *Store atmosphere:* Sensory dimensions such as *sight* (colors, brightness, form, line, shape, light/dark, dimensions of objects), *touch* (texture, compositions, and other dimensions related to materials), *sound* (volume, tone, tempo, and genre), and *scent* (nature and intensity of odors and perfumes).

All the elements of both architectural design and store atmosphere have to meet the formal requirements of design such as pattern, rhythm, symmetry, balance, contrast, proportion, theme, and unity. Generally speaking, aesthetics appears to be relevant at any level of store design. Aesthetics has thus become popular in commercial spaces.

25.5.1 The aesthetics of servicescapes

Aesthetics deals with the sensory experience elicited by an artifact, and the extent to which this experience matches with individual goals and attitudes. As Arnold Berleant points out (in Maclagan, 2001, p. 10), we consider the roots of the adjective "aesthetic" "to the extent that everything, every place, every event experienced by an aware body with sensory directness and immediate significance, … has an aesthetic element."

Aesthetics have become popular in commercial spaces. Consumers want pleasurable experiences that provide a novel and creative escape from everyday life (Venkatesh & Meamber, 2008). Customers expect to find aesthetic design in a service place, and are more satisfied when the design of a servicescape is aesthetic rather than unaesthetic (Wagner, 2000).

We expect aesthetics to affect customer reactions because customers are likely to have expectations regarding the aesthetics of a servicescape, and customer satisfaction is likely linked to the extent to which these expectations are met (Belfiore & Bennett, 2007). Arguing that aesthetics can create tangible value for an organization, Schmitt and Simonson (1997), propose "the 4 P's of aesthetics:"

- *Properties* (buildings, offices, retail spaces, company vehicles, etc.).
- *Products* (specific attributes of the good or service).
- *Presentations* (packaging, labeling, tags, etc.).
- *Publications* (promotional materials, website, stationery, business cards, etc.).

These tools can be used by firms strategically to create a variety of sensory experiences that will: 1) ensure customer satisfaction and loyalty, 2) sustain lasting customer impressions

about a brand's or organization's special personality, 3) permit premium pricing, 4) provide legal trade redress protection from competitive attacks, 5) lower costs and raise productivity, and most importantly, 6) create irresistible appeal.

True servicescape design is best achieved with an integrated approach that focuses as much on objects (e.g., spaces, layout, decoration element, ambient features, etc.) and actors (both customers and employers) as on the way in which they strike up a relationship. So, it is characterized by a threefold focus:

- On uses, actions, and functions as much as on meanings, values, and symbols.
- On economic actors' strategies and aims (the roles, responsibilities, and intentions which everyone assumes in the system's operation).
- On people's daily experiences (a focus that goes beyond consumption patterns and tries to consider people's lives as a whole living experience).

This triple focus is the clear expression of design thinking that does not view the world solely as an object but also as a project. The aesthetic feature stems from the intertwining of each of these three poles in a way as that achieves harmony and coherency. In any event, it will focus on relationships and exchanges. Aesthetics is both a formalization of each of the three poles, as well as the interaction among them that brings new possibilities.

With its simultaneous analysis of both uses and meanings, aesthetics imagines and projects forms which can be physical (i.e., architecture, furniture, colors, objects, and space's disposition) or intangible (i.e., atmosphere, fragrance, symbols, senses, emotions, time within the servicescape). The first characteristic in designing the aesthetics of a servicescape is to visualize spatiotemporal situations that blend well. For example in a restaurant, aesthetics of forms covers the aesthetics of its dining area, furniture, sensorial environment, smells, colors, materials, and acoustics, but also its architecture, physical layout (i.e., of its parking lot, cloakroom, toilets, etc.), lighting, dishes, tablecloth, staff uniforms, corridor decorations, logo, brand, Internet site, and even the overall proposition when it involves the aesthetics of the food on offer—an aesthetics of taste. In other words, it designates all things, objects, and elements that can be identified as forms.

From another perspective, by focusing on actors' strategies and objectives design casts a spotlight on competencies that reflect know-how and knowledge of how to act. These competencies are to be found both with the service provider and with the customer. The second design characteristic of the aesthetics of servicescape is that it provides the knowledge that underpins all actors' abilities, including, but not limited to, customer participation.

The market has become a forum in which consumers become a new source of competence for the corporation. This know-how is a function of the knowledge and skills consumers

Table 25.4 From participation to competencies

	Participation	*Know-how*
Focus on	individuals and their actions	the activity that is to be carried out
Orientation	current situation oriented	future-oriented
Approach	top-down	bottom-up
Contribution	getting as close as possible to the conventional model, script, or plan that the company has established	an original output, this being a creation of previously unseen associations and elements of the exchange

possess, their willingness to learn and experiment, and their ability to engage in an active dialogue. Individual consumers can address and learn about businesses either on their own or through the collective knowledge of other customers. To provide aesthetic experiences, companies must create opportunities for customers to experiment with and to act on their know-how. Customers' contribution to aesthetics formalization means recognizing their ability to design the servicescape themselves. Aesthetics of know-how follows a co-design logic wherein users also act as designers.

Lastly, by focusing on people's daily experiences, design asks questions about human life in all senses of this term, whether construed individually or collectively. It centers on the notion of exchange, be it economic, social, or environmental in nature. The third design characteristic of the aesthetics of servicescape is that it hones in on the service provider/customer relationship in its entirety. The servicescape frames one of many other places where customers and providers can exchange, which can be public spaces, internet blogs and forums, or social events. For example, the relationship between a salesperson and consumer, where the latter has purchased nothing; the relationship between a professor and his/her students outside of the course; the relationship between a banker and client whom he/she happens by chance to run into at a mutual friend's dinner party; the relationship on a golf course, or in a plane, between a management consultant and the head of the auditing firm for which she/he works, etc. The aesthetics of exchange involves trying to project the overall relationship between the service provider and the customer, and between one customer and the next.

As such, the three structuring characteristics of the aesthetics of servicescape can be called:

1. The aesthetics of forms in a situational approach.
2. The aesthetics of know-how in an interactional approach.
3. The aesthetics of exchanges in a relational approach.

These constitute the three facets of the aesthetics of servicescapes.

At present the aesthetics of forms is the most widespread facet of servicescape aesthetics; the aesthetics of competencies and exchanges remains relatively vague to most actors. It is therefore with regards to these two latter facets that the greatest theoretical and practical advances are to be expected.

BOX 25.2 Mama Shelter (Paris)—www.mamashelter.com

Located in the bustling Saint Blaise district, a grungy part of Paris, opposite the trendy Flèche d'Or music venue and with plenty of fashionable boutiques nearby, Mama Shelter is an oasis in the urban landscape which transcends any previous definition of hotel.

Designed by Philippe Starck, Mama Shelter offers an eclectic and electric ambience thanks to its friendly, warm, and casual common areas. Across 7 floors there are 172 rooms in 5 color schemes. Its creators built it on the site of a disused multi-level graffiti-covered garage on a forgotten railway cutting. The garage has been transformed into one of the most exciting concepts opened in Paris for years—the railway cutting has been used to great effect as a backdrop for a long, lazy terrace for balmy spring and summer nights. "We have created a 'shelter,' an ambience in which guests are able to think freely and discover the Paris known to locals by experiencing the French

capital's urban and cosmopolitan side," said Serge Trigano. Opposite the hotel, more creative reuse: The abandoned Charonne station has been turned into an electro-rock bar. Mama Shelter's terrace overlooks the litter-strewn railway which used to feed it. This is hotel life as urban life reinvented.

About the *aesthetics of forms*: The decor is stylish and adds a lot to the experience. Downstairs is the restaurant and bar, a typically Starckian blend of surreal decor elements. In the middle of the tables, columns display screens where one can put up announcements to swap, meet, and discover, or just to dream. In an amusement area there is a 4-meter-long foosball table for 12 players. A forest of truncated, hollow-cast, tree trunk stools lines a lobby. As do glass display cases with high-concept, design-world porn and, inside pink armoires, a collection of Napoleonic hats. In a graffiti-rich arrondissement, graffiti covers the ceiling of Mama Shelter's bar, while an enormous, glass-topped communal table has continuous news feeds on horizontal screens. Guests choose from 15m² size rooms to 35m² size rooms. The largest suite, situated on the top floor, has a terrace with a magnificent view. There is luxurious bedding, 5-star 100 percent cotton satin sheets, coffee machines, microwaves, 24-inch iMacs (including TV, radio, CD/DVD, Skype, and free internet access); everything is adorned with an urban twist. The staff are dressed by the top couturier designer, Anne Gelbard. The dining/clubbing/entertainment spaces are a delight and spectacularly different.

Related to the *aesthetics of competencies*: Each room is equipped with a kitchenette. Thrill seekers can rent electric scooters or motorbikes and pick up a Mama Shelter guide to show them the way to the day and night secrets of the 20th arrondissement to be discovered at any time of the day or night. Automated checkout kiosks exist for the Do-It-Yourself types.

Concerning the *aesthetics of exchanges*: Mama Shelter's goal is to take into consideration the person and not the social constraints by which he is bound. It is a "shelter," which, as opposed to locking one away from the outside world, provides him with food for thought; an ambience in which he is able to think freely and experience Paris. The staff, friendly and welcoming, are multinational, of mixed age groups, and charming. Snacks cover a variety of options, including candies, chocolate, biscuits, and other types of sweets, in order to satisfy each person's preferences—something that a mom would do as well. The staff use chinagraph pencils to write messages on huge mirrors. The two lifts have trivia as decoration—one in French, the other English—reminding us that only humans and dolphins actually enjoy sex.

This allows Mama Shelter to be defined as an apartment block rather than a hotel, easing the health and safety obligations. Discreetly alluring and immersed in its surroundings, nothing would suggest that the building is a hotel. The entrance is indicated only by a glass awning and a few shrubs. One doesn't come to Mama Shelter to vegetate in one's room all day; one comes here to share a moment among society.

25.6 Conclusions

In this chapter, we have emphasized the role that commercial places have in consumers' lives from different points of view. By analyzing the evolution of different retail locations, we have shown how commercial spaces have always represented meaningful places which shape consumers' experiences and identities. Our discussions illustrate the fact that nowadays both spectacular and ordinary consumptionscapes play a relevant role in the construction of

consumers' cultural identity and that retailers' attention should be turned towards a multidimensional approach, which considers bodily, emotional, and symbolic components of consumers' experience.

Relying on these theoretical underpinnings, we have explored how retailers can differentiate strategically using the principles of store design and aesthetics.

Here we briefly outline some practical implications that be drawn from a cultural perspective on commercial places:

- It is very important to understand the social and emotional reasons that often underpin consumers' visits to retail stores and other consumptionscapes. Functionality, loyalty, habits, or hedonic motivations may not represent the main reasons that attract consumers to a specific store. Symbolic meanings, special attachment, and personal memories may be powerful drivers and sources of long-lasting bonds.
- Theming and in-store ambience can help build emotional bonds with consumers; from this perspective, alternative strategies suited for different marketing purposes are available for managers and companies who want to leverage this potential.
- As a caveat we should remember that particular consumptionscapes become interwoven with consumers' identities and sense of self. Changes to a retail environment may thus interfere or even contradict the meanings that consumers have created. Any developments need to be done with sensitivity or else risk creating a strong emotional response and negative reactions from consumers.
- Ongoing marketing research is recommended to monitor the symbolic meanings that consumers create within a retail environment, as these may not be the same as meanings intended by marketers.

Review and discussion questions

1. Which are the roles that, according to the cultural perspective, commercial places can have in consumers' lives?
2. What are the different retail forms that play a major role in shaping consumers' experiences?
3. What are the main features of themed retail settings?
4. In your opinion, what benefits are consumers seeking in a servicescape like Prada's Epicenter?
5. How can we understand consumers' practices and gestures in commercial locations?
6. Why should we study those practices?
7. How is it possible to design meaningful places?
8. Can you give examples of commercial locations that fit well with the aesthetic approaches we have outlined?
9. Can you compare different retail settings using a cultural perspective?
10. What are the most relevant drivers for a strong bond between places and people?

Keywords

Commercial spaces, servicescape, themed retail settings, store design, consumers' bonds with places, consumers' practices in commercial places, gestures in commercial spaces, aesthetics of places.

Note

1 Source: Prada press release.

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26 Digital marketing as automated marketing

From customer profiling to computational marketing analytics

Detlev Zwick and Nikhilesh Dholakia

Overview

The fundamental question we pose in this chapter is this: How should we understand marketing in the age of increasingly integrated and networked customer databases and computational analytics? Many different terms have been used to describe the branch of marketing that relies on computational analytics on the one hand and the screen as marketing medium on the other (Big Data, Online, Digital, etc.). For clarity and simplicity, we use the term digital marketing. This essay draws on cultural theories adapted from Deleuze and Foucault to argue that new forms of digital marketing are best described as customer production processes that rely on the valorization of the multitude of consumer life. We further suggest that the recent increase in available consumer data, computational power, and analytical skills—more recently termed Big Data—leads to a reorganization of the Fordist[1] organization of production and consumption. More specifically, instead of flexibly adjusting production regimes to shifting consumption patterns (what we conventionally refer to as marketing orientation), digital marketing aims at the (co-)production of consumer sovereignty.[2] Through the process of automatic computational analyses of the content of all online and offline digital media and personal digitized behaviors, electronic communications including with/amongst inanimate entities, and automatic actions based on such analyses (Manovich, 2018), digital marketing embeds consumers in algorithmically personalized choice environments (Lazzarato, 2014). Following Karen Yeung's (2017) notion of "hypernudging," we argue that digital marketing aspires to control consumption at the level of individual consumer subjectivities.[3]

Importantly, stating that "databases configure customers as products" does not mean that we reject the notion of consumer agency and empowerment. Rather, both of these processes—the performance of consumer agency and the manufacturing of consumer subjectivity through algorithmic feedback loops—are increasingly occurring simultaneously. Hence, consumer agency, empowerment, and creativity on the one hand, and consumer surveillance and the production of subjectivity on the other are not opposite concepts, but in fact two sides of the same coin. Put differently, in what Jodi Dean (2010) calls communicative capitalism, surveillance, computational analysis, and algorithmic control of choice become valuable tools only insofar as they record and analyze difference, which requires an always changing, adapting, and creative consumer. The result of our undertaking is a model of digital marketing that accounts for both the aspiration to co-produce consumer subjectivity via hypernudging and the necessity to remain (almost) invisible to the consumer. In other words, automated marketing systems allow consumers to perceive their choices to be autonomous even when these choices are increasingly the outcome of manipulation.

In what follows, we explain first the emergence of the customer database as the central starting point for contemporary digital marketing. We then discuss how digital marketing has moved beyond the production of customer profiles to the production of consumer subjectivities. In concluding, we suggest that the dream of digital marketing is to establish a fascinating utopian paradox: To overcome marketing[4] at the precise moment that marketing produces consumer subjectivity completely.

26.1 The beginnings: Database marketing

The task of acquiring, satisfying, and retaining customers has become an uphill battle in massified consumer markets of the affluent world. Building lasting relationships with customers becomes at once more important for ensuring continued profits yet is less likely to occur. To further complicate matters, the 1990s brought about what some commentators have described as the heady days of hypercompetition, a condition characterized by excess capacities of progressively more—and more alike—brands and products vying for the same consumer dollar (see also Barber, 2007). Under such circumstances, merely satisfying consumers is an insufficient barrier to prevent customer defection. Rather, securing future business from capricious, unfaithful, and demanding buyers now requires nothing less than customer delight, which is a difficult task to accomplish when market exchanges are characterized by a significant lack of social interaction, growing anonymity, and an ever-increasing alienation from the social, cultural, and material processes of production (Seth & Seth, 2005). The challenge of delighting and retaining customers, therefore, elicits the predictable response from the corporate offices: To somehow reconstruct the type of relationship that used to characterize customer-marketer/seller interactions of an idyllic premodern or early modern era—before the brand started to mediate between the shopkeeper and the customer, production went offshore, and dozens of near-identical products crowded the shelves in supersized stores. In other words, corporate marketers often nostalgically aspire to a relationship between the firm (i.e., the brand or the product) and the customer that is based on traditional and premodern notions of intimacy, mutual recognition, and trust (Vandermerwe, 2004; see also chapter 8 by Avery).

Lasting customer commitment to a brand, a product, or a company has become more difficult to obtain in the era of postmodern markets characterized by impersonal mass selling and what could be called the structural disloyalty of an unmanageable and fickle consumer (Fırat & Dholakia, 1998; Gabriel & Lang, 1995). Advertising agencies and "trend scouts" provide us with ample evidence of consumers' growing weariness and increasingly cynical attitude toward all forms of overt marketing and advertising assaults. This mercurial consumer is deemed impervious to most forms of marketing control and delights in the playful and ingenious subversion of corporate marketing communication and dominant meanings to suit her or his own individual and collective political projects (Frank, 1999; Holt, 2006). Consequently, the most recent models posit a market populated by consumers whose tastes and patterns are increasingly fluid, fragmented, heterogeneous, and less amenable to categorization, management, and direction.

In the early years of digital marketing, fueled by the decreasing costs of information technology, data storage systems, and analytical power, database marketing emerged as a powerful response to the condition of postmodern markets. By capturing consumer activities in a ubiquitous fashion and in minute detail, databases became rich repositories of the fast-changing tastes and fluid identities of postmodern consumers (Dholakia & Dholakia, 2015). By making contemporary consumer behavior available as coded, standardized, and manipulable data, it

can be studied and become known to the marketer at the microscopic level (Zwick & Dholakia, 2004b). The hope was that by regaining the intimate customer knowledge akin to that of the traditional shopkeeper, relating to each individual customer on a more meaningful level is again within reach—even for an anonymous corporation selling to the masses. Hence, the rise of database marketing and its positioning as a powerful competitive weapon for companies, especially large ones, was rooted in the idyllic "small business" philosophy of being close to the customers, understanding and meeting their needs, and treating them well after the sale.

More than two decades ago, the National Center of Database Marketing in New York defined database marketing as:

> Managing a computerized relational database system, in real time, of comprehensive, up to date, relevant data on customers, inquiries, prospects and suspects, to identify our most responsive customers for the purpose of developing a high-quality, long-standing relationship of repeat business by developing predictive models which enable us to send desired messages at the right time in the right form to the right people—all with the result of pleasing our customers, increasing our response per marketing dollar, lowering our post per order, building our business, and increasing our profits.

An updated version was provided by Blattberg, Kim, and Neslin (2008, p. 4), who define database marketing as "the use of customer databases to enhance marketing productivity through more effective acquisition, retention, and development of customers." In the final analysis, database marketing is defined by the National Center of Database Marketing and Blattberg and colleagues as part of a company's marketing research function that, when well-integrated, supports other strategic and tactical marketing activities such as communication, product development, pricing, and channel selection. Hence, database marketing represented the revival of a long-standing business maxim that copious knowledge of individual customers is essential in developing a more interactive, exclusive, and deeper relationship. In short, via technology-enabled marketing, a customer is "developed" from a one-time buyer to a regular patron. "Development means enhancing the volume of business the retained customer does with the company" (Blattberg et al., 2008, p. 5). Examples the authors give of database marketing performances are:

- An internet portal trying to understand which customer profile is most likely to use its service and which profiles are not.
- A bank trying to decide which of its many financial products should be marketed to which of its current customers.
- A wireless carrier using a model to identify customers that are most likely to leave the contract to develop a "churn management program" to make them stay.

Database marketing shared a lot of common goals and features with "its close cousins" (Blattberg et al., 2008, p. 5), direct marketing[5] and customer relationship management[6] (CRM). The main difference is that database marketing emphasized the use of customer information for the support of a broad range of marketing activities, while direct marketing and CRM are more closely associated with a company's communication strategies. We will return to this observation below as it is central to our reconceptualization of database marketing from a cultural marketing theory perspective.

In sum, from a mainstream marketing perspective, database marketing is considered a way to improve marketing communications, channel strategies, and product offerings in an

Table 26.1 Contrasting traditional and post-Fordist database marketing (DBM) approaches

	Traditional DBM	*Post-Fordist DBM*
Function	Marketing research	New product development
Concept/philosophy	Radical marketing concept (relationship marketing)	Production concept (manufacture of customers)
Objective	Providing new marketing solutions (new products, positioning, channels, etc.) to existing customer needs (relationship through satisfaction)	Finding new customers for existing marketing solutions (profits through transactions)
Approach	Strategic (differentiating and positioning of products; segmenting and targeting of customers)	Experimental and adaptive (trial and error: Sifting, sorting, separating, and grading of customers)

effort to satisfy consumers and build lasting relationships (Blattberg, Getz, & Thomas, 2001; Drozdenko & Drake, 2002); in short, "database marketing is about [improving] marketing productivity" (Blattberg et al., 2008, p. 4) and the rejection of the production concept, which favors the company's capability to produce certain goods and services rather than the identification and satisfaction of customer needs. We do not actually contest this claim nor the nature and usefulness of the many examples of database marketing in action. Rather, what we will argue in this chapter is that Blattberg et al.'s perspective of database marketing as support function for other marketing tasks gets us only halfway to understanding the full significance of the rise of database marketing. What Blattberg et al.'s non-theoretical account did not grasp was the fact that the digitalization of consumers, products, and the consumption environments (chiefly due to the internet and the mobile network) combined with increasing computational power, was already transforming marketing from a technology of communication and persuasion to a technology of production (see table 26.1).

In fact, as indicated in the table, we suggest that under conditions of post-Fordism, database marketing represented a return to the much-maligned production concept. A key difference was that the new virtualized production was organized akin to the informal and experimental processes of technology-intensive innovation and artistic imagination characteristic of the creative industries. What was produced—in the sense of new product development—was a new customer for an existing product.

26.2 The context of production

We developed this initial model of digital-marketing-as-database-marketing via an ethnographic study of a customer intelligence company called Insight, which around 2007 was one of a fast growing breed of businesses that offered to its clients—typically marketers at larger consumer product manufacturers, retailers of all sorts, financial institutions, etc.—"micro-marketing" services, which claimed to enable "direct to consumer marketing with pinpoint accuracy and unprecedented results" (from Insight's marketing materials). The company was a little more than ten years old and had sales offices in three major cities in the US and Canada. The overall value proposition that companies like Insight presented to clients consisted of promising "total market information," which granted marketers 'intimate access to every consumer's life' and turned this intimacy into "real profits." This transformation of massive amounts of "raw" market information into actionable consumer intelligence

requires the perceptive deployment of highly sophisticated analytical tools and statistical techniques, which was Insight's area of expertise.

A look at the amount of data the company hosted on consumers lent credibility to the total market information claim. For example, the company's flagship asset was a micro-marketing database that contained data on every household in the United States and Canada at the zip and postal code level respectively, boasting thousands of data points on geographic, demographic, psychographic, behavioral, attitudinal, lifestyle-related, and expenditure-related aspects of the households. While such data power might seem somewhat trivial in the era of Big Data, at the time, the company declared that this database was 20 to 25 times more finely targeted than typical consumer databases. Insight's significant investments of time and money to continuously grow the amount of, and maintain the accuracy and relevance of, consumer data stored in this database made it an important and valuable aspect of the company's business. Furthermore, Insight made a name for itself among its corporate clients as a supplier of fast analytics and data mining services, which was based on its employees' superior mathematical, statistical, and software engineering skills.

26.3 Early forms of customer production

A micro-marketing project typically begins with a visit from a brand manager of a client firm facing a particular marketing task. This could be the launching of a promotional campaign to encourage product trial which may require winning over consumers of, for example, body wash for men, from a competitor's brand, or convincing men who do not use body wash that their lives would be improved if they did, particularly by using the promoted brand. Alternatively, a brand manager may feel the need to alert consumers of a specific new attribute that has been added to the original product, such as the whitening feature of a brand of toothpaste. Initially, then, various members of the Insight team join the client for an exploratory needs assessment meeting to discuss the nature of the promotion and to develop a list of specifications with regards to the customer information required for a successful execution of the campaign.

Among its employees, Insight distinguishes between technical staff—those trained in mathematics, statistics, and software engineering, and business staff—trained as managers, marketers, and salespeople. While research and development are the responsibility of the technical division at Insight, managing customers and developing new business lies in the hands of those holding MBA degrees. They are, as one chief technician put it, "closer to the customer." Accordingly, during needs assessment meetings, the client—who often possesses little technical expertise—considers Insight's businessperson in the room as the translator between the client's marketing needs and the information products required for the job. The two or three technical staff members also attending the meeting are far from inept on the business side of things; nevertheless, they too look to the team's marketing expert to reconcile available information production capabilities with the client's product needs and demands for actionable clarity. Once needs have been assessed and everyone in the room is satisfied with the plan, however, the project gravitates to the hands of Insight's mathematicians and statisticians and remains almost exclusively in their hands. They take the specific information requirements that the client desires and begin their work of database mining, customer profiling, and list generation on powerful computers in the back rooms of the company. The client liaison on Insight's project team then retreats from the ensuing arcane, if not esoteric, production process until that time when the results need to be put in a more presentable format for the client. This task of translating the results of the data

mining efforts into a meaningful marketing language typically results in a 20-page report containing a range of standard tools for visualizing statistical analyses, such as the obligatory pie and bar charts, as well as a range of commercially acquired and strategically placed photos representing typical exemplars of a specific consumer type.[7]

The challenge of producing such documents lies in the act of delicately balancing the client's need for easy access to the results with the firm's interest in reinforcing a perception of the marketplace as a tremendously complex battleground full of traps, mystery, and ambiguity—a challenge that requires the services of Insight to ensure victory for the brand in the war for market share.

The process of generating such a report and its contents represents an important element in the production of customers; just as important is the symbolic work of generating a client-specific language with which to make up the marketplace in ways that allow the performance of marketing practice. Our focus in this chapter is the work of data technicians, analysts, and data miners whose productive labor, in our view, represents the key to understanding database marketing from a cultural theory perspective as a site of new product development *qua* the production of customers.

26.4 Towards the flexible production of customers

Marketing's use of panoptic market research techniques for maintaining control over increasingly mobile and seemingly capricious consumer subjects has a history that goes back to at least the 1950s (see e.g., Arvidsson, 2004; Miller & Rose, 1997). Nevertheless, the sheer amount of data produced by electronic consumer surveillance, networked autonomous devices, and increasing computer power—as well as the speed with which differences, distinctions, and commonalities among customers can now be detected—are historically new and qualitatively radically different from any previous forms of market research. For the first time in history, according to Arvidsson (2004: p. 457), it is now possible to capture, store, and retrieve the "physical, social and cultural mobility of social life, the moving about between environments and activities that has become a key characteristic of post-modern life." In other words, the ability to monitor and describe virtually all of consumers' consumption and non-consumption activities ensured that fewer and fewer elements of everyday life escape the electronic super-Panopticon, thus increasingly turning everything consumers do into raw material (as encoded, decoded, and recoded information) for the production of consumer representations.

It is important to recall that databases are made up of symbols in data fields. They embody a specific mode of representing the world, what Bolter (2001) calls "numeric inscription." As Poster (1995) put it, "one does not eat them, handle them, or kick them, at least one hopes not. Databases are configurations of language; the theoretical stance that engages them must take at least this ontological fact into account." Poster has in mind a poststructuralist analysis when he points to the database as a repository for linguistic power. Yet theories approaching information and communication technologies via an analysis of the informatization of production also benefit from this insight because it speaks directly to some of the fundamental features of a post-Fordist economic system: The nature of the technological base, the nature of commodities, and time-space compression (see, e.g., Harvey, 1989).

Many authors have pointed to the shift from an energy-intensive to an information-intensive production system as a key element of the transition from Fordism to post-Fordism. The electronic and information revolutions of the last two decades not only affect how work gets done but what kind of work generates the bulk of economic value. The emphasis is

no longer on the development of technologies that have the ability to replicate and replace hard physical labor, but on machines that allow for the manipulation of symbols and for the production and representation of information (Kumar, 1995). In short, post-industrial technologies do not replicate manual labor as much as they enable and automate knowledge work. Consequently, the dominant strategy of value creation under post-Fordism is focused on expanding, proliferating, and improving symbolic and communicative systems, rather than on the mass production of physical goods. As a consequence, the manufacturing of material components of products declines in economic as well as strategic importance, while the production of emotional, intellectual, communicative, and aesthetic components becomes increasingly significant (Lash & Urry, 1994). When value generation is the outcome of informationalized production processes, economic value becomes a function of the degree to which time and space can be compressed—i.e., sped up—in the production cycle (Harvey, 1989).

Usually, notions of time-space compression refer to the discussion about the acceleration of global capitalism. As Castells (1996, p. 92) put it, "[T]he informational economy is global. … It is an economy with the capacity to work as a unit in real time on a planetary scale." While the new realities brought about by the worldwide real-time interconnectivity of complex and spatially dispersed production systems has garnered most of the attention of theorists of information capitalism, there are other ways in which post-Fordist economies rely on time and space compression to produce valuable commodities. They are related to the shift from the production of capital-intensive, tangible commodities to the production of knowledge-intensive, "intangible" value such as market information, business intelligence, patents, brands, and community. The focus here is on the accelerated interaction between consumption and production expressed in management concepts such as fast fashion, kanban, just-in-time, and lean manufacturing (Lane & Probert, 2009; Thrift, 2005), and more recently in marketing practices that use the internet to establish more immediate relationships with consumers (Zwick, Bonsu, & Darmody, 2008). The speed at which, for example, symbolic goods like brands are fabricated, launched (often globally), positioned, repositioned, and made obsolete is historically unprecedented and points to the relevance of theorizing the nature of goods, the technological base, and time-space compression for the production of intangible goods in post-Fordism. It is against this backdrop of post-Fordist capitalism and its continuous search for increased efficiencies in connecting production and consumption and its pursuit of more flexible value strategies that the database has moved into the center of value creation today.

Databases have come to represent the dispersed and largely surreptitious repositories of our lives. They constitute, according to Haggerty and Ericson (2000, p. 606), massive computer-assisted classification systems that operate "by abstracting human bodies from their territorial settings and separating them into a series of discrete flows. These flows are then reassembled into distinct 'data doubles' which can be scrutinized and targeted for intervention." Now, the consumer can be converted into a digital assemblage[8] and as an assemblage, she or he exists and acquires meaning (in the sense of market value, or what Pridmore and Lyon (2011) and Deighton (2005) refer to as "consumer brands") only in connection with other assemblages. As a consequence, database marketing becomes deeply functional because database marketers never really ask what a particular data flow means, nor do they look for anything to interpret in the data. What they want to know is what they can do with the data. One task the database can facilitate is the creation of purely functional hierarchies that set desirable targets apart from undesirable ones for a specific product or marketing message. In other words, meaning emerges from the data only when a customer profile is

put in relation to another. Herein lies the challenge (but also the opportunity) for the database marketer, because the production of meaning, or more accurately, the way of seeing the market (Fourcade & Healy, 2017), depends on continuously and creatively de- and reassembling sets of consumer representations by establishing always new and productive relationships between data points.

Importantly, the notion of assemblage produces a model of the database as a curiously static representation of the world "out there" that ignores the circular, or as Elmer (2004) calls it, cybernetic dimension of the technology, specifically "the manner in which the signifieds and the process of signification are continuously reconstituted by each other" (Elmer, 2004, p. 48). Elmer offers a more dynamic perspective that focuses on the feedback loop between the nature of customer data coming in and the marketing actions taken to influence customer behavior. Hence, the recurring generation of economic value through the production of customer assemblages is not based primarily on the accuracy of data storage and categorization, but rather on the continuous obsolescence of previous customer productions, as well as the constant refinement of data mining techniques and computational analysis (Manovich, 2018). Because the signified (the consumer) and the process of signification (targeted marketing interventions) always act on each other, the ongoing variation of data flows is ensured. In addition, data mining techniques constantly change because the mathematical algorithms used to analyze (or here, recode) customer behavior, wants, needs, and desires are always under construction, and even small changes in the code can make a significant difference in how consumer representations are assembled. This combination of always changing data flows, and permanent upgrading of data analytical capabilities, form the basic building blocks for the flexible production of heterogeneous sets of customers, where each manufactured data assemblage can further be reduced to a single index of propensity of desire. Put differently, marketers were able to find with the database a tool to manufacture customer sets with specified desires always already "built in" via specific algorithms and statistical models at work. The discovery and igniting of desire have given way to the forging and channeling of desire.

Hence marketers, previously concerned with controlling consumers in time and space, are learning to exploit the capacities of electronic surveillance networks to follow "free" consumers everywhere, turning the mobility of everyday life into input for the "more diffuse and expanded systems of production that characterize post-Fordism" (Arvidsson, 2004, p. 237). In other words, within the logic of information capitalism, the production of customers as commodities with exchange value requires—in the first instance—the flexible reproduction of *new* information (through novel behavior) from a more or less autonomous, spatially dispersed, and socioculturally diverse mass of consumers. Indeed, as Virilio (1995) proposed some time ago, it is precisely dynamic and fast-changing information that holds the most value. Speed of information production, then, becomes an important added dimension in the valorization of customers as products because "speed guarantees the secret and hence the value of all information" (Virilio, 1995, p. 53). This is what Insight does: Speeding up the process of decoding, recoding, and communicating information to such an extent that the production of information, whether by consumers in the market or by the database marketers in front of their computers, constitutes the communication it claims to capture. Post-Fordism therefore foregrounds the productive role of the circulation of information, or as Arvidsson (2004, p. 240) puts it, "[T]he 'information economy' is thus one important example of the fusion of communication and production." Of course, as humans participating in the processes of being molded into created-ready customers, we remain largely oblivious to the lightning-fast data circuits that mold us in these ways.

Before the emergence of the customer database, economists and marketers considered information about the market as a means of controlling volume of production and of determining desired product features. From this perspective, product customization through digital "versioning"—e.g., producing a customized version of the daily newspaper based on a customer's previously specified preferences—lies at the core of the creation of value where information about consumers is said to improve the matching of product features with consumer desires. Database marketing, however, was turning this established relationship between market knowledge and the production of goods on its head because the informationalization of consumption has created a situation in which digital versioning can most effectively be achieved via the flexible and rapid production of customer sets. Hence, rather than adjusting product features to match existing customer desires, marketers can now adjust, at very little cost and in real time, customer features to match an existing product. The logics of selection and choice become inverted: Consumers no longer choose products; existing products choose compatible-eager-ready customer sets.

Understanding how early versions of digital marketing generated a reversal in the production of value in information economies has implications for how we theorize the role of databases in a firm's value creation strategies. Concretely, we may see costly and relatively lengthy efforts to redesign supply chains, products, and production processes replaced by the much speedier, cost-effective, and flexible production of customers.

In sum, then, theorizing technologies such as the customer database in terms of production requires us to re-evaluate from where these technologies derive their unique power. The dominant focus in the current literature on consumer surveillance and management technologies has been on the spatial aspect of consumption that attempts to locate and map information to generate marketing insights and applications. A "production of customers" perspective proposes that the importance of the database for the creation of economic value is derived less from its capacity to identify and map consumers, although these elements are important (e.g., Zwick & Dholakia, 2004a). Rather, the ability to produce modular (flexible and reflexive) sets of consumer facsimiles in real time or nearly instantly is what has elevated the customer database from a technology of knowledge production and marketing productivity (Blattberg, Glazer, & Little, 1994) to a technology of production *tout court*.

Hence, recent gains in speed and the flexibility of production processes, premised on the unfolding of increasingly powerful data mining techniques, is central to our argument of how the customer database leads to a reversal of Fordist organizations of production and consumption that pervade the writings of Blattberg et al (2008) and others in the marketing field. Indeed, even comprehensive theorizations of the informatization of production (Castells, 1996) fall short of grasping the extent to which communicative action has informationalized production in late capitalism because these accounts exclude the informatization of consumers.

26.5 From the production of profiles to the production of subjectivity

Digital marketing has come a long way since the early days of database marketing. The sheer volume of available consumer data, marketers' ability to capture such data, and the ever-increasing levels of computational power are transforming digital marketing in fundamental ways. In this section we discuss how digital marketing has developed from a technology that produces customers to a technology that aspires to embed consumers in increasingly personalized worlds of goods and services where the line between autonomous

and automated (algorithmic) decision-making becomes increasingly blurred (Lazzarato, 2014; Zuboff, 2015).

Digital marketing today is tightly linked to customer surveillance (Ball, Di Domenico, & Nunan, 2016), which has caused sociologist Shoshana Zuboff (2015) to call this the era of Surveillance Capitalism. For Zuboff, the end point of businesses in general and marketing in particular is the achievement of total control of consumers through what Zuboff calls "anticipatory conformity." Surveillance capitalism *a la* Google is thus no longer just about data collection and analysis for segmentation purposes. It goes much further than that (Zuboff, 2016). Google aims at embedding consumers in an information and choice environment designed specifically for each individual consumer based on an algorithmic interpretation of, and response to, a consumer's behavioral data. Many of us already get different search results for the exact same search on Google. In theory, search results can be completely personalized based on Google's design formula.

Compared to the early forms of database marketing, digital marketing is based on increasingly sophisticated decision-making technologies, often automated and based on algorithmic decision-guidance techniques (Tufekci, 2014; Yeung, 2017). By creating specific links between data from many sources (for example, consumer search and purchasing histories, products, population, brands, etc.) that otherwise would not be combinable, these computational marketing analytics techniques allow marketers to shape instantly and persistently the informational (and thereby product) choice context in which consumers make choices. Databases are still the fundamental technology behind computational marketing analytics techniques. However, once customer databases are combined with the ability to manipulate the decision-making context, marketers envision the real possibility to nudge, in Thaler and Sunstein's (2008) sense, consumers in directions preferred by the designer of the choice set. But as Yeung (2017) points out, "By relying upon the use of 'nudge'—a particular form of choice architecture that alters people's behavior in a predictable way without forbidding any options or significantly changing their economic incentives, these techniques constitute a 'soft' form of design-based control." For Yeung, there is a significant difference between a nudge that consists of placing the salad in front of the lasagna to encourage healthy eating, and what she calls "Big Data analytic nudges" that are "extremely powerful and potent due to their networked, continuously updated, dynamic and pervasive nature, hence the term, 'hypernudge'." Employing a hypernudge tactic, for example, managers of a restaurant could present—to a pre-analyzed and suggestible-susceptible "manufactured" customer—an ordering screen with a sizzling burger with three meat patties, four cheese slices, and five bacon strips (and of course, the salad be damned totally).

Conceptually, this notion of hypernudging is similar to the idea of recursive data, where data do not simply capture everyday life, but rather co-constitute it (Beer & Burrows, 2013). Consider the ability of music streaming services such as Spotify and Pandora to personalize a user's listening experience through "algorithmic individuation" (Prey, 2017). When the manipulation of the choice context is adapted to each user based on his/her previous search and listening behavior, future searches and future listening choices become highly dependent upon the environment created by the service. MacKenzie (2005) referred to this cybernetic loop as the "performativity of circulation," which leads to a blurring of the border between autonomous consumer decision-making and algorithmic "conduct of conduct," to use Foucault's suggestive terminology (2008). Of course, there has always been a performativity of circulation of data in popular culture, but Beer and Burrows (2013, p. 67) are correct to point out that "this circulation has accelerated, the data has hyper-multiplied, and the connections and linkages forged have been beyond any previous comprehension."

Automated Big Data marketing, or as we call it here, computational marketing analytics, means that consumers are fully embedded in cybernetic systems of behavioral capture and conduct. Importantly, digital marketers do not disavow the reality of marketing practice as increasingly enabled by technologies of limitless surveillance, tracking, capturing, and automated computational analytics. Rather, digital marketers regard it as true progress, as they now have the ability to track consumers closely and to recognize consumers for "who they really are." No longer do marketers have to make decisions based on crudely measured and aggregated facsimiles of artificially homogeneous consumer segments, nor do consumers have to suffer the inefficiencies inherent in that model. Of course, marketers have long known that consumers do not fit into neat reified categories such as "elderly," "millennial" or "student," but are dynamic with changing and multiple needs (Ruppert, 2012). But now, via the techniques of what Andrejevic (2017) calls "suspicionless surveillance," consumers appear to digital marketers not just as who they are, but who they are becoming over time, or, more precisely, who they *ought* to become with a little help from "choice architects" (Yeung, 2017). Once consumers are fully integrated in algorithmically designed choice contexts, it becomes possible for marketers to think about the control of consumers in entirely new ways that now include the possibility of (co-)producing consumer subjectivity one decision at a time.

26.6 Conclusion: Strategic marketing implications

In this chapter, we have explored from a cultural theory perspective the increasingly important relationship between ever growing customer databases, computational power, and contemporary strategies of subject formation in surveillance capitalism. We argue that the emergence and proliferation of the customer database has given rise to techniques, competences, expert systems, and productive units aiming not only at the supervision and control of consumption (*qua* better marketing productivity, to use Blattberg et al.'s term) but at the flexible production of customers as information products. In other words, the capabilities of the database allow for the restructuring of the strategic gaze of marketers who recognize that new instruments of knowledge also contain the possibility for new forms of production, valorization, and accumulation.

Over the past few years, these early forms of digital marketing have evolved into what we call here computational marketing analytics, which combines the customer database with analytical power and algorithmic strategies to design personalized choice contexts or consumers. Digital marketers are becoming what Yeung (2017) calls "choice architects" who create consumption worlds for consumers to live in. Marketers can develop minute, thorough customer knowledge. They can also design for these consumers decision-making conditions that are networked, continuously updated, dynamic, and immersive. This state of affairs, of course, challenges in fundamental ways the deeply held notions of consumer autonomy and sovereignty. In the age of computational marketing analytics, marketing control over consumers is now no longer limited to the creation of more accurate profiles but increasingly includes the ability to channel consumer choices in very specific ways *precisely at the moment of decision-making*. It becomes harder and harder to determine whether a particular decision was the result of a consumer's autonomous cognition or of the algorithmically constructed choice context. Therefore, the best way to understand the desire of digital marketing is to be able to control demand by (co-)producing consumer subjectivities. Marketers will have succeeded with this project when consumers themselves no longer know or care that what makes them choose one piece of information over another and one

particular product over another was the result as much of algorithmic design as of their own autonomous cognition. To push our theory to its logical (and paradoxical) conclusion, we suggest that in the final analysis, digital marketing's utopian aspiration is to disappear at the very same moment that it is everywhere.

Review and discussion questions

1. Describe the conventional relationship between customer intelligence and market orientation and what that relationship is based on.
2. How does the post-Fordist database marketing model differ from the conventional DM approach and what are the changes (social, cultural, economic, technological, etc.) that have made this change possible?
3. What are the implications of Computational Marketing Analytics for marketing strategy?
4. What are the implications of Computational Marketing Analytics for organizational strategy?
5. Where do you see Computational Marketing Analytics going from here? Are there any strategies of escape or subversion available to consumers?

Keywords

Databases, customer production, post-Fordism, computational analytics, Big Data, marketing, surveillance capitalism.

Notes

1 By Fordist organization we mean the notion that insights from customer research inform the production of goods and services. For example, global fast-fashion retailer Zara uses sales data from its stores to quickly adjust production, producing more of what customers buy and terminating production of apparel items customers do not buy.

2 Consumer sovereignty describes the ability—or perceived ability—of the consumer to make autonomous, free choices. A sovereign consumer is conceived to have agency, which means the power and ability to enact her own decisions, free from outside influences.

3 By consumer subjectivity we refer to the way personal opinions and feelings shape an individual's consumption choices. To be able to shape a consumer's subjectivity would mean to gain control over the choices the consumer is likely to make.

4 By marketing we mean the traditional notion of marketing as corporate techniques of persuasion that uses advertising and other forms of promotional strategies to influence consumer decision-making. This conventional form of marketing is limited in its effectiveness because consumers treat it with suspicion and cynicism. Marketing based on computational analytics and automation aims to hide its intentions of persuasion and manipulation while doing both incessantly *in conjunction* with the consumer. This is what we mean when we say that marketing disappears at the precise moment that it is everywhere.

5 Direct marketing is the practice of selling to or communicating with consumers directly rather than through retailers. Direct marketing includes catalogue selling and direct mailing of promotional materials as well as telephone or online selling. The fundamental idea behind direct marketing is micro-segmentation and targeting.

6 CRM describes the practice of managing customer interactions at the level of the individual customer rather than at the level of an aggregate mass market. The idea is that treating customers based on their specific consumption history improves customer satisfaction, retention, and ultimately, spending.

7 The company eschews speaking of these "types" as "segments" because the whole point of their production work is to do away with segmentation thinking. They aim to individualize consumers to allow for modular control.
8 Assemblage here is used in a quite literal way: An entity made up of digital building blocks. The use of assemblage (rather than, or in addition to, representation) denotes the active building of representations.

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Part V

Institutional issues in the marketing organization and academy

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27 (Re)thinking distribution strategy

Principles from sustainability

Susan Dobscha, Pierre McDonagh, and Andrea Prothero

Overview

This chapter will show how consumers have created new strategies for dealing with those goods and services that they no longer need or for reclaiming those goods that may to the untrained eye appear to be worthless (broken, disfigured, out of style, for example). Why are distribution channel members less interested in participating in the reclamation process when consumers are increasingly clamoring for it and indeed are finding their own creative ways of redistributing goods? It is in this context that we ask: What can channel members learn from consumer to consumer distribution processes? We will present *The Inverted Pyramid of Sustainability* (TIPS) and discuss specific marketing strategies that relate to each section. We will then look at examples of these redistribution channels to see how consumers in these markets are using these channels to enact values of sustainability. Next, we consider how corporations have been tackling these issues, oftentimes in response to grassroots consumer actions. Finally, we end our chapter with exercises designed to open up student debate around sustainable distribution and the role consumers play therein.

27.1 Introduction

Cultural perspectives afford marketers the opportunity to comment on marketing domains to determine if the application of the "traditional" approach has contributed to global problems such as climate change, pollution, and waste. A cultural approach differs from the traditional approach by giving greater emphasis to the creativity of the consumer across global markets. Distribution is one of those key marketing activities that benefits from an updated vision that reflects shifts in consumer values, increased visibility of global environmental concerns, and changes in the way the world produces, packages, distributes, consumes, and disposes of goods. On first glance, distribution strategy seems to be the staidest of all the marketing functions, yet it is fundamental to business success. The basic ideas that govern a firm's choices on how to distribute their goods and services have not shifted that much, even in light of advances in database and other information systems technologies. Over the last decade or so, sustainability concerns have begun to change this, as we have witnessed a shift towards making a circular economy a reality, as with the introduction of the Circular Economy Action Plan in 2018 by the European Union. As policies, such as those focused on a circular economy, become more widespread, the distribution system that we have known for over 50 years is slowly changing, and consumers have a significant role to play in how such policies play out in the future. As we continue to move further away from a business cycle focused on "take, make, and waste" to one focused on lifecycle analysis and closing

the loop, the role of distribution will continue to change. This will impact on the entire distribution process—from transportation, through storage, packaging, and ultimately, reverse logistics. Policymakers and business can continue to learn from how sustainable consumers have circumnavigated long-standing unsustainable practices, while also utilizing such groups to get buy-in from multiple stakeholders moving forward.

The idea of environmental sustainability pushes our thinking much further than previous conceptualizations of environmental issues ever did. Prior work in this area lacked the "stickiness" that environmental sustainability has in terms of promoting global awareness of such issues as overconsumption, waste disposal, pollution, and tainted food supplies. While there have been global agreements to help solve the environmental crisis, carbon dioxide levels are at an all-time high and concern for the natural environment and how much time we have left to avoid total catastrophe has reached a critical moment in our history. While there are differences within and across cultures as to how best to respond to environmental issues, what is clear is that this is a crisis which must be tackled. The truly global nature of the problem means that while local cultures may respond differently to the issue, it is agreed that a global response will be much more effective. There is an opportunity to learn from cultures which enact sustainability more actively or distinctively than others. How do these cultures distribute the environmental sustainability ethos? How do those nations not currently enwrapped in the cycle of hyperconsumption avoid or resist the desire to become like those nations whose consumption has contributed significantly to the problem? The global nature of the environmental problem therefore means that from a cultural marketing perspective, we must be cognizant of the fact that we need to explore cultural responses to a global phenomenon. Like hunger and AIDS, environmental degradation is a problem that affects the entire planet.

27.2 Putting the (re) into distribution

Distribution emerged as one of the first strategic domains within the fledgling field of marketing in the 1950s, and forms one of the four cornerstones of the marketing mix which forms the mainstay of introductory marketing textbooks. Mass distribution of goods was perfected by retailers such as Sears and Woolworths in the US once it was realized that centralized distribution of goods facilitated exchange much more efficiently. The mathematics is fairly simple: The presence of one mediator increases market efficiency, as measured by number of transactions, by 50 percent (16 to 8). Overall, the goal of distribution was to improve efficiency and reduce total product cost, thus improving profit.

What is notably absent from this diagram is the story of the item once it leaves the efficient distribution channel. In fact, as early as 1972, researchers found that distribution channels were not designed to take goods back from the consumer once they were finished with them. Clumsy intermediaries emerged to perform this function. Early on, those intermediaries were local church and civic groups who created collection boxes and sites and then performed the intermediary function voluntarily. They also found that distribution channels were not equipped, nor were they particularly interested in becoming part of the waste stream solution because these functions did not serve the previously held goals of distribution to: 1) improve efficiency, or 2) lower cost. While there have been recent initiatives to "green" the supply chain and work toward sustainable supply chain management (Genovese, Adolf, Acquaye, Figueroa, & Koh, 2017) there is still much to do. A focus on consumer-led initiatives in the performance of consumer-citizenship and how these can be incorporated into governance of distribution (supply chain) strategies has led to industry changes in the past decade, and

more can be learned moving forward. For decades, intermediaries were not equipped to reclaim goods that have been ultimately distributed to the consumer. Old cellular phones became children's play toys or were left forgotten in a household drawer; old cars abandoned in quarries. Thankfully, we have witnessed many excellent initiatives in this area in recent years, and we have much more to learn from consumer movements and innovations moving forward. For instance, no one was prepared for Marie Kondo (Kondo, 2017). Her internationally acclaimed book and now television series has created a massive purge trend among consumers who have decided to get rid of all those things that do not bring them "joy." This uptick in purging has created an incredible strain on those organizations that typically take in consumer discards: Salvation Army, local homeless shelters, second-hand clothing shops, and in many cases, town dumps and transfer stations. This international purging phenomenon had unintended consequences that highlight the sheer volume of consumer goods that consumers found "joyless," but relevant here is the lack of efficient systems by channel operators to assist consumers in this purging instinct.

In the absence of extensive market innovation, consumers tenaciously created their own distribution channels to move goods and services around. In the 2000s, several new distribution channels, including eBay, Craigslist, and Freecycle, emerged so that consumers could redistribute their already purchased goods that they no longer needed, due to changes in family structures, age, economic conditions, or geographic relocation. In the last decade, as social media usage has exploded, these channels have become ever more sophisticated. While not all consumers use these channels in the spirit of environmental sustainability, what is clear is that redistribution of goods decreases landfill sizes and staves off (only fractionally) purchasing new. Simultaneously, a "war" has been placed on plastic and waste, and it is consumers, both individually and collectively, who have been championing these issues. There have been sustainability movements set up around zero waste and championed by various "gurus," such as French zero-waster Bea Johnson.

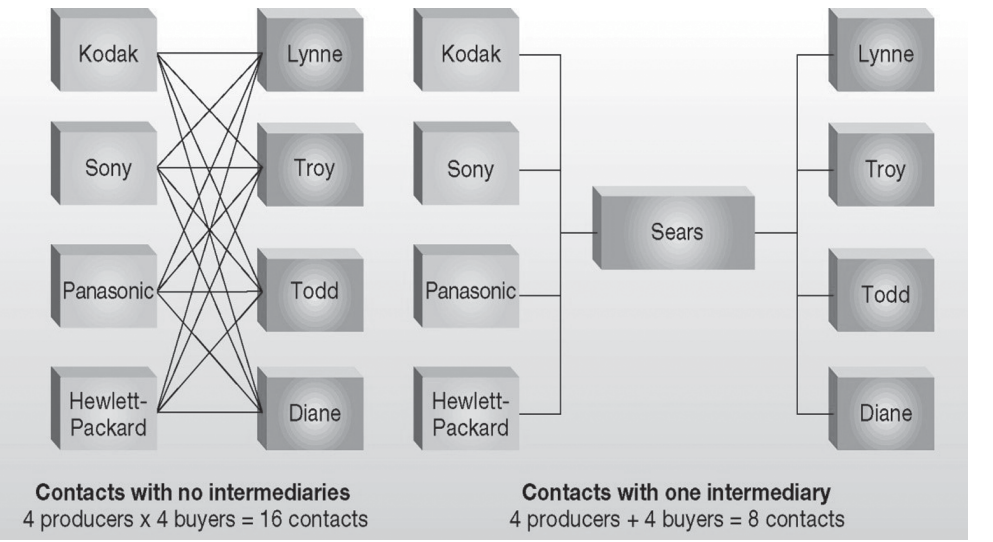

Figure 27.1 Distribution efficiency diagram
Source: Kerin, Berkowitz, Hartley, and Rudelius (2006)

Much like their predecessors, the depression-era generation, this generation of consumers are thinking about their consumer goods in a cradle-to-cradle way: They are purchasing goods, not just with the motivation of needs satisfaction, but also sustainable disposition. Many marketers long ignored this portion of the consuming public as fringe or radical. However, a field of logistics management named reverse logistics, has emerged to shed some light on the benefits of implementing a "process of moving product from its point of consumption to point of origin to recapture value or for proper disposal" (Tibben-Lembke, 1998, p. 51). In a book on the subject, Rogers and Tibben-Lembke advocate strongly for the positive effects of implementing a reverse logistics system into current logistics and supply chain strategy. It is in the post-transaction phase that Rogers and Tibben-Lembke (1999) see the potential for a positive environmental impact. They cite asbestos removal and computer monitor reclamation as examples whereby the consumer may use a reverse logistics system to rid themselves of potentially hazardous products. If implemented properly, reverse logistics systems provide a long-term cost saving, and can establish and maintain strong customer relationships. A few companies have recently innovated reverse distribution strategies. Two examples are Nike's award-winning sustainable distribution center at its European Logistics campus in Ham, Belgium, and Patagonia's product buyback programs in order to turn old products into new.

Due to firms' slow movement in creating reclamation processes, some governments have aimed to tackle this problem with national programs; others have focused on a more supranational bloc approach. The European Union for instance introduced its EU Directive on Waste from Electrical and Electronic Equipment (WEEE) in 2005, with policies focusing on the recycling, reuse, and recovery of electrical goods (classified as the fastest growing waste stream in the EU). The directive places emphasis on the manufacturers of goods to be responsible for their products once they come to the end of their useful lives. Meanwhile, consumers themselves have been looking for alternative means for disposal of their e-waste.

The immediate success of consumer to consumer distribution channels highlights a shift in how consumers view the goods they purchase. It also shows a willingness to confront what some have labeled the "Hidden Mountain" and the "social avoidance of waste" (de Coverly, McDonagh, O'Malley & Patterson, 2008). Instead of viewing these goods as waste to be disposed of after they have squeezed every last use from them, consumers are viewing them as potentially having a *new life*, inhabiting a new space, serving a new function, or in fact, making someone else happy. The immediate success of eBay is testament to the consumer desire to dispose of goods that they no longer need, can no longer afford, or no longer want. In fact, eBay stepped in as the one intermediary that connected millions of producers and millions of consumers in a virtual marketplace. And while small distributors flourished, the large channel members ignored this new distribution channel in favor of bigger stores in more locations. Today, the multi-locational big store concept is dying and leaving a swath of wasted space and unemployed workers in their wake (Trattner, 2018). Sweden has innovated in this regard by opening up their dying malls to second-hand goods redistribution (Ghent, 2017).

27.3 Achieving success through environmental sustainability: The Inverted Pyramid of Sustainability (TIPS)

We submit that The Inverted Pyramid of Sustainability (TIPS) helps us better understand the cultural approach of being a consumer-citizen. Using a cultural approach, it becomes

possible to take the best practices of sustainability from different cultures around the world and develop them as a best practice toolkit (cf. chapter 28).

27.3.1 (Cultural) strategies related to each stage of TIPS

Imagine you are looking at an upside-down pyramid which is balancing somehow on its apex; it appears an optical illusion and you expect it to fall over. How can this be? Is something holding it in place? Perhaps you do not initially recognize what it is. Upon reflection you note that the upside-down pyramid is actually firmly attached to something, at its base, which holds it in place. This is how we visualize The Inverted Pyramid of Sustainability (TIPS). TIPS places certain behaviors above others thus creating a "hierarchy of behaviors." This ultimately leads to a preferred state of consumer-citizenship. This explanation differs from the traditional 3 R's triangle in that the three original behaviors—reduce, reuse, recycle—were valued *equally*, even though their impact on the environment were very different. TIPS is galvanized by the notion of consumer-citizenship, which we argue is a re-awakening of our civic-mindedness. While some authors have talked about citizen-consumers (Trentmann, 2007) we actually feel a better descriptor for the present day is consumer-citizens. This is because the seduction of being a consumer seems to have taken precedence in recent times. In addressing the cultural role of the consumer-citizen in their distribution strategy, organizations can better manage their relationship with the end user. Please note we argue consuming in itself is not a bad thing; it is a necessary and often

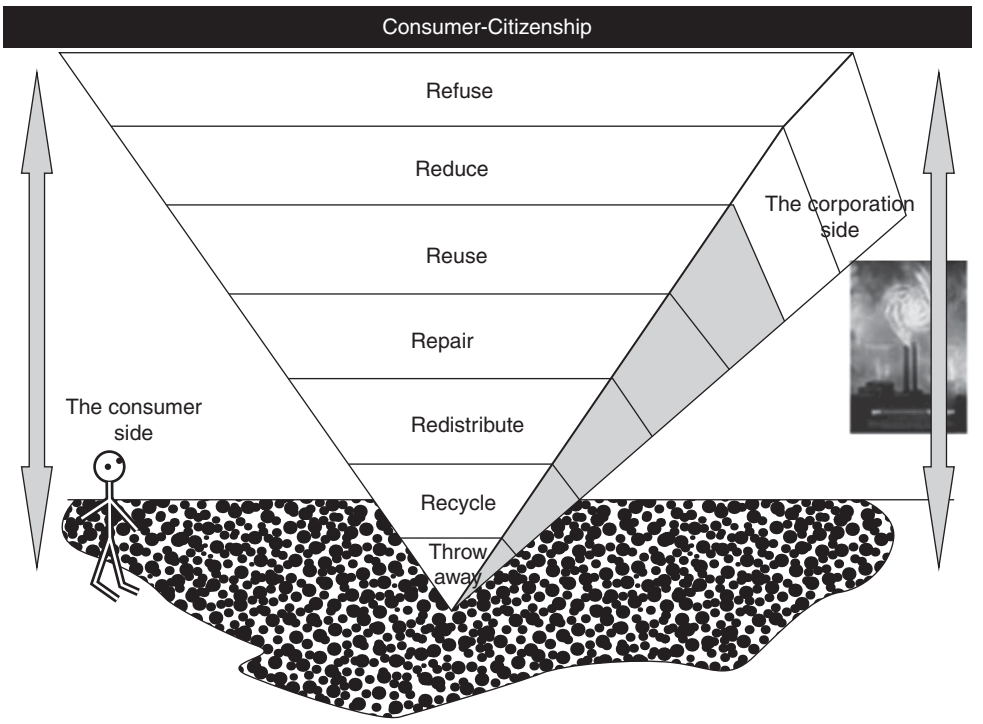

Figure 27.2 The Inverted Pyramid of Sustainability (TIPS)

enjoyable part of the human condition but it is *what* and *how* we consume, and also dispose of our goods once we no longer want them, that are important. In other words, how people perform and balance their roles of consumer-citizenship in the area of disposition is a neglected focus of the supply chain.

Continuing with our illustration, if we were to do nothing but stare at the pyramid, ignore warnings, and continue throwing away objects, consumer goods, and industrial residue then the pyramid would, if left alone, fall on one side. It might even cause us harm. Instead, if consumers and corporations change perspective (here we acknowledge there are more institutions in society or, as we would argue, sides to the pyramid but for purposes of this chapter we limit it to two sides), "move up a gear," and "wake up to the realities of global climate change" in how they change their activities and lifestyles, then we can argue that meaningful change is possible. In such a scenario, people and organizations progress through levels: "Recycle," "redistribute," "repair," "reuse," "reduce," and "refuse," where they proactively begin to perform their roles as consumer-citizens within civic society. Each of the levels may also interact and cross over; so for example, one could redistribute a piece of clothing to a friend, who may wear it for a number of months, and who then recycles it by passing it on to a local charity retailer. At this stage, the inverted pyramid has a better overall cohesiveness, glue, or "stickiness"—it sticks to the performance of consumer-citizenship and is much less likely to topple—ecologically speaking, that is.

Applying cultural perspectives to environmental problems allows marketers to view the entire marketing system as a reflection of cultural values and not as "fixed" or "immobile" as previously conceived. Reconceiving distribution strategy to include more cultural principles will do much to move our thinking away from a system fraught with waste to one that serves consumers and the environment equally.

TIPS reflects this shift to a more cultural perspective by emphasizing the global nature of consumption and how hyperconsumption is reflective of certain societies. It is being quickly exported toward those societies currently engaging in more sustainable practices. Also, consumers and entrepreneurs are innovating within the sustainable distribution space at a disproportionate pace (cf. chapter 24 by Roux and Guiot).

27.3.2 Refuse

Sustainable consumers rethink the very role of consumption in their everyday lives and are very mindful of their civic and ecological responsibilities. They begin the process of acquisition by first entertaining the notion that they may be able to do without the product in the first place. There have been many examples of consumers opting out of the market for many decades now, with voluntary simplifiers being the most oft cited example. In recent years, there have also been illustrations of everyday consumers deciding to opt out of the market in various guises. *Buy Nothing Day* originally established in Canada and the US and held in November every year, is one such example, where consumers voice their unhappiness with a consumerist culture on a typically busy shopping day. What started off as a small movement has now turned into what the organizers call "a global holiday from consumerism," and is held in over 65 countries; 2019 will be the 28th year of the event. A number of individuals have also decided to buy nothing but essential items for a year and have documented their experiences along the way (Flanders, 2018). British supermarkets were severely criticized for importing air-freighted "organic" produce and for more than a decade, there has been a move towards shopping locally and at farmer's markets instead of large supermarket chains.

Refusing to consume within hyperconsuming societies reflects a shift in values that could be exported, much like the multinational brands that have previously come from these same societies. This shift in values could short-circuit the alarming trend in developing nations to abandon hyperconsumption in favor of frugality. Via social media, consumers have been encouraged to refuse plastic by the Twitter initiative @WorldOceanDay on 8 June, as well as by certification organizations like Planet Mark. Elsewhere there is now an app to help consumers refuse toxic chemicals in their beauty purchases, with consumers being taught to "Think Dirty" and make better skincare choices.

27.3.3 Reduce

Consumers are also beginning to question the amount of goods that they purchase and are attempting to do more with less. Reducing the amount of goods purchased is part of the current recycling triangle, yet in our pyramid, it is placed above other options as part of a hierarchal process that values certain behaviors higher than others. In the 2000s, consumers responded to rising fuel costs by attempting to drive less, while others switched to greener transportation alternatives such as biking or taking public transportation, and the global financial crisis led to the rise of the "staycation," where holidaying at home became a fashionable thing to do. Easy to use calculators on the internet have emerged that allow consumers to calculate their "carbon footprint." These calculators often provide strategies for reducing this ecological imprint by presenting consumers with options on how to reduce their overall consumption. Other examples of consumers reducing their purchases have focused on the recognition that items do not necessarily need to be replaced as often as they have been. This applies to many consumer items, from new cars, to new electrical goods, to new versions of computer software. Consumers are suddenly asking themselves, "do I *really need* to upgrade my car every three years?", or "do I *need* the latest Microsoft software?"

As with the *refuse* illustration above, while we would not expect corporations to encourage consumers to reduce their consumption, we do in fact see examples of companies doing just this and reconciling the firm's and consumers' interests. Increasingly, this is in conjunction with working with a variety of stakeholders. For instance, the United Nations Sustainable Development Goals adopted in 2015 set out a blueprint for tackling climate change and ending poverty through global partnerships, and the 17 SDGs offer a broad range of ambitious strategies to reach by 2030. One such strategy is to halve per capita food waste by 2030. Organizations such as WRAP in the UK work with a broad range of stakeholders to address various sustainability issues including food waste initiatives, and individual companies, such as Marks & Spencer, have set targets to reduce the amount of food waste occurring at both its stores and distribution centers, as well as redistributing edible food waste to its charity partners. Another instance of consumers being encouraged to reduce consumption relates to attempts by the UN Environment Assembly to increase plant-based diets and reduce meat consumption.

Reducing consumption also reflects a cultural shift away from materialism and conspicuous consumption. Distribution channels should embrace this shift by presenting more sustainable options on the shelves, not merely "more" options.

27.3.4 Reuse

Another very popular trend that is borne largely from consumer innovation is the option to reuse goods in ways for which the product was not originally intended. Consumers are

finding many unique ways to reuse products so that they may avoid putting these otherwise worthless products into the waste stream, and also so they can enact the previous tactic of reduction of overall waste. Consumers are making innovative and creative choices to reuse goods that would normally be considered "convenience" or "single use" goods. They are also campaigning for companies to move away from single use products and single use packaging. Social media freecycling sites provide the perfect vehicle for consumers and grassroots organizations to redistribute unwanted, but perfectly useable, products. There are now some formalized means for recycling unwanted items for charitable purposes. The cell (mobile) phone market is a prime example of the "throw it away" culture. Most cell (mobile) phones have very short product lives; the carcasses of old cell phones litter family playrooms, office spaces, and unfortunately, landfills. Oxfam for instance offer instore donations as well as teaming up with phone reseller Fonebank to donate funds from sale of old phones to the charity.

Reusing reflects the "one man's trash is another man's treasure" adage very well. In one study, participants built an entire greenhouse from reclaimed "trash" by fabricating a heating element out of old two-liter plastic bottles, fashioning a door from an old shower door, and constructing the walls and roof from reclaimed materials. This greenhouse was then used to grow produce for self-consumption and community sales. Reclaimers are often ridiculed by their neighbors for challenging the strictly held cultural prescription of buying new.

Recognizing consumer initiatives in this area, companies have been encouraging the reuse of products for well over a decade now. Both H&M and Levi's have offered consumers the opportunity to drop off unwanted clothes instore while also receiving vouchers for doing so. In an effort to both reuse and redistribute products, Marks & Spencer's teamed up with Oxfam to launch a "Clothes Exchange" program. Such reuse initiatives illustrate how companies are engaging in various sustainable practices, including distribution ones, as a direct consequence of consumer actions. The company Depop started trading second-hand clothes in 2011 and now offers 10 million users a blend of eBay and Instagram-style posted clothing options.

27.3.5 Repair

Repairing broken goods is another strategy that consumers are employing in order to live more sustainable lives. Due to the lower costs of consumer electronics, for example, many consumers are finding it more convenient and cheaper to dispose of broken items than to have them repaired. Most consumer electronics stores have discontinued the repair function by outsourcing it or placing it back in the hands of the manufacturer. Many consumers who wish to repair their consumer good rather than replace it are often spurned by the original retailer, are shuffled off to the manufacturer, or are forced to find a third party that will do the repairs, but who point out that buying a new product may actually be cheaper than repairing it. The Twentieth Century Fox children's movie *Robots* is a good illustration of the demise of the repair culture that used to prevail. With a tagline *Repair for Adventure*, the movie, set in the future, shows what happens to a society when repairing skills are lost. This is a phenomenon now being witnessed in many cultures. The loss of the repairman who could fix your washing machine, fridge, dishwasher, TV etc., has been replaced in favor of simply buying a new machine, when the old one no longer works. Designed-in obsolescence is the industry term so that new models of product are seen to be more attractive. With movies such as *Robots*, and consumers now questioning the merits of the throwaway society, we would expect to see a greater and more creative role for repair services in the future.

Repair itself is something that consumers are also taking into their own hands, after being frequently frustrated by the poor market system currently in place. With over 1,500 outlets worldwide, the recent emergence of repair cafés is a good illustration. Repair, reuse, and reduce groups are now commonplace on social media sites and repair stories are actively sought out online. For example, the Toronto Tool Center promotes a "Repair Manifesto." How can grassroots organizations such as Repair Cafés, for example, help policymakers with the introduction of repair services on a much larger scale?

27.3.6 Redistribute

Second-hand shops and stores also offer the consumer a chance to pass on their items to others (cf. chapter 24). Not only are stores helpful, but many people also feel creative enough to set up their own store and feel they benefit from the autonomy this gives them since they can choose what items they wish to sell. During the recent global recession, second-hand stores found a sudden chic again. One current global trend has been the 'swishing' phenomenon, which even had its own prime time television show, *Frock Exchange*, hosted by the former 1960s supermodel, Twiggy, in the UK.

On the *Frock Exchange* program, friends were not only swapping clothes, but were also shown how to restyle them as well, thus showing consumers using great creative and innovative skills, as well as simply swapping items. Swishing parties have been a great success, with friends who attend emphasizing that they are a great way to continue to enjoy shopping, without spending money, in an environment, very different to the shopping mall. Those who give away clothes that have been sitting in their wardrobe, oftentimes unworn, feel great about someone else using something they have no need for, and those who receive new items feel great about consuming, without spending money. A recent survey in the UK estimated that UK consumers owned £10 billion worth of clothes that they actually never wear, and 25 percent of these are items that consumers have never actually worn; thus the potential for the successful redistribution of goods, in this case clothing items and accessories, which would otherwise remain unworn, is phenomenal.

The Marie Kondo effect fits squarely into this category. What her philosophy fails to address is consumers' hyper-desire to consume in an unsustainable way. For every Tom's shoe purchased, there are many more purchases of fast fashion, considered to be the most unsustainable clothing distribution channel. Redistribution of goods does not solve the consumption waste crisis as previous discussion of flooded second-hand goods redistribution centers shows. Siniewar's analysis of Japan's waste crisis (Siniawer, 2018) illustrates the contradiction between the promised benefits of middle-class life and the requisite waste that creates a crisis within the same spheres that have experienced improved spending power.

There has also been a surge in food waste campaigns to redistribute surplus food and help reduce food waste (Aschemann-Witzel et al., 2017). Within the US, the 2nd Annual New York City Food Tank Summit focused on food loss and food waste. Over 27 organizations gathered together to combat food waste in New York City. One organization, City Harvest, collected "55 million pounds of excess food from restaurants, grocers, bakeries, manufacturers, and farms" and delivered it "free-of-charge to 500 community food programs across New York City" (Axe, 2017, p. 1). Local residents of small towns across the US are collecting expired food from grocery stores and redistributing it to local families who are gripped in the throes of food insecurity, and communities are pushing for loosening food safety laws that prohibit or impinge this behavior (Tonor, 2018). There are also innovative apps that aid in this redistribution of food waste. In the UK, the app "Too Good To Go" connects producers of food

waste to redistribution recipients. Some economists have estimated that food redistribution in the UK has saved the economy £51 million.

27.3.7 Recycle

Recycling is the most common environmentally responsible behavior since initiatives began in the early 1970s. Some countries, such as those in Scandinavia, have had recycling schemes in existence for many decades; in others, recycling is still a relatively recent phenomenon. In the late 1980s and early 1990s, recycling was seen as an environmental savior, but suffered much criticism after this period, as news of recycled goods such as newspapers and plastic bottles being sent to landfills in poorer nations emerged. Some environmentalists argued that simply recycling products did not solve environmental problems and more attention ought to be given to issues such as reducing packaging, reusing goods, and our waste culture generally. In more recent times however, recycling has become more sophisticated, and while issues of a "throwaway society" and poor recycling schemes (particularly those which see products being shipped from developed nations to developing ones) still exist, there are many recycling initiatives which have received support and praise from environmental organizations. It is now widely accepted that while we should look to refuse, reduce, reuse, repair, and redistribute goods first, the recycling industry itself is now better organized and more sophisticated than in previous years and, as such, provides an outlet for the sustainable innovators in our communities. In California, South Bay residents mobilize to recycle toxic waste which is too toxic to throw in the trash.

Examples of turning unwanted and worn items into new recycled products are abundant. Examples include children's pencil cases from worn tires, cat litter from recovered sawdust, clothing from used carrier bags, purses from recycled juice packs, bottle openers from discarded spoons, dog leads from worn bicycle inner tubes, and so on. The list is endless. Recycled products derive from small one-person businesses to large-scale international projects. Consumers themselves participate by spending more time sorting their waste for recycling and also contribute to the purchase of innovative recycled products and again, have been viewed as catalysts for change in this field.

Recycling is the one area of our pyramid where we see many examples of recycling activity by corporations. In part, this is due to the fact that recycling has simply been on the environmental agenda for longer, and also as a result of various legislative policies. Many large-scale organizations have had successful recycling initiatives for a number of years now. Both Apple and Dell have free recycling programs; since 2008, Intel has recycled over 75 percent of its operations' waste; cosmetics giant Estée Lauder has a number of recycling initiatives and was the first beauty company to introduce 100 percent post-consumer recycled PET for its Aveda product range, which has also since transferred to other company brands. Organizations as diverse as universities, civil society organizations, large multinationals, and SMEs also have more sophisticated recycling schemes in place for the recycling of products as diverse as paper, batteries, organic compostable matter, and printer cartridges. Unfortunately, recent tariffs on China by the USA have limited the sale of plastic waste, creating a backlog that has resulted in the unhealthy and unsustainable practice of incineration (Sholly, 2019). There are numerous examples of companies recycling waste and also using recycled and recyclable materials in their products. While environmentalists still rightly question what happens to all this material, many commentators agree that today's recycling schemes, in their more sophisticated and organized formats, are good sustainability initiatives, as long as we consider other sustainable practices as well.

27.3.8 Throw away

The "throw away" culture is one that has built over many decades and is directly related to the consumer society that is so popular in our global culture. As discussed earlier, sometimes we have no choice but to simply throw things away; we all get our garbage routinely collected, and while some consumers copiously sort their waste into composting and recycling piles, inevitably, things must be disposed of. However, for the many reasons outlined in this chapter, we are on a global scale continuously questioning this throwaway culture and slowly making strides in moving towards a more sustainable society. How much we throw away does indeed vary between countries, and some cultures have more of a waste-prone culture than others; but while the response to waste varies, all cultures are recognizing and addressing the problems it presents to us all. In this regard, TIPS puts forward consumers as core innovators who can help respond to our "throw away" culture, and in particular, co-create distribution strategies to address this. More cultural perspectives are needed to shift our "throw away" society to a TIPS-driven society. People are encouraging one another not to throw away clothes or furniture, but to mend and repurpose things instead.

27.4 Cultural implications of TIPS

TIPS echoes other work by Dixon (2001) and others that underscores wastefulness as a consequence and inherent part of what is called conspicuous consumption, and work that highlights that people juggle two forms of existence as humans, one of being a consumer and the other of being a citizen. Conspicuous consumption has been labeled a cultural problem for all developed nations, insofar as developed nations consume most of the world's resources and equally produce most of the world's waste. This global problem requires a global response and this chapter has provided details as to how consumers and corporations, following consumers' lead, can, and have, contributed to solving this problem through various distribution strategies. Jubas (2007) argued that resistance to the normal form of transaction in a free market could be conceived as an act of citizenship. As consumers, we "want it all" and as citizens we perform civic "duties of conscience"-related acts. Trentmann (2007) emphasizes that hyperconsumption has brought back the "political." Micheletti and Follesdal (2007) label this as "political consumerism" within certain societies. What our illustration of TIPS adds to this discussion is how sustainable consumers actually perform their roles as green citizens, challenge the traditional approach to distribution, and demonstrate how meaningful change can be enacted in their everyday lives. We submit that the consumer-citizen actions within TIPS are integral to the success of what Shultz (2007) terms in marketing as "constructive engagement" which helps reflect a more creative consumer in rethinking distribution governance.

27.5 Managerial implications

Environmental sustainability affords every member of the distribution channel a new way of thinking about their role in the consumption process. Instead of viewing themselves as mere distributors, channel members must view themselves in a real partnership role with other stakeholders as they attempt to move towards a circular economy, rather than a throwaway society incorporating ill-conceived distribution norms. Such partnerships require further structural changes to occur in conjunction with multi-stakeholder involvement. Consumers, who have been involved in sustainability practices for many years have a key role to play

here. They have clamored for assistance with the disposal of goods for many years now and, in fact, have innovated greatly in order to facilitate the disposal process, yet, despite significant progress in the past decade, many channel members remain awkwardly silent, insolent, or ignorant, to their necessary participation in this process. Some channel members still view the product once it leaves their hands as no longer their responsibility, and it is this form of distribution which currently dominates thinking in key marketing texts. There is great potential for further change here. Moving forward, global, national, and local laws and initiatives, alongside other stakeholder practices will force change. Single use plastic for instance is now being banned from many events, with the Glastonbury music festival in the UK being the most recent event to ban their use. For a circular economy to be successful, the distribution process is crucial to this success and this requires organizations to continue to rethink how their products are produced, packaged, consumed, and distributed. To ensure maximum success and a sustainable future, these changes will require multi-stakeholder collaborations, and consumers will have a big role to play in terms of sharing their innovations with firms to adopt on a larger scale, as well as in their efforts to contribute to a successful circular economy and not a failed throwaway society. Businesses will need to continue to adapt, to work with consumers, policymakers and civic society organizations and grassroots movements to ensure multi-stakeholder solutions for a global problem.

27.6 Conclusions

Our chapter illustrates that the cultural shift with regards to conspicuous consumption has been one that has seen global attention, and which applies to all developed nations, albeit to varying degrees. This cultural shift can be attributed to three separate but related global phenomema: The increasingly widespread acceptance of global environmental degradation and the urgent need to address this; the most recent global recession; and the recognition by many consumers that consumption does not necessarily make you happy. These three forces combined have seen consumers, often at a grassroots level, respond to these issues in various ways. One global response to a global cultural issue has been in the area of waste, and in particular, distribution. What we have shown within our chapter is how consumers globally have been leading the way in changing an otherwise accepted mainstay of marketing practice to incorporate these concerns. While actions and activities vary within and across cultures, we witness how consumers globally respond to a global issue and have provided one concrete illustration, in the form of our TIPS pyramid, as to the role consumers are playing, in contributing to a change in a mainstay marketing activity; in this case, distribution.

Review and discussion questions

1. Consider the current American Marketing Association's definition of marketing and compare it to Shultz's 2007 definition of marketing as "constructive engagement." Which do you feel better explains the consumer actions in The Inverted Pyramid of Sustainability? Why is this? Discuss.
2. Debate the usefulness of the phrase "conspicuous consumption." Is this an historical term or does it apply nowadays?
3. Reflect on how you have been a "consumer" and a "citizen" over the past three months—are these conflicting or complementary roles? Illustrate to the class.
4. Imagine you are to be employed in a new television show called *CSI-Waste*. Try to watch and track what happens to your trash or garbage once it leaves your home. How

much do you know about what happens? Do the same for the organization where you spend most of the working week.
5. Go online and search for the different waste "exchange and disposal" options in your area of residence. Look for ways of legally disposing of: 1) your company's waste, and 2) your personal domestic waste.
6. What would you keep and get rid of using Marie Kondo's rule of "sparking joy?" How does her philosophy support the TIPS pyramid? How could her philosophy be improved to reflect the upper levels of the pyramid?
7. How can "hyperconsuming" nations export the ideas in this chapter to stave off the adoption of this type of consumption ethos in developing nations?
8. Take an item of furniture or clothing from your home and investigate how it can be repurposed for your own use or use by someone else.
9. Design an app that would address food waste on a university campus. How would the app address this important issue?
10. What can you achieve by refusing to buy skincare products that have toxic ingredients? How can you screen these out of your weekly shop?

Keywords

Sustainable consumption, sustainable distribution, hyperconsumption, materialism, cultural approaches to distribution, retailing, recycling, global perspectives, consumer initiatives.

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28 Institutionalization of the sustainable market

A case study of fair trade in France

Nil Toulouse and Ahmed Benmecheddal

Overview

Traditionally, companies are encouraged to commit to sustainable development solely because it can be of benefit to the company, since a segment of consumers views sustainability as important. This demand should thus be catered to. However, the market is judged to be really attractive where a company sees itself as competitive in that market with regard to its customers, suppliers, competitors, potential entrants, and substitute products. This chapter proposes to address the sustainable market from a neo-institutional perspective and encourages managers to get involved in the sustainable market, not only for reasons of profitability but because there are institutional restrictions to be met. Any company seeking social legitimacy needs to respect the value and belief systems and social standards in force.

28.1 Defining the sustainable market

The market is traditionally defined in economics as the interaction between supply and demand. Marketing refines this definition via two perspectives: That of demanding (by consumers) and that of offering a product/service (by companies). The sustainable market is thus usually studied through the dyadic relationship between: 1) consumers, and 2) companies.

Within the traditional *consumer perspective* (1), a market is defined as all consumers who have in the past bought the given product/service. The sustainable market is then seen as composed of segments that should be better known and whose needs should be better met. Initially, traditional marketing aimed to assess the degree of consumer social responsibility. Some authors describe the profile of the consumer adopting purchasing behavior as consistent with the conservation of ecosystems; as a younger person with a high level of education, higher socioeconomic and occupational status, and a more cosmopolitan and less conservative and dogmatic personality than average. Other authors, such as James A. Roberts, define the socially responsible consumer as someone "who purchases products and services which he or she perceives to have a positive (or a less negative) impact on the environment and uses his/her purchasing power to express current social concerns" (Roberts, 1995, p. 98). Subsequently, demand is viewed as the expression of an attitude measured by the willingness to buy ethical products. Based on decisional models such as the "theory of reasoned action" or the "theory of planned behavior," sustainable consumption is explained through the positive attitude toward the products or companies that consumers view as environmentally friendly and socially responsible. Yet this traditional view of demand may be criticized, for several reasons.

First, most writings situate sustainable consumption only in the act of buying. The sphere of consumption goes beyond the actual purchase and includes the whole consumption cycle (production, acquisition, consumption, and disposal). Sustainable consumption is a complex phenomenon characterized by a wide diversity of practices. Although studies show that consumers feel strongly involved in their behavior and give it a meaning over and above the intrinsic quality of consumption practices, the traditional approach does not deeply question the meaning that consumers assign to sustainable consumption. The second criticism concerns the lack of socio-political and cultural contexts in the traditional approach to sustainable consumption. Nowadays, the environment is increasingly an issue for consumers. This growing environmental awareness may be explained by the recent scientific reports (e.g., the IPCC special reports on the impacts of global warming) and the crisis of confidence in relation to industry (the Chernobyl disaster, The Rana Plaza disaster, worries about GMOs, etc.), as well as the impact of opinion leaders (e.g., Al Gore) and media coverage of political forums (the Kyoto Protocol, the Paris Agreement, One Planet Summit, etc.). Alongside this growing environmental awareness, the rise of consumers' social concerns is expressed by the rejection of child labor and sensitivity to employees' working conditions. The expansion of sustainable development is also associated with manifest deficiencies and shortcomings (social, ecological, etc.) in the present functioning of the globalized economic system based on growth. Globalization and growth economy are thus seen as an accelerating exploitation of resources, the collapse of ecosystems, and increased inequality between the global North and South.

According to the *company perspective* (2), a market is defined as all the interconnected products and services viewed as substitutes by the consumer. The sustainable market is seen as the positioning of the company in terms of products and as a competitive advantage for companies (Kotler & Keller, 2006). Ever since consumers have been displaying environmental and social awareness, companies have been obliged to develop a range of green products. From this perspective, companies need to avoid the threats linked to the emergence of criticisms of consumer society, and seize the opportunities offered by new types of consumer, who are aware of the environmental damage caused by human activity and who want to buy products consistent with sustainable development. But before committing themselves to the sustainable market, companies have to evaluate its long-term attraction. According to Porter (1980), there are five forces that act collectively on the appeal of the market. Let us recapitulate these. *The bargaining power of customers* (1) is manifested through the latter's influence on prices and conditions of sale (terms of payment, associated services) and their demand for quality determines the profitability of the market. Customers' degree of concentration gives them a greater or lesser degree of power. Customer power is all the greater when suppliers are numerous and dispersed, when there are alternative sources of supply, and when the transfer cost (the cost that a customer must bear in order to change a supplier) is low and foreseeable. The *bargaining power of suppliers* (2) concerns the ability of suppliers to impose their conditions on a market (in terms of cost or quality). A small number of suppliers, a strong brand, and highly differentiated products are all factors that increase the cost of changing suppliers and hence increase their power. A market is less attractive if there are alternatives, whether today or in the near future. *Substitute products* (3) represent an alternative to the offering. These may be different products meeting the same need or products affecting demand (hybrid vehicles/fossil fuel vehicles). *Competitors* (4) strive to increase or simply maintain their market share. Among firms there is a more or less intense balance of power, depending on the attractiveness of the market, its development prospects, the existence of barriers, and the intensity of competition (number of companies, size and

diversity of competitors, etc.). If barriers to entry are low, the market is less attractive. The *threat of new entrants* (5) is offset by the existence of barriers to the placement of initial investments and the time needed to obtain returns on them, existing patents, technical norms and standards, protectionist measures, the image of the industry and of already established companies, cultural barriers, etc. All these factors make entry more difficult for new firms. The competitors already in the market generally try to strengthen barriers to entry.

Within this perspective, the attractiveness of the sustainable market comes down to the fact that the competitive forces are weak, and engaging in sustainable business is an effective way of confronting changes in environmental or technical conditions and a means of adapting to threats and opportunities. Although the five forces were useful in the 1980s, the model is today inadequate for understanding the concepts of competitive advantage and market entry. First, it presupposes a simple market structure, composed solely of consumers, competitors, new entrants, and suppliers. However, it is necessary to understand the complexity of the market and the functional, symbolic, and social interactions among the various stakeholders. The five forces model has a static view of the market, whereas the market is in fact dynamically structured, and under the influence of consumer empowerment and political interactions between actors. The model is based on the idea of competition but does not take into account the imitation that occurs between companies and non-governmental organizations.

28.2 Institutionalization of the sustainable market

Cultural research proposes studying the sustainable market through its *institutions* and, by extension, its *institutionalization*—two basic notions for understanding social organizations. Neo-institutional theory explains a market's institutionalization process, focusing on cultural influences on organizational decision-making and market structuring (Chaney & Ben Slimane, 2014). Although institutions are traditionally viewed as sites where ends and means are defined, enabling actors to determine their interests, the neo-institutional approach recognizes the centrality of the meanings and interpretations that the actors attach to organizational practices. Powell and DiMaggio (1991) thus underline the importance of taking account of actors' intrinsic representations, their motivations, their orientations in action, and the contexts in which they operate. Norms and values are not taken as given, but are constructed within the subjectivity of organizational practices.

According to this approach, organizations are influenced by a set of values, norms, and organizational models of their structures and management methods (Meyer & Rowan, 1977). This perspective views markets as embedded in a social context (Granovetter, 1985), interconnected (Powell & DiMaggio, 1991) and socially constructed by their environment (Berger & Luckmann, 1967). Sustainable market is then studied not only as the consequence of the interactions between consumers' demand and companies' supply, such as in the traditional perspective, but as the product of a system of values, norms, and beliefs that shape the actors' objectives and practices and define the way in which the economic world exists and ought to exist (Meyer & Rowan, 1977).

In this globalized world, new actors enter the market and interconnect with consumers and companies. They are bearers of social and environmental concerns. And they create the responsible consumer subject (Giesler & Veresiu, 2014) and promote sustainable development. There are many such stakeholders, of different kinds: Civil society, investors, employees and their unions, consumer movements, etc. (Ben Slimane, Chaney, Humphreys, & Leca, 2019). Pressure on companies to offer products and operate in a way that respects sustainable development creates both (formal) constraining obligations and (informal)

voluntary approaches. These stakeholders help bring into existence institutions such as organizations for monitoring and checking corporate behavior, audit firms, consultancies, non-financial rating agencies, etc. In particular, they create sustainable development measurement procedures and instruments. Thus, these actors have significant power to legitimize (Humphreys, 2010) symbolic forms such as brand reputation (Holt & Cameron, 2010), a resource essential to the survival of the companies.

This chapter relies on the case of fair trade in France to show how a sustainable market has been constructed and has become an institution. We begin with an account of the history of fair trade. We underline the isomorphic effects between the organizations that were instrumental in the institutionalization of fair trade. The chapter then sets out the legitimation strategies used by two major actors on the French market: Artisans du Monde (https://artisansdumonde.org/), a historic fair trade association, and Alter Eco (https://altereco.com), the first private enterprise specializing in fair trade. It then stresses the importance of the notion of transparency and its definition as a means of legitimation for the actors.

28.3 Analyzing the institutionalization of fair trade in France

Fair trade is an alternative approach to conventional international commerce. It arose in the United States in the years following the Second World War, with the aim of helping the marginalized workers and producers of the global South. From the outset, it strove for greater "solidarity" in trading practices and a partnership dedicated to the sustainable development of disadvantaged producers. In essence, it is opposed to traditional theories of international trade that extol the use of advantage. Fair trade, by contrast, introduces the idea of the "relative disadvantage" of producers (compared to relative advantage of companies).

Whereas fair trade arose as an alternative vision of trade, the emergence of the concept of sustainable development contributed to its legitimacy and its institutionalization. Sustainable development stresses the need to foster a growth model that does not jeopardize the ability of future generations to meet their needs. Fair trade is an interesting example for the realization of a sustainable market, since it involves the sustainable use of resources to meet current needs as well as the capacity of future generations to benefit from local wealth.

BOX 28.1 Reloaded 4 P's of fair trade

Products: The sale of fair trade products today is mostly centered around some 20 food products—particularly coffee and tea—and craft products. The product concepts are defined by the producers and validated by the central buying offices, which ensure the existence of outlets in Western markets. Producers may receive help in terms of the design of the products. Regular feedback is arranged to identify any quality problems. Production methods respect the workers' health and the concept of a sustainable environment. The main labeling organization, Max Havelaar, plays no part in designing the products, but puts the producers of the South in contact with intermediaries or retailers from the North. The narrowness of the product range offered compared to that of the sector as whole is offset by two factors: On the one hand, its ethical character; and, on the other, the history of the product presented on the packaging (along with the origin of the product).

Place: Supermarkets can be considered "non-places" (Augé, 1992), whereas alternative networks selling fair trade products are "anthropological places." Three opposing

features distinguish "non-places" from "anthropological places," and therefore supermarkets form specialist fair trade shops. Specialist shops like Artisans du Monde (cf. later in this chapter) are identity places, whereas supermarkets are less so or not at all. It is above all a matter of strong social identity: Consumers who frequent these shops see themselves as actors in the process of balancing international trade. Next, they are relational places, since they are also sources of information (more so than standard retail outlets). Each sale is accompanied by information on the origin of the product, production techniques and conditions, the producers, etc. Thus, the relationship created between the seller and the buyer also creates a relationship between the producer and the consumer. In contrast, in supermarkets, shopping is largely transactional rather than relational. Finally, they are historical places, on the one hand because going there is more the expression of "a wish to act together" than a simple wish to satisfy particular needs; and on the other because they are places where the story of products and of the producers' lives is recounted.

Fair trade specialist shops are places where purchasing or simply browsing become experiences in themselves. They combine market and non-market elements, products and leaflets, or petitions. Consumers and sales staff—very often volunteers—frequently discuss and share their experiences; a social link is established. The regular organizing of "fair trade" tastings in these shops is also a way of creating a social link between consumers, based on solidarity with the countries of the South. These shops are as much information points as they are sales outlets. Every sale is accompanied by documentation on the producers or growers of the product, its country of origin, etc. There are also photographs of the producers, accounts of the history of the products, and so forth. Thus, specialty shops want to work for "decommodification," paradoxically even in the context of a selling situation. Consequently, it is not merchandise that is sold but products, that is to say, goods with a story to tell.

Pricing: Fair trade seeks to correct an economic system, the functioning of which does not secure decent living conditions for a large number of producers, since the market sets prices largely on the basis of the interaction of supply and demand. In the classical view, the equity of the price is linked to its effectiveness: It should not lead to discrimination among contracting parties, so that the risks run are equivalent and the continuity of transactions is ensured. As has already been pointed out in chapter 19, "Value and Price" by Bajde and Díaz Ruiz, pricing in fair trade is not solely based on costs. Fair trade prices are discussed between producers and NGOs to ensure a margin, giving producers a decent standard of living and the opportunity to improve their working and living conditions as well as allowing the environment to be conserved. Fair pricing is seen as necessary to allow the most disadvantaged fringe of the population to benefit from actions that restore social justice. Social value is obtained through a transparent definition of the price between actors, in a sustainable trading relationship characterized by advance payment and the certainty of fixed prices.

Promotion: Communication on fair trade is centered on a discourse combining alter-globalization, the strengthening of international solidarity, and criticism of marketing. Advertising costs are kept low to cover the additional price paid to producers. The product and the producer are the main vehicles for the promotion of fair trade.

These underline the need to make the connection with production, since the product promoted comes from an alternative system of exchange that reduces the social distance between the consumer and the producer. For example, the Max Havelaar label has long been represented by a drawing of a mustachioed farmer carrying a bag of coffee on his back. This logo has often been accompanied by slogans such as "a great coffee, a great cause," "great coffee from small producers," etc. Drawing a parallel between "coffee" and "cause" links physical and personal pleasure to the collective and moral issue.

The packaging and the information it gives offer, at a first level of interpretation, arguments centered around pleasure—an original, high-quality, certified organic product—and, at a second level, lead the consumer to think about the implications of his or her purchase for the producer. It is thus possible to speak of an axiological register that orients the product toward consumer commitment.

Credits: Nil Toulouse.

28.3.1 Timeline of the institutionalization of fair trade

The first phase, running from the 1950s to the early 1970s, involved experimentation with new ideas by NGOs. These organizations had realized the ineffectiveness of the conventional international trade system in terms of the development needs of the producers of the South. These organizations included religious communities and political groups concerned about Third World poverty, as well as producers wanting to control their own destiny. It was a matter of dispersed development of practices marked by a strong parochial commitment, based on principles of aid and international charity (Nicholls & Opal, 2005). The first projects were tried out by people most often organizing locally in the form of local networks, associations, and cooperatives. This first phase involved developing prototype forms of trade, the success of which then encouraged institutionalization. These prototypes were gradually improved over the course of their implementation.

In the second, limited market phase (early 1970s to late 1980s), reserved for an activist clientele frequenting specialist stores (World Shops such as Artisans du Monde in France or Oxfam in UK, etc.), fair trade remained extremely marginal. Alternative trade gradually established itself in the sphere of international solidarity and developed through small-scale networks bringing together people who had similar concerns and outlooks, but it also began penetrating networks of a very different order and involving people of varied outlooks, which encouraged the spread of new ideas. People's decisions are explained by their social ties. And the weaker these ties—where people joined large heterogeneous networks—the more effective were the results (Granovetter, 1973). It was here that the beginning of the professionalization of alternative exchange through the empowering of small producers (in the South), freed from the power of local middlemen and international buyers, was observed. This was reflected in the North by the progressive organization of integrated marketing channels.

The third phase covers the period from 1988 to 1999. At the end of the 1980s, the Max Havelaar[1] label (also called Fairtrade International in some countries) was created in order to allow the sale of fair trade products in large stores that did not specialize in this form of

trade. The creation of the Max Havelaar label led to new communication channels becoming involved and playing a major role in terms of dissemination and the emergence of new actors, such as Alter Eco in France. In this phase, the major actors were governments, international institutions, and conventional businesses. Fair trade became topical in the media and attracted young, business school-graduate entrepreneurs. Via lobbying, and through opinion leaders, community groups and the media, fair trade gradually reached new segments of the population well beyond the activists of its early days. The visibility of Max Havelaar and the support of public authorities that participated in the promotion of fair trade also contributed to a favorable sociocultural and political climate. From then on, fair trade became normalized, adopting increasingly strict and controlled regulation standards.

The fourth phase of the spread of fair trade—from the late 1990s onwards—was marked by the entry of new actors into the sector as well as by the emergence of new opinion leaders. Fair trade is gradually becoming attractive to actors who had previously rejected it. Its organization into more conventional, certified channels, which has extended the market by involving mass retail, has resulted for the first time in tensions emerging among actors, while at the same time sharply altering the sector's institutional configuration. The actors concerned have gradually accepted the principle of written texts formalizing the definition of fair trade to specify exactly what it means. Within this perspective, one definition in particular has been accepted by main fair trade networks and updated by The Fair Trade Advocacy Office (FTAO)[2]: "Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers—especially in the South. Fair Trade Organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade."

The various existing fair trade organizations exert pressure on international, European, and national institutions to change the rules of international trade. Numerous projects failed due to strong disagreement between representatives of the retailers and fair trade actors. This setback underscores the existence of two views of the future of fair trade: The first is held by long-established actors who wish to maintain the founding principles of fair trade, the second by government and business representatives who want to regulate and control fair trade channels through a standardization process, even if this means settling for less. The problem lies in the clash of ideals held up by these two categories of actors. The idea of standardization, however, generates resistance from some activists. Some believe that the standardization process goes against the very principles of fair trade and tends towards a uniformization of trading practices. Others fear that government standards impose less stringent criteria than the existing guarantee systems. In view of the possible confusion of roles, there is bound to be mistrust on the part of the "historical" fair trade advocates toward government officials.

According to neo-institutional theory, it is possible to analyze the fair trade market not only as the meeting place of supply and demand, but as a space where institutionalized myths exist (Chaney & Ben Slimane, 2014). When institutional myths and beliefs emerge in already existing fields, existing organizations change to become isomorphic with those new myths and beliefs. Three mechanisms are used by organizations (DiMaggio & Powell, 1983): 1) *coercive isomorphism* results from formal pressures (governments, international agreements, etc.) and informal pressures (civil society, consumer expectations, criticism by NGOs), 2) *mimetic isomorphism* occurs when an organization finds itself in a situation of

uncertainty or limited rationality. The organization begins imitating those organizations that seem to be most successful and on which they model themselves, 3) *normative isomorphism* draws on recruitment, professionalism, and training, which generate a knowledge base and a set of shared norms and expectations. It concerns professional standards. These three types of isomorphism emphasize the need to study organizations in their cultural and social context. They can be observed in the history of fair trade and its institutionalization.

The beginnings of fair trade were marked by *coercive isomorphism*, chiefly originating from informal pressure. By offering an exchange initially referred to as "charitable" and then as "alternative," fair trade organizations sought to put pressure on multinationals whose trade practices were criticized. The aim was to change behaviors and to regulate the actions of actors who did not share the same values. This informal pressure gradually transformed, with the arrival of new actors on the market, into a more formal pressure, via the adoption of a shared definition by fair trade organizations internationally, and of a specific law to that end in France. This law sets out the establishment of a National Fair Trade Commission, responsible for ensuring that the people and agencies who enforce exchanges of goods and services within fair trade are recognized. This formalization therefore applies pressure to conventional companies, in favor of more "historic" actors (Artisans du Monde, Max Havelaar, etc.).

Mimetic isomorphism appeared shortly afterwards. The spread of fair trade occurs only through the gradual legitimation of its ideas. In this regard, it was perceived as legitimate by private firms (Suchman, 1995) only when its financial viability was demonstrated. Here we find the minimum criterion of necessary economic responsibility for a private economic actor to engage in socially responsible action (Carroll, 1995). It should be noted, however, that there is a race to define this standard according to the beliefs of each category of actor. We can therefore observe the development of labels and certification methods. Thus, the institutionalization process is also in a way a process of reappropriation of fair trade by the sector's most powerful actors. Alter's conclusions regarding the analysis of the innovation process in companies can be extended to the spread of fair trade. "At the end of the process …, conscious of the economic advantages of deviance, they [company managements] adopt a rule that was previously a question of transgressing of rules" (Alter, 2004, p. 73). The issue for the various actors is one of controlling the legitimacy of the shared representations and the beliefs of the fair trade partners of the North and South.

Finally, because conventional companies are acquiring progressively greater influence in fair trade, the historic actors of fair trade such as NGOs are learning how mainstream companies do things. In this phase, which is akin to *normative isomorphism*, professionalization plays a major role. Thus, fair trade NGOs strive for greater operationality and efficiency in order to be better able to handle the increased number and technicality of their tasks. They work on coordinating their activities and their "voluntary labor." Furthermore, the recruitment procedures for voluntary workers are diversifying above and beyond co-optation and mutual acquaintance (Özçağlar-Toulouse, Béji-Bécheur, Gateau, & Robert-Desmontrond, 2010). For example, voluntary workers are taken on via "job interviews" in order to identify what skills and know-how they have. Training programs for voluntary staff are becoming more and more numerous. Marketing and communication norms are adopted. For example, Artisans du Monde changed all its packaging designs and applied a standardized visual style to all its shops. Thus, the aim of fair trade NGOs in making their organization, their operation, and their staff more professional is to become more competitive; in so doing, they come closer to embodying the structure of conventional companies.

From this analysis it seems possible to contrast legitimacy linked to the competitive advantage of fair trade, based on the search for efficiency, against institutional legitimacy, which reflects a desire for recognition by society.

28.3.2 Legitimacy of fair trade organizations

Organizations are social structures composed of cultural-cognitive, normative, and regulative elements that give stability and meaning to social life (Humphreys, 2010; Scott, 1995). They rely on these elements to manage the conformity of their behavior and to gain or maintain their legitimacy. Suchman (1995) defines "legitimacy [as] a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions." (p. 574). He distinguishes three forms of legitimacy:

- Pragmatic legitimacy: The organization satisfies the interests of its partners. Here we must take account of the coercive role taken by shareholders, markets, and customers, which sanction the organization if it does not conform to institutionalized behavior. There are three sources of pragmatic legitimacy: Exchange with auditors in order to obtain their adherence to the organizational behavior; influencing the auditors in order to have their support with the strategy; and obtaining a favorable attitude from the auditors by engaging in behavior promoting their interests.
- Moral legitimacy: The organization focuses on social welfare rather than on satisfying its partners. There are four sources of moral legitimacy: Consequences of what the organization has managed to achieve; procedures socially admitted and accepted by the organization; structure of the organization; and finally, the personality, i.e., the charisma of the leaders of the organization.
- Cognitive legitimacy: The organization adopts practices that are understood and accepted. Here, organizations adopt behavior that conforms to the expectations of their market environment in order to enhance their reputation. There is one single source of this legitimacy: This is legitimacy "taken for granted."

To illustrate the various strategies for legitimation, two cases are discussed in this chapter: Artisans du Monde and Alter Eco.

Artisans du Monde was founded in 1981 as an NGO within the Third World movement. One of the fair trade pioneers in France, Artisans du Monde rapidly opened shops where all products originated from fair trade while maintaining a profoundly educational approach to the subject. Three issues lie at the heart of their vision: Selling products, educating people about fair trade, and running public opinion campaigns/advocacy. They distribute their products via their 200 owned or affiliated shops and are the largest network of specialist fair trade shops in France. They are furthermore open about their wish to avoid distributing their products in supermarkets and hypermarkets, which they see as opposed to the vision and values of fair trade. The resources of their shops are, additionally, used solely for fair trade projects. In order to acquire a more professional image, Artisans du Monde also began to apply marketing techniques, including for its packaging, by adopting a logo, and a thematic color. The aim of this is to secure recognition for the difference and the added value represented by fair trade and to remain focused on sustainability, where ethics are the most important consideration, but also to give it a more professional image. Artisans du Monde

owes its continued existence to its voluntary staff in particular. This approach is moreover fundamental and makes it possible to set them apart from the other approaches on the market.

Founded by a charismatic leader, Tristan Lecomte, in 1998, Alter Eco is among the recent companies that take a pragmatic approach to fair trade. However, launching the project was difficult, since the brand had trouble establishing its legitimacy as a player on the fair trade market: Investors were cautious and the shop opened to distribute the brand's products did not attract the desired clientele, despite major media coverage. In 2002, Alter Eco decided to focus on distributing its products via supermarkets. It finally became profitable and gained real credibility. Given that it is possible for fair trade to become integrated into mainstream consumption, which is furthermore a requirement for its development and its survival, Alter Eco is pursuing two competitive objectives. The former of these is economic: Alter Eco pays 20 percent of the price paid for each product to its producers. The latter is social: The company runs humanitarian projects in producing countries. Alter Eco feels that being able to support small producers is possible only part of a general approach aimed at profitability. It therefore does not hesitate to use managerial techniques to optimize the way its products are marketed, such as by using the accreditations and labels that act as genuine identifying tools (Max Havelaar amongst others), and on relying on a multichannel distribution strategy (online store and supermarkets). In 2013, Alter Eco France jointed Distriborg/Wessanen, the leading organic food firm that owns well-known brands such as Bjorg, Bonneterre, Evernat, and Gayelord Hauser.

According to the neo-institutionalist approach, management tools and concepts used in organizations are influenced by their cultural context (DiMaggio & Powell, 1983, Powell & DiMaggio, 1991). To meet social expectations and to ensure their survival through isomorphism, companies should adopt managerial practices that do not always involve actual change but may simply introduce new rituals (Meyer & Rowan, 1977). One of the major requirements of fair trade is transparency, to ensure the legitimacy of organizations. All fair

Table 28.1 Summary of the sources of legitimacy for two fair trade organizations in France

	Artisans du Monde	*Alter Eco*
Basis of commercial activities	Pragmatic legitimacy based on influence. Each stakeholder (consumers, producers, and fair trade shops) assumes their role as an advocate for international solidarity and fairness in international trade.	Pragmatic legitimacy based on exchange. The behavior of buying fair trade products is meaningful to the consumer. To increase sales, it is necessary to go via traditional sales channels.
Definition of fair trade	Moral legitimacy based on associative structure and its historical position in fair trade.	Moral legitimacy based on the charismatic leader of the company at the beginning and now, as a leader of the sector.
Impact of the organization on fair trade	Cognitive legitimacy based on social and political performance (associative structure making it possible to integrate into other militant networks).	Cognitive legitimacy based on economic performance (corporate structure to enable sales of fair trade products to be increased).

Credits: Adapted from Ramonjy (2012)

trade stakeholders are committed to transparency in the exchange process (information in both directions on working conditions, wages, duration of relationships, prices, margins, projects supported by products, production processes, and distribution). This is possible only by making the entire value chain visible through access to complete and audited information. However, the degree of commitment to transparency on the part of the actors of the North (importers, companies, retailers, etc.) is often left to their discretion. Transparency is a source of legitimacy for companies seeking to express their social and environmental commitment, and requires introducing technologies that, after the institutionalization process has been completed, should remain stable, permanent, and communicable.

Transparency imposes new terms on competition in the sustainable market. The competition between producers (of the South) and companies (of the North) emphasized by Porter (1980) is not totally taken into account. But in reality, the spread of the labeling principle and the introduction of fair trade into supermarkets has led to two new forms of competition: Between producers of the South, to be selected by importers and labelers, since supply generally exceeds demand; and between the labels themselves, to provide products that are as fair as possible. But what guarantees that the information provided is accurate? There are three types of guarantee used in fair trade: Product guarantees, organization guarantees, and sector guarantees (PFCE, 2008).

Product guarantees are generally the most well-known, since they can be seen on the packaging in the form of a logo. It mainly applies to food products. The certification process takes place in two stages: 1) with regard to the production of raw materials, the certification body checks regularly with producers that the specifications are being properly implemented (fair price, pre-financing, compliance with ILO conventions, etc.), 2) with regard to imports, processing, and distribution, the certification body ensures that companies buy and sell fair trade-certified materials, which gives them the right to use the logo or warranty system mark on the product. This right to use the logo is generally granted in exchange for a fee.

Organization guarantees apply mainly to historical structures whose core business is fair trade. The repository concerned specifies the organization's commitments and these commitments are compared against its actual practices. Internationally, the organization guarantee is implemented by the WFTO (World Fair Trade Organization), which includes fair trade organizations (FTOs) across all sectors, from production through to distribution. Compliance with the WFTO's specifications confers the right to use its logo.

Sector guarantees ensure that all of a product's stages of production are compliant with fair trade standards.

Artisans du Monde and Alter Eco both use the Max Havelaar labeling organization's standards (product guarantee) to ensure that producer organizations are transparent and democratic, that the decision-making process is properly formalized and shared among producer cooperatives, and that the documents needed by certifying bodies for testing purposes are formalized and made available to inspectors. In the North, in order for the labeling process to be possible, Max Havelaar licensees must declare the quantities bought and sold. However, providing information on their organization and sales, and on all corporate practices, remains optional and varies according to the brand. In most cases, transparency becomes a sales argument: Detailed information on the producers is provided on the packaging and is supplemented by further information on websites and at points of sale.

28.4 Managerial implications

The example of fair trade, as an experience of a more sustainable market, shows how a utopia is gradually becoming economic reality. Nonprofit-making organizations are progressively being imitated by private organizations.

The neo-institutional approach set out in this chapter illustrates how an activist practice can become generalized over time via a phenomenon of interaction between organizations. Some companies may wonder whether it is advisable to enter the sustainable market, above and beyond the issue of satisfying consumer demand.

First of all, the company as an institution is currently experiencing a crisis of legitimacy produced by the ecological, health, and financial crises it caused at the beginning of the century. Sustainable development may be the source of a renewed legitimacy. Today, the institutionalization of certain values shared by the parties involved is forcing brands and companies to consider these expectations actively, at the risk of losing their reputation and consumer trust if they fail to do so. Conversely, sustainable development can be a value creator.

Second, understanding the sources of legitimacy can result in different positionings within the market. The example of Artisans du Monde and Alter Eco shows how two major actors on the French market have adopted different positionings.

28.5 Takeaways

1. The sustainable market is seen as composed of segments that should be better known and whose needs should be better met. This market is seen as the positioning of the company in terms of products and as a competitive advantage for companies.
2. Sustainable market is studied not only as the consequence of the interactions between consumers' demand and companies' supply such as in the traditional perspective, but as the product of a system of values, norms, and beliefs that shape the actors' objectives and practices and define the way in which the economic world exists and ought to exist.
3. Sustainable development stresses the need to foster a growth model that does not jeopardize the ability of future generations to meet their needs.
4. Sustainable development may be the source of a renewed legitimacy.
5. Today, the institutionalization of certain values shared by the parties involved is forcing brands and companies to consider these expectations actively, at the risk of losing their reputation and consumer trust if they fail to do so.
6. Sustainable development can be a value creator.
7. To meet social expectations and to ensure their survival through isomorphism, companies should adopt managerial practices that do not always involve actual change but may simply introduce new rituals.

Review and discussion questions

1. In response to growing consumer demand, companies around the world are becoming more transparent about their ingredients and supply chains. In the food sector, choose five companies and compare them on how they build their legitimacy in fair trade.

2. Starbucks Coffee Company has been the world's largest buyer of sustainable coffee (see https://starbucks.com/responsibility/sourcing/coffee). Go to the Starbucks website and identify the sources of legitimation that the company uses.
3. Certifications and labels make it possible to evaluate the transparency of a given sustainable approach. 1) List the certifications/labels you know from the sustainable development sector. 2) Identify and compare the undertakings guaranteed by these labels and the structures responsible for enforcing those engagements. 3) List the most and least transparent among these engagements. Give reasons for your choice.
4. The market for organic products also contributes to sustainable development. Describe the institutionalization of organic products in your country. Who are the major actors? Which labels are used?
5. The most hardline fair trade activists refuse to integrate fair trade into the mainstream, indicating the lack of "fairness" in mass retail distribution. Find arguments for and against integrating it into mass retail distribution.
6. Read the 4 P's of fair trade. How are they different from the traditional 4 P's?

Keywords

Sustainable development, fair trade, neo-institutional theory, legitimization, transparency, competitive advantage, 4 P's, mimetism, isomorphism.

Notes

1 Max Havelaar is the first Fairtrade label, launched under the initiative of the Dutch development agency Solidaridad. The first Fairtrade coffee from Mexico was sold into Dutch supermarkets. It was branded Max Havelaar, after a fictional Dutch character who opposed the exploitation of coffee pickers in Dutch colonies.

2 Based in Brussels, the Fair Trade Advocacy Office (FTAO) is a joint initiative of Fairtrade International, the World Fair Trade Organization and the World Fair Trade Organization Europe. It speaks out on behalf of the Fair Trade Movement for Fair Trade and Trade Justice with the aim to improve the livelihoods of marginalized producers and workers in the South. It has a clear mandate to advocate for EU policies in support of Fair Trade and Trade Justice and to strengthen the FTAO and the Fair Trade networks and their members' capacities to interact with and maintain an ongoing dialogue with the EU Institutions.

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29 Commercializing the university to serve students as customers

A bridge too far, way too far

Morris B. Holbrook

Overview

This chapter recalls the danger of a military disaster that resulted from pushing too far behind enemy lines and suggests, by analogy, that a comparable catastrophe might result from pushing too far in the adoption of a commercial ethos and the privileging of a customer orientation in the administration of the university in general and of business schools in particular. Extending old concerns expressed by former President Dwight D. Eisenhower on the business of defense, the paper warns of threats posed by an emerging educational-industrial complex. In short, pressures from commercial corporations tend to warp intellectual priorities in the direction of subverting academic values. As gloomily prophesied by Veblen (1918), the university comes to be run like a business and students come to be treated like customers, the pleasing of whom comes to entail the maximization of job opportunities through career-enhancing vocational training in the spirit of a trade-school mentality. This wayward customer orientation can prove disastrous in many areas of endeavor—the judicial system, penitentiaries, medicine, religious institutions, arts organizations, government, and so forth—but it seems especially ill-advised in the domain of education. All this is illustrated by a case study that pertains to the misadventures of one Professor M.B.H. and that appears to indicate the pitfalls of focusing the academic enterprise on serving the desires of students as customers by the provision of satisfying consumption experiences without adequate attention to issues of whether such experiential marketing leads toward the (co)creation of a full range of the most desirable types of consumer value. After briefly reviewing a conceptual typology of consumer value and proposing a new set of "Eight E's"—that is, eight key value types—the essay suggests that running the university according to a business model tends to elevate three of the Es (Entertainment, Exhibitionism, and Efficiency) above the other five (Excellence, Elitism, Esthetics, Ethics, and Ecstasy) with a consequent sacrifice in educational quality (excellence), scholarly integrity (elitism), intellectual honesty (esthetics), social responsibility (ethics), and spiritual enlightenment (ecstasy). This threat to academic values—pursued by school administrators in the name of building bridges between theory and practice—suggests that the university has built "A bridge too far, way too far."

29.1 Introduction: A bridge too far

In his film entitled *A Bridge Too Far* (1977), Sir Richard Attenborough depicts the painful misadventures of a military action called Operation Market Garden. In 1944, after the success of the Normandy Invasion, the Allies attempted to attack the Germans behind enemy lines in Holland. Toward that end, they invaded the Netherlands but failed in this ambitious

campaign, with consequences that turned out to be disastrous for the Allied Troops. From the failure of Operation Market Garden, I conclude that—whether waging war or undertaking some other mission; whether building bridges, crossing bridges, or destroying bridges—it does not pay to go too far, no matter how confident one might be in the merits of one's own strategic posture. Indeed, by analogy, the contemporary university has pursued what we might call Operation Market Orientation to a degree that I would regard as too far … way too far … and therefore dangerous-bordering-on-disastrous to the academic enterprise.

29.2 I like Ike

On leaving office in 1961, President Dwight D. Eisenhower—a former military hero during World War Two—delivered a justifiably famous speech in which he warned against the dangers of what he called the *military-industrial complex*. Essentially, Eisenhower (1961) worried that industry (weapons manufacturers, munitions dealers, arms distributors) had much to gain economically from the conduct of warfare and that the military establishment existed in part to support and fulfill that economic and political mission. In retrospect, "Ike" appears rather clairvoyant in anticipating the militaristic extremes to which American foreign policy has devolved during the intervening years.

But beyond cautioning about the dangers of the military-industrial complex, Eisenhower—who, before serving in our nation's highest political office, had been the President of Columbia University and who therefore knew something about the administration of academic institutions—warned of another looming debacle via a perceptive prophesy for which he has received less credit. Specifically, like the military-industrial complex, an *educational-industrial complex* also threatens to prove catastrophic to the American value system in general and to the conduct of the university in particular:

> The free university, historically the fountainhead of free ideas and scientific discovery, has experienced a revolution in the conduct of research. Partly because of the huge costs involved, a government contract [or, we might add, a consulting opportunity] becomes virtually a substitute for intellectual curiosity … . The prospect of domination of the nation's scholars by … the power of money is ever present … and is gravely to be regarded.
>
> *(Eisenhower, 1961)*

In short, economic pressures increasingly force academics to conduct their inquiries in ways that attract supporting funds from various private and public agencies. As elsewhere, such agencies seek to serve their own self-interests by influencing academic inquiry in ways intended to prove financially lucrative or otherwise beneficial to the sources of funds. Such pressures potentially corrupt the ideals of academic freedom by biasing the priorities that guide scholarly research. This clash with academic values cannot help but damage the intellectual ethos that guides aspirations in the community of scholars (Holbrook, 2009).

29.2.1 Prophesy fulfilled

Had Eisenhower lived another 50 years, he would have witnessed the fulfillment of his discouraging prophesy with spectacularly devastating results in the halls of our nation's academic institutions. Here—in ways that have prompted my frequent lamentations in the past (reviewed by Holbrook, 2008, 2009)—I refer to the insidious incursions via which the *business model* provides the basic guidelines according to which an academic institution

is administered. With penetrating insight, as long ago as the early part of the last century, Veblen (1918) warned about the dangers inherent in running a university like a business. Veblen believed that intellectual curiosity—rather than monetary gain—should serve as the guiding light for educational achievement. But he realized, all too well, that the self-interested free-enterprise system in general or, in a word, greed tends all too often to take precedence in the American way of doing things so that education—like every other American institution—comes all too easily to be governed by the dictates of commerce. As any number of recent commentators have vociferously pointed out, Veblen's worst nightmares have become an entrenched reality from which there appears to be little hope of escape (e.g., McDonald, 2017)

29.3 The customer is king

In a nutshell, the business model—as universally embraced by academic administrators—places a premium on the wisdom of the *marketing orientation* in general or, misunderstanding the meaning of the marketing orientation, on *customer orientation* in particular. Though influentially touted by Drucker (1954), Levitt (1960), and their followers, an over-zealous customer orientation represents a dangerously simplistic way of running *any* enterprise—*especially* in the instances of such endeavors as the judicial system, penitentiaries, hospitals, religions, arts organizations, and other areas where customers may not know what is best for them. As a conspicuously egregious example of consumer centricity pushed to its most unfortunate extremes, the contemporary university has come to think of itself as catering to two major sorts of customers: 1) businesses as prospective clients for consulting services or employers of graduates and 2) students or their parents as consumers of the educational offering.

29.3.1 Businesses as prospective clients for consulting services or employers of graduates

It has long been true that many college teachers in general and business-school professors in particular supplement their otherwise modest incomes by means of extensive consulting activities whereby they sell their industry-relevant knowledge to the highest bidder. To say that such consulting activities distract the faculty member from pursuits governed by intellectual curiosity rather than lucrative marketability would be *the understatement of the century*. Further, corporate recruiters think of themselves as customers for the services of university graduates as employees. Again, this perspective emphasizes the ascendancy of business interests that come to rule activities in the classroom.

29.3.2 Students or their parents as consumers of the educational offering

Further—as encouraged by the ubiquitous magazine polls conducted by *Business Week*, *U.S. News & World Report*, *The Wall Street Journal*, and other industry-oriented publications—students and their parents have come increasingly to think of themselves as *consumers* of the school's offering, with professors viewed as some sort of subordinate education providers. During the college years—encouraged by such university-sanctioned policies as teacher ratings or course evaluations—this adoption of *customer orientation* may manifest itself in an obeisance to the immature student's appreciation for entertainment at the expense of knowledge. Thus, undergraduate teachers had better be funny and charming if they know

what's good for them. Later, graduate students abandon their childish ways and focus their customer-oriented mentality on a demand for job-relevant career-enhancing vocation-building tools of the sort that they can use on the jobs that they very much hope to get by virtue of their MBA degrees or other job-related diplomas. In short, catering to the student as a customer evolves over time from a focus on *edutainment* to a preoccupation with what, in the old days, as an intentional insult, we used to call the *trade-school mentality* (that is, the belief that a business school should focus primarily on teaching mundane skills of practical value in an entry-level management position).

29.3.3 Irony abounding

Thus, in a supremely ironic paradox, universities and their business schools have increasingly come to think of themselves as producing *products* intended for sale on the *job market*—namely, graduates in search of lucrative career opportunities as the immanent employees of some future employers—where those employable products are themselves *customers* for the relevant training provided. In this, however paradoxically, students become *both* products *and* consumers at the same time. And so blinded are they by career aspirations and monetary greed that they fail to notice how an embrace of the former status diminishes or dilutes their potential dignity in the latter capacity. Indeed, in my experience, students appear oblivious to the implicitly insulting way in which their embodiment as marketable commodities—at their own insistence—demeans their stature as consumers of education. They forget that in "branding" themselves (much as doctors, clergymen, artists, and government officials have begun to "brand" their offerings), they subvert whatever academic value might otherwise accrue to the pursuit of intellectual integrity.

29.4 Case study: Professor M.B.H.

Permit me to illustrate the disadvantages of the educational model just described with a brief story that might appeal to those dedicated to the virtues of the case method and that chronicles the somewhat autobiographical adventures of Professor M.B.H.

Early in his career (1977–1992), Professor M.B.H. taught the introductory course in marketing strategy, four times a year, with some degree of success. His teaching style was a bit unusual, full of strange metaphors and fanciful stories intended to convey the essence of strategic thinking in marketing. In those days, the marketing strategy course was optional, and students had a variety of teachers from which to choose. Some instructors used Harvard-inspired cases, others math-and-modeling approaches, still others a textbook such as Kotler. Professor M.B.H. told stories and focused analogies drawn from ecology, aesthetics, and other seemingly tangential sources of wisdom. Many students had no use for Prof. H's methods and took sections taught by other professors. Others—many of them former liberal arts majors—seemed to enjoy Prof. H's unusual material, flocked to his section voluntarily, and rewarded his eccentricities with consistently high ratings in the course evaluations.

Eventually, there came a time when a new administration decided that the school's curriculum needed changing. According to the new plan, the school would offer a core curriculum of required courses—marketing strategy among them. Further, to facilitate networking, students would be clustered into groups of about 60 each that would take all ten required core courses together. This clustering system meant, of course, that each cluster would be assigned to a particular instructor about whom they would have no choice whatsoever. From this, it followed that the various faculty members would have to coordinate their offerings

to produce identical material in each section. In other words, each core course—including the basic marketing strategy class—would need to be standardized with the same materials, same lectures, same readings, same problem sets, and same PowerPoint slides used by each instructor. In this, the administration correctly perceived that the school's students—that is, its customers—valued the opportunity to network with their peers far more highly than they cared about any such esoteric concepts as academic freedom in the classroom.

When Professor M.B.H. heard about this plan, he first responded by arguing to the fullest extent of his capabilities that it represented a truly terrible idea. He pointed out that the *standardization* of a product offering or the *mass marketing* of a commodity in hopes that it will appeal to the average customer represents the *single greatest marketing fallacy* that it is possible to commit—that is, the egregious error of assuming that "one size fits all."

With delicious irony, the new curriculum created a required standardized course in marketing strategy that itself embodied the ultimate marketing fallacy. And all this reflected the school's commitment to serving the preferences of students-as-customers who preferred the opportunity to interact with a cluster of fellow networkers (as this cluster wandered from class to class like a herd of dim-witted cows) far more than they cared about any freedom of academic choice (on the part of either students or teachers).

Professor M.B.H. realized that he was not suited—intellectually, temperamentally, or viscerally—to participate in this new core curriculum. Accordingly, he requested and received permission to develop two new elective courses—one on Consumer Behavior, the other on Commercial Communication in the Culture of Consumption—which he taught for ten years (1993–2002) with good results in terms of student ratings and course evaluations, but with only modest class sizes and way too many students from other parts of the university (journalism, law, social sciences, education, and so forth). Due largely to these small enrollments, pressure grew to force Prof. H to return to teaching the now-required, now-clustered, now-standardized, now-commoditized marketing strategy core course. He resisted this pressure, of course, often pointing out that he had been the sole individual in the school to campaign vigorously against this required-clustered-standardized-and-commoditized monstrosity. Prof. H knew full well that his efforts to teach such a course would fail miserably. And he was right.

In 2003, the school's administration forced Professor M.B.H. to teach the core course in marketing strategy. He tried with every ounce of his energy to make his version of this course a good one. But—despite his best efforts, as he had feared—his class received a mediocre set of teacher ratings and course evaluations.

One member of the administration responded by conducting focus groups to ascertain what was wrong with Professor M.B.H. The answer, it appeared, was that Prof. H still did things a bit differently from other professors in a school where standardization reminiscent of Henry Ford's Model "T" had become the watchword to success. At this point, Prof. H. surmised that the school had cleverly managed to bypass all concerns about the fallacy of mass marketing. Specifically, it had apparently found a way to recruit precisely those students who—in their eagerness to network with their peers and their complete indifference to the merits of academic freedom—actually *want* to take required-clustered-standardized-and-commoditized courses from intellectually hog-tied instructors.

So, Professor M.B.H., with sad reluctance, decided that he had no choice but to standardize his offering even more. He redoubled his efforts and put every ounce of his strength and energy into creating a version of the course that mirrored the sections taught by his colleagues to the greatest extent humanly possible. He worked harder on this venture than he had ever worked on anything in his life. And it appeared to him that most of the students seemed to enjoy his resulting course offering. They spoke to him pleasantly. They smiled at

him in the hallways. They called upon him to offer all sorts of extracurricular help on various group projects and personal concerns. So, despite his deep sense of selling out intellectually, Professor M.B.H. felt halfway reconciled to the whole sad academic compromise in which he had been forced to participate.

Then came the course evaluations. To put it mildly, these turned out to be as cruel and insulting as it is possible to imagine, amounting to nothing so much as a heartless form of character assassination. In brief, the students—roughly 180 of them in three sections—had conspired to create a list of six or seven grievances (the party line) that they repeated in virtually every one of their course evaluations (like a lynch mob) *en route* to compiling what must surely be the lowest average student ratings in the history of the school (down around 1.5 on a 5-point scale).

Blinded by the fact that he had tried so hard to make this an enjoyable class for his student customers and fooled by the dissimulations of class members who had persuasively but misleadingly feigned friendly attitudes toward him, Professor M.B.H. was surprised, shocked, dismayed, heartbroken, and humiliated by this turn of events. He read these course evaluations with a sense of despair unprecedented by anything in his former experience at the university. After this punishment, Prof. H found that he could not sleep at night. And when he did manage to fall asleep, he had terrible nightmares. His first response was a deep sense of inadequacy and shame. Later, he felt that he had been trapped into something of a no-win situation. Eventually, he began to allow himself to feel some degree of anger over the astonishing hypocrisy evinced by a large number of people acting collectively but duplicitously to ruin his life.

After his humiliation in the core course (2004), Prof. H returned to teaching Consumer Behavior—happily and thankfully, with acceptable results in the course evaluations and teacher ratings (albeit in small classes consisting of only a few MBAs, plus "too many" students from other parts of the university). Ultimately, however, he moved as quickly as possible in the direction of retirement (2009).

This is the sort of thing that happens when a school subscribes uncritically to an ill-conceived customer orientation; when it compromises academic values in the service of providing a pleasant or lucrative consumption experience; and, most importantly, when it limits its view of the consumption experience to just a few arguably inadequate aspects of consumer value. Facets of the latter issue will concern us in what follows.

29.5 Consumption experience

No one should imagine that the school where Professor M.B.H. taught and countless others like it have steered their policies toward obeisance to job recruiters, corporate donors, and students as customers by accident or happenstance. Rather, the push toward *customer orientation* in the halls of ivy reflects the conscious and, indeed, the insistent adoption of a desire to please the relevant consumers. Most conspicuously, this mission now manifests itself in a devotion to the objective of maximizing *student satisfaction* with the *consumption experience* attained while pursuing a degree at the relevant institution. For example, the administration at Prof. H's school recently circulated an email memo that began:

> Dear [Addressees], … I want to update you on the progress that we are making to improve [the school's] student experience—a topic that remains top of mind for the administration—and to request your help by providing feedback on ideas that we have generated over the past months.

The message continued by describing "past student satisfaction surveys," the deployment of a "strategy consulting firm … to assist us," and the school's dedication to "identifying customer needs and maximizing customer satisfaction" so as to develop "initiatives that could enhance the overall … student experience." It concluded with an appeal to participate in "a short, 15 to 20-minute online survey" intended to "help us obtain a clear perspective on which of these initiatives … will have the greatest positive impact on the student experience." "Once we have analyzed the results of the survey, we will begin implementing the initiatives that have the highest likelihood of improving student satisfaction." Shortly thereafter, this follow-up message arrived:

> A few days ago I requested your help in providing feedback on … an initiative to improve the student experience … . Our work included a review and analysis of the student satisfaction surveys … . We also enlisted the support of [a] strategy consulting firm … . Together, we developed a comprehensive list of potential initiatives that address … the student experience … . Therefore, we request your participation in a short 20-minute survey by clicking on the link below.

In catering to students as customers, with every effort geared toward maximizing their satisfaction with their education-related consumption experiences, Professor M.B.H.'s school and others like it attempt rather transparently to emulate the conventional wisdom espoused by any number of successful businesses that have come to regard *experiential marketing* as their ticket to profits and prosperity. Having participated in a trend toward celebrating the importance of consumption experiences (Hirschman & Holbrook, 1982; Holbrook and Hirschman, 1982), I cannot help but feel some sense of self-defeating bemusement to note that a viewpoint I once championed has come to be applied in ways that I now regret (Holbrook, 2009).

Others had proclaimed the importance of consumption experiences long before we got around to it (Abbott, 1955). More recently, the implications of consumption experiences for the practice of experiential marketing have served as the major theme for any number of managerial self-help books (Pine & Gilmore, 1999; Schmitt, 2012). During the new millennium, I have amused myself by writing book reviews of at least 15 such entries in the management-guru sweepstakes (Holbrook, 2007). Fundamentally, these treatises on experiential marketing share two main characteristics. First—with one conspicuous exception (LaSalle & Britton, 2002)—they show their authors to be totally oblivious to the intellectual origins of the concepts they espouse, relying instead on a breathlessly excited expression of ideas that are about as new as rediscovering the wheel of retailing. Second, as if by some sort of unintentional postmodern self-parody, they worship the success of experience-oriented firms that have subsequently encountered profound problems in the marketplace—for example, JetBlue, Krispy Kreme, Microsoft, and Starbucks. Indeed, in retrospect, I have come to regard representation in one of these self-help experiential marketing books as tantamount to the kiss of death.

29.6 A definition of consumer value

What all these mainstream best-selling books on customer-oriented experiential marketing, as well as applications of their principles by the bamboozled administrators of academic institutions, have in common is their reliance on a simplistic version of the experiential view that celebrates the importance of "Fantasies, Feelings, and Fun" (Holbrook & Hirschman,

1982) or other pleasure-related aspects of "Hedonic Consumption" (Hirschman & Holbrook, 1982). Back in the day, we soon came to realize that consumption experiences matter for one, and only one, reason—namely, their inextricable role as the central element in the creation or co-creation of *consumer value* (Holbrook, 1999). Thus, I define consumer value as an *interactive, relativistic (comparative, personal, situational) preference experience*—meaning that some product has value *only* by virtue of the *services* that it performs in providing some desirable *consumption experience(s)* (see chapter 19 by Bajde & Díaz Ruiz). In this sense, by the way, *all products are services*, and there is no reason to invent a terminology that says otherwise (Vargo & Lusch, 2008).

To elaborate briefly on the conceptualizations provided at greater length elsewhere (Holbrook, 1999), by "interactive," I mean that consumer value always entails a relationship between some object (a product) and some subject (a consumer). By "relativistic," I mean that the nature of consumer value is "comparative" (based on a comparison between one product and another), "personal" (differing among individuals), and "situational" (depending on the context in which the evaluation occurs). By "preference," I mean that value reflects an overall evaluation or preference judgment. And by "experience"—as already noted—I mean that value hinges *not* on some tangible product or intangible service but *rather* on the experience that one derives therefrom. Or, as expressed by my favorite economist, Abbott (1955):

> The thesis may be stated quite simply. What people really desire are *not products but satisfying experiences* … . People want products because they want the *experience-bringing services* they hope the products will render.
>
> *(p. 40, italics added)*

Building on the earlier work that had characterized the relevant consumption experiences as "fantasies, feelings, and fun" (Holbrook & Hirschman, 1982) or "hedonic satisfaction" (Hirschman & Holbrook, 1982), subsequent analyses developed a broader and more systematic consideration of the relevant types of consumer value (Holbrook 1999). Thus, my ultimate Typology of Consumer Value recognizes at least eight major types of value in the consumption experience. The problem, put briefly, is that school administrators and other conventional, naïve, or careless disciples of experiential marketing have failed to notice that *all types* of consumption experiences are fundamental to the *(co)creation of multiple aspects of consumer value* in ways that encourage high levels of *satisfaction* or that inspire elevated degrees of *brand loyalty* (Holbrook, 2006).

29.7 Three dimensions of consumer value

Briefly, the recommended conceptualization focuses on *three key distinctions* or *dimensions* that underlie the relevant types of consumer value. Specifically, *extrinsic versus intrinsic value* refers to the difference between an object prized for its ability to function as a means to some end (extrinsic value) and an experience valued for its own sake as a self-justifying end in itself (intrinsic value). Meanwhile, *self- versus other-oriented value* refers to the contrast between something prized for my own sake, for how I respond to it, or for the effect it has on me (self-oriented) and something valued for the sake of others, how others respond to it, or the effect it has on them (other-oriented) where the "other" may refer to all levels from the most micro (family, friends) to the most macro (Mother Nature, the Deity). And *active versus reactive value* refers to the distinction between the active manipulation of some

physical or mental object in the attainment of value (active) and the process of responding to the object as it acts upon oneself (reactive).

29.8 A typology of consumer value: The Eight E's

Dividing these three distinctions into all possible combinations produces the following *Typology of Consumer Value* in an easily-remembered, reader-friendly mnemonic that uses words beginning with the letter "E." The Eight E's capture the full set of consumers' experience-based value types (figure 29.1). Under each "E" are descriptive example(s) in parentheses.

In what follows, I suggest that an excessive preoccupation with three types of consumer value—Entertainment, Exhibitionism, and Efficiency—stems from the misapplication of basic tenets of experiential marketing in academic institutions and has limited the universities' focus on Excellence, Elitism, Esthetics, Ethics, and Ecstasy in ways that have damaged or even destroyed the abilities of schools to foster and sustain what was once known as a community of scholars.

29.8.1 Impoverished preoccupations: A misplaced customer orientation

Let us first consider the three main types of consumer value that have preoccupied academic institutions in their eagerness to apply the conceptually shaky but pedagogically persuasive principles of customer-oriented experiential marketing as preached by the aforementioned management gurus. I shall argue that—in each case—the narrow focus of school administrators represents a distortion or abandonment of worthwhile academic values.

Entertainment refers to the active manipulation of a self-oriented experience in a manner that is enjoyed intrinsically for its own sake as an end in itself. Here, we think of play, fun, or other aspects of leisure activities as key examples. In the classroom—especially at the undergraduate level—a key criterion of success involves the degree to which the students are entertained or amused, as reflected in the happiness registered on their teacher-rating forms. Probably, no instructor wants to be dull or dreary on purpose. But the sad fact is that some

		Extrinsic	***Intrinsic***
Self-Oriented	***Active***	EFFICIENCY (O/I, O-I; EVC)	ENTERTAINMENT (Play, Fun)
	Reactive	EXCELLENCE (Quality)	ESTHETICS (Beauty)
Other-Oriented	***Active***	EXHIBITIONISM (Status, Impression Management)	ETHICS (Justice, Virtue, Morality)
	Reactive	ELITISM (Esteem, Materialism)	ECSTASY (Spirituality, Rapture)

Figure 29.1 The Eight E's of consumer value

important course material often entails a certain amount of drudgery—taking derivatives, for example, or learning the Amendments to the Constitution. Hence, I conclude that play or fun in the classroom and the glowing teacher ratings that they inspire should not be equated with pedagogic success.

Exhibitionism refers to the active manipulation of one's own consumption as the extrinsic means to achieving some other-oriented end such as an elevation in status, a favorable impression, or a job offer. By the time students reach their postgraduate years—especially in MBA programs or other professional schools—the focus of customer orientation has shifted from mere entertainment to an emphasis on the role of the school as an engine of career advancement. In essence, newly minted graduates use their academic degrees as a form of exhibitionism, status enhancement, or impression management that—like wearing an Armani suit or carrying a Gucci attaché case to a job interview—elevates their standing on the job market and ensures them the most lucrative possible employment opportunities. Such students may understandably come to view the whole academic enterprise as nothing more than an extended job search in which any aspect of the curriculum is valued only for its ability to improve performance in an entry-level position or, more accurately, to secure access to the biggest possible paycheck. Only someone who has suffered through the chore of teaching a class filled with students dedicated to this perspective can fathom how completely such an attitude destroys any hint of intellectual curiosity or scholarly integrity among those few class members who manage to find time to attend classes and participate in them, rather than preparing for job interviews. The idea that some concept or theory might be worth studying just because it is interesting or of potential relevance to some moment in the distant future has completely died in the MBA classroom. Obsessed with immediate practical relevance—that is, tools of use in the job search—the typical MBA (with only rare exceptions) can think of no more damning condemnation than to opine that a course is "too theoretical." Nowhere has this anti-intellectual attitude taken root more firmly than at the famous Harvard Business School (HBS), noted for its dedication to the case-study method. Here, this teaching device appears to be prized in part by virtue of its implicit associations with what McDonald (2017) described as sugar-coated or on-the-job training, and he credits the accompanying decreases in intellectual rigor in its case-study method for the moral failure of those with its elite MBAs. In another disturbing example, consider Trump University (TU), which recently settled a $25 million lawsuit in April 2018 for fraudulently promoting its for-profit seminars as university classes (Hafner, 2018; see chapter 30 for further information on unethical bait-and-switch tactics).

Efficiency refers to the active manipulation of one's own consumption as a means of achieving self-oriented ends such as those measurable by calculating the ratio of one's outputs to inputs (O/I ratio) or computing the cumulative difference between the two (O–I) as a measure of Economic Value to the Customer or (EVC). Most MBA students and those instructors who pander to their sensibilities tend to focus rather obsessively on EVC—that is, Return on Investment (ROI) or the Net Present Value (NPV) of all future cash flows resulting from the opportunity in question (say, future salaries and bonuses less tuition expenses and costs of forgone earnings, all discounted to current dollars). For example, a lamentable cover story for *Business Week* by Jennifer Merritt (2003) asks the probing question, "What's an MBA Really Worth?" But—instead of concerning herself with substantive issues pertaining to the assimilation of knowledge, wisdom, and critical insights in attaining the degree—Merritt (2003) gives a dollars-and-cents answer to its worth framed in ways that reinstitute the myopic economic logic of a firm, namely, the narrow devotion to maximizing EVC as if it were achievable by ROI or NPV alone. Thus, *Business Week* surveyed 1,500 graduates

from a large number of MBA programs in the Class of 1992 and reported that these spokespeople were highly satisfied with their graduate degrees.

Some 89 percent say they would go for the degree again if they had to do it over. And why not? Their salaries and bonuses are hefty, and they occupy, after only a decade, top posts in their companies. Today, members of the class earn an average salary of more than $155,000—up from the average $56,600 they earned in their first post-MBA job (capsule summary of Merritt, 2003, p. 4).

This admirably brief précis neglects to mention the real impact of the MBA degree, which must be computed by including the benefits of bonuses and other supplementary compensation:

> Add in the $232,400 in average bonus and other compensation … and compensation for the class last year was $387,600 on average. Compare that to today's average salary for a person with only a college degree—about $43,400—and the MBA premium comes into focus.
>
> *(Merritt 2003, p. 92)*

So—as elsewhere with *Business Week*, other like-minded publications, and professors who espouse similar values—the "focus" of education-related commentary revolves around the dollars-and-cents issues of salaries, bonuses, job offers, career expectations, and other greed-inflected aspects of the consumer-centric university. And why not? How, in our current climate of customer-oriented vocationalism, could it be otherwise?

29.8.2 Missing values

From what I have said, it should be clear that several of the Eight E's are conspicuous by their absence from the misguided preoccupations that currently steer universities in general and that shape business education in particular.

Excellence refers to the reactive appreciation of some product or consumption experience as a potential extrinsic means toward achieving a self-oriented end. A clear example appears in the case of Quality—where we admire some product for its capacity to perform well in some desirable function (without necessarily deploying it for that purpose). Once upon a time, the quality of education—that is, a dedication to conveying profound knowledge, to the advancement of intellectual rigor, and to the refinement of analytic skills developed in the classroom—assumed the greatest possible importance for faculty and students alike. But nowadays, the quality of the learning experience is the farthest thing from the minds of education providers and their student customers. An instructor cares less about such academic values as truth, honesty, analytic competence, and intellectual integrity than about the sorts of classroom tricks that will win approval in the teacher ratings. Indeed, a popular marketing teacher once confided to me that the secret to his success in leading class discussions of a particularly problematic case was to wait until his students asked "What really happened?" and then to deliver a completely fictitious answer that he had fabricated out of thin air in order to bolster his pat solution (Holbrook, 2005b; see also Frankfurt, 2005). After the arrival of bullshit in the classroom, the alternative facts and fake news that characterize our contemporary post-truth society proved to be not far behind (Anderson, 2017; Berthon & Pitt, 2018).

Elitism refers to the reactive appreciation of one's own consumption as the potential extrinsic means to produce some response such as Esteem from others (again, without necessarily flaunting this consumption in the manner that would produce this effect).

Though the term implies some sort of justifiable pride in one's own estimable possessions or accomplishments, the word "Elitism" carries some of the most negative connotations to be found in the English language. Almost no pejorative epithet carries more vituperative venom than to accuse someone of being elitist. Yet the writer Henry (1994) has argued persuasively in favor of certain benefits of elitism—for example, in those circumstances where rewards reflect the achievement of excellence or the display of unusual merit. I would like to think that certain aspects of education accomplish these not-to-be-denigrated aspects of elitism. Indeed, attending a prestigious school, earning a high grade-point average, graduating *summa cum laude*, and/or winning a place in the Phi Beta Kappa or Beta Gamma Sigma Society strike me as achievements worthy of esteem from oneself and others. Yet the current academic regime undermines such traditionally elitist sources of esteem. Grades are withheld from corporate recruiters, who apparently consider them irrelevant. Thus, in such a situation, the only possible reason to strive for excellence would be the quiet pride or private satisfaction of knowing that one performed well academically. And with the prevailing emphasis on success in the job market, why should anybody care about that? The answer, of course, is that few do.

Esthetics refers to the reactive appreciation of one's own self-oriented consumption experience as an intrinsically valued end in itself. The typical example of esthetic value involves the admiration of Beauty in a work or art or perhaps in a scene drawn from nature. Certainly, such experiences have their place in education—as when taking a course on Baroque music or Renaissance painting. But, in the business or marketing context, another source of esthetic value would lie in the acquisition of knowledge prized purely for its own sake. Thus, even in business, we find aspects of beauty—well-written essays, clever analyses, elegant offerings—that deserve to be admired purely as self-justifying ends in themselves. Yet few MBA candidates would bother to stop and smell the roses in this fashion. No matter how exquisite, such aspects of beauty would be regarded as impractical, useless, or trivial. And such, alas, is the pitiable condition of anti-intellectualism into which the current state of business education has fallen.

Ethics refers to the active manipulation of one's consumption experiences for the intrinsically valued impacts that they have on others—where "others" could imply a more micro-level focus (family, friends) or a more macro-level perspective (society, the planet) (see chapter 30 by Peñaloza). Obviously, such ethical aspects (Virtue, Justice, Morality) imply a large set of issues of interest to those concerned with studying the impact of business on society, the role of commerce in the environment, sustainability, ecological aspects of the firm as a dynamic open complex adaptive system, the promise of green marketing, and so forth. Yet—despite the obvious importance of such ethics-related issues—the sad fact is that they fail to interest business educators in general or academic marketing researchers in particular (Wilkie & Moore, 2003). Elsewhere, I have suggested that

> one plausible explanation … stems from the rise of the customer orientation in academic institutions—whereby marketing professors feel pressured to focus on topics of value to advancing the careers of their students. In such an ethos, … larger concerns about the role of marketing in society get neglected.
>
> *(Holbrook, 2005a, p. 143)*

In other words—in this age of obsessing about practical applications (at the expense of theoretical conceptualizations) and career-enhancing job opportunities (at the expense of attention to larger social issues)—what rational professor would devote time or effort to a

focus on ethical questions of potential relevance to ecological concerns, long-run sustainability, or macromarketing solutions that might work toward saving the planet? The answer, I fear, is very few, and certainly not those with a propensity toward rational self-interest.

Finally, *Ecstasy* refers to the reactive appreciation of consumption experiences valued intrinsically for aspects that involve the disappearance of the self-other dichotomy in ways associated with Spirituality or Rapture. As in a moment of religious exaltation (Unity with God) or esthetic transcendence (oneness with a work of art), one seems to become part of that which one consumes in ways that produce a loss of Self in the Other. Even though it might be too much to hope that such exalted moments of transcendent rapture would occur routinely in the MBA classroom, it does seem reasonable to wish that occasional aspects of education would lead in the direction of some sort of spiritual meaning and fulfillment in life—as when one attains a worldview that fits one's own paltry contributions into some sort of larger-level scheme with a resulting sense of participation in a kind of Grand Design. Aspects of complexity theory appear to search in that direction—with deeply moving consequences for students thereof—and also to carry profound relevance to the future of business as an evolving system of interconnections with the surrounding ecology (Holbrook, 2003). In the aforementioned case study of academic failure, Professor M.B.H. found that a large group of otherwise intelligent MBA students had no interest in such matters. Indeed, on the day when he had scheduled a discussion of complexity theory, they used up large chunks of class time to complete their singularly nasty and hurtful course evaluations in a manner that sabotaged all hope of including a discussion of ecological aspects of the firm as a dynamic open complex adaptive system. Clearly, their behavior did not seem to reflect a spiritual attunement with larger aspects of the Universe or any sort of sympathetic vibration with the Cosmos.

29.9 Conclusion

In public announcements and private pronouncements at the school where Professor M.B.H. once taught, members of the administration frequently proclaim the student-satisfying objective of "building … a culture promoting ideas bridging theory and practice." By this, they mean to advocate research with real-world applications and the presentation of these useful findings in the classroom via teaching anchored in on-the-job managerial relevance. From everything I have said, it should be clear that the construction of such bridges between theory and practice proves pleasing to the students-as-customers who populate the MBA program and wins popularity for the instructors who best display these bridge-building tastes, talents, and tendencies.

Yet I know of no self-confession more pitiable than that of the Harvard Business School grad who wrote an Op-Ed piece for the *New York Times* just after the bursting of the dot.com bubble a few years ago. His lament was—having taken all of his courses at HBS on topics of direct hands-on real-world tools-of-the-trade relevance to various aspects of e-commerce—he now found himself virtually unemployable and without hope for prospects on the job market (Buchanan, 2000). Specifically, at the height of the financial euphoria surrounding the much-ballyhooed dot.com companies, HBS had "overhauled its curriculum to emphasize … e-commerce entrepreneurship" (Buchanan, 2000, p. A33). Obediently, almost obsequiously, the school viewed these curriculum changes as "responding to the demands of its customers," where "the customers are the school's students and potential students, of course" (p. A33). Oh, yes, "of course." The unfortunate problem is that, by "listening to these customers" (p. A33), this school's eager-to-please professoriate had prepared its students for

jobs that—all of a sudden, after the subsequent crash of the absurdly over-priced dot.coms—no longer existed. As the deeply disillusioned author concedes:

> The problem is, platitudinous business maxims notwithstanding, the customer isn't always right. The customers—and I include myself here—do not have the perspective to see the big picture, to identify what remains important in the midst of the change occurring in the economy. Many of my classmates wanted only to … make millions and retire.
>
> *(p. A33)*

Surely, this example spectacularly illustrates the cataclysmic fallacy of pursuing practice at the expense of theory while still ensconced in a graduate-degree program that might otherwise offer some useful conceptual underpinnings before it is too late. Ironically enough, as Kurt Lewin is reputed to have said, there is nothing so practical as a good theory.

It should also be clear that creating an institutional culture in which theory is valued only if it is linked to practice tends to subvert most or even all of the "missing values" described in the preceding section. In brief, such a customer-oriented culture denigrates the values of Excellence, Elitism, Esthetics, Ethics, and Ecstasy—placing the importance of these below that of Entertainment, Exhibitionism, and Efficiency. In this, such considerations as educational quality (excellence), scholarly integrity (elitism), intellectual honesty (esthetics), social responsibility (ethics), and spiritual enlightenment (ecstasy)—in other words, types of academic values that used to form a bedrock foundation for the community of scholars who once inhabited the university – are neglected in favor of catering to students viewed as customers of the professors who now serve as knowledge providers, subservient to the whims of their predominantly self-interested job-hungry greed-inspired clientele. Thus, the project of building bridges between theory and practice in accord with a business model for how to run an academic institution—which sounds so innocent on the surface—can actually damage the intellectual quality, scholarly integrity, and academic freedom of the university. Progress in that direction has already proceeded far enough. In the metaphor based on warfare that never lurks far below the surface of business discourse (promotional campaign, advertising slogan, positioning strategy, competitive attack, marketing firepower, box-office blockbuster, corporate mission, and all the rest), it appears that university administrations have already moved much too aggressively in the direction of building bridges between education and industry, between scholarship and commerce, between theory and practice, between God and Mammon. Indeed, recalling the title of this essay, we stand on the brink of a disaster caused by building "A bridge too far, … way too far."

Takeaways

1. Many of today's problems in the university were anticipated by President Dwight D. Eisenhower's comments on the military-industrial-educational complex.
2. Running the university like a business encourages the misdirection of faculty efforts toward lucrative but intellectually vacuous consulting opportunities.
3. Treating younger students as customers encourages an excessive emphasis to be placed on edutainment.
4. Treating older students as customers encourages succumbing to an anti-intellectual trade-school mentality.

5. Some of the author's complaints about commercializing the university are clearly illustrated in the example of his professional experiences.
6. Among the eight types of consumer value, business schools tend to offer Entertainment, Exhibitionism, and Efficiency at the expense of Excellence, Elitism, Esthetics, Ethics, or Ecstasy.
7. Entertainment appears when professors attempt to charm their students with colorful videos or impressive war stories.
8. Exhibitionism relates to the role of business schools in providing networking opportunities, successful impression management, and career advancement.
9. Efficiency refers to a school's bang-for-the-buck in the form of salary increases less costs or the incremental net present value of future cash flows.
10. If readers are disturbed or even outraged by this essay, the author has accomplished his purpose.

Review and discussion questions

1. To what extent has the author—in emphasizing the importance of consumption experiences—been hoist with his own petard?
2. Explain the author's statement that "all products are services."
3. What type(s) of value have you personally gained from the services provided by your business-school experience?
4. What type(s) of value has your school gained from your participation in the educational process?
5. To what extent do you, Dear Reader, (dis)agree that academic values have been sacrificed to commercial success in your own education?
6. In what ways does the present book illustrate or contradict the problems identified by this chapter?
7. Assuming that "Professor M.B.H." is actually the author, how and why might this chapter reflect conscious or unconscious authorial biases?

Keywords

Edutainment, military-industrial-educational complex, misguided business model applied to the university, misplaced customer orientation, threats to academic values, trade-school mentality.

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30 Ethics

Lisa Peñaloza

Overview

Ethics has been described as "one of the most important, yet overlooked and misunderstood concepts in corporate America and schools of business" (Ferrell, 2005, p. 3). This chapter takes a cultural approach to decipher ethics, drawing from sociology, anthropology, and the humanities in directing attention to social representations, discourses, and practices, as actors within various fields produce and enact what becomes recognized as ethical and unethical within market systems. These actors include marketers, suppliers, and distributors in business networks; consumers in social groups such as families and communities; competitors, other businesses, and nonprofit organizations; government representatives and appointees; other stakeholders in communities; and even the natural environment. The cultural approach views ethics as emergent and negotiated within market systems as members specify, evaluate, and enforce word and deed using particular codes, symbol systems, and practices. In their most explicit form such specification consists of laws, codes, and customs, yet it also includes more subtle patterns of interaction, gesture, gossip, and innuendo and less subtle sanction and punishment in social and market fields including firms, families, and governing bodies in cities and nations. *Members of market systems determine what is ethical as they define and regulate unethical practices.*

The cultural approach to ethics complements traditional approaches to ethics that emphasize psychological processes of perception and information processing, and economic decision-making processes that marketers engage in as individuals in organizations. Such psychological and economic approaches view ethics as part of individual self-development and consider culture as an influence on such individual ethical principles and decisions.

30.1 Introduction

In the introduction to his work, *Democracy in America,* Alexis de Tocqueville posed the bold question, "Can it be believed that the democracy which has overthrown the feudal system and vanquished kings will retreat before tradesman and capitalists?" (de Tocqueville, 1998/1835original, p. 3). His published reflections from a visit to the US, from 1831–1832, became an immediate success in the US and Europe, as much for its observations of modernity as for the democratic political and cultural tendencies spawned by capitalism at that time. Critically acclaimed for its wisdom and maturity, the journalistic account displayed the idealism and optimism of de Tocqueville's youth and his unbridled envy at US ingenuity and economic growth. There was no mention of the market speculation, Native American genocide, or slavery that underlay this US miracle, nor the consumer boycotts and buycotts

for more ethical market practices that were common at the time and that instigated the better working conditions, an end to slave labor, and more ethical distribution of market-generated wealth that have contributed to it (Glickman, 2009). Such is the versatile and adaptive legacy of capitalism. Its success story is a bit like gamblers who talk only about winning. Only later and with much effort do we learn of the many losses and the remedies in their wake. Indeed, there is much to learn about the contributions of unethical marketing practices to business as we know it today.

The challenges of teaching market ethics today are as difficult as they are important. Madeline Albright (2018), former US Secretary of State, warns us of a global resurgence of fascist socioeconomic conditions and nationalist political regimes not seen since World War Two. Her knowledge is both professional and personal. Her family fled what is now the Czech Republic at the cusp of that war. In the United States, the 45th President continues to refuse to comply with precedent requiring the disclosure of financial assets and their placement in blind trust to avoid conflicts of interest; to play loosely with the truth and be called out for lies; to fill his staff and cabinet with business associates, some of whom have resigned, been indicted, or set to prison; to rely on family members with little diplomatic training and government experience among his most trusted advisors and to reward them with security clearances and thus access to classified government information; and to attack the press and government officials who challenge him (Woodward & Yen, 2019; Eder & Tabuchi, 2018; Washington Post, 2019; Benner, 2018). Such actions and conditions concerning power are more accurately reflected in the writings of Machiavelli than in de Tocqueville's writings on democracy. Among Machiavelli's most famous dicta: "It is necessary for a prince wishing to hold his own to know how to do wrong and to make use of it or not according to necessity," and "It is better to be feared than loved."

Regardless of socio-political leanings, market conditions, and power, the goals of market ethics remain constant—to hold business practices to the highest moral standards. Ethical considerations apply to all, and leadership is an important signal as to the ethical ideals and standards in organizations (Bachmann, 2017) and among the people of a nation. Market ethics are important because of their grave consequences in people's lives, and history has taught us that people do not support the organizations they find to be unethical. The Great Depression, the US Savings and Loan crisis of the 1980s, and most recently, the global financial crisis of 2008 each posed ethical challenges regarding the workings of markets. To put the gravity of these business crises into perspective, follow this link https://macrotrends.net/1319/dow-jones-100-year-historical-chart to trace their effects on the US stock market.[1] The market high prior to the crash of September 1929 was 5,508; its lowest point during the Depression was 800 in June 1932. Another peak was in January 1966, at 7,946, followed by a steady drop to 2,090 in July 1982. From there, the market climbed steadily through the 1990s to 17,200, followed by some dips to 12,300 during the early 2000s, and a decline to 8,390 in 2009 during the financial crisis. Ten years after this most recent financial crisis, markets had rebounded. Their value at the time of this writing is 20,000, down from a high of 27,000 prior to the escalation of the Covid-19 virus. Concurrent with this most recent dip in stock market value is growing wealth inequality and strategic cuts in income and business taxes, and the deficit the tax cuts fuel then serves as pretext for programmatic cuts in social programs and roll backs in environmental laws, notes Nobel Prize winner in economics, Paul Krugman (2018). Contributing to current income inequality in the US are differential tax rates, as well as earnings. George Soros made headlines in siphoning $18 billion to a private nonprofit, a lawful maneuver that exempts these funds from taxes (Moore, 2017). Earlier, multibillionaire Warren Buffet (2011) gained notoriety for challenging government

to stop "coddling the rich," in charging a lower income tax rate on investment earnings than on wages, such that he paid 17.4 percent while his staff paid 36 percent on average that year. Soros was one of several voices cited by the social movement 99% in directing attention to the growing wealth inequalities in the nation. Also listed on the movement fact sheet was a *Business Week* editorial noting that CEOs went from earning 42 times the average worker's pay in 1980 to 531 times this average in 2000 (http://wearethe99percent.us/). Legal? Yes. Ethical? You decide and discuss in class.

30.2 Conceptualizing ethics

The term ethics comes from the Greek, *ēthikē*, most broadly conceived as the philosophy of human conduct (Webster's Dictionary, 1986). Distinctions are made between ethical and legal matters. While both rest on cultural ideals and practices, ethics are informal and feature normative principles of what people should/should not do, as compared to formally codified laws through which people regulate what they can do without being subject to fines and other punishments. Notably, some laws result from regulating what previously were informal practices. An example is the Sarbanes-Oxley Act 2002, that established the Securities and Exchange Commission to regulate the financial industry, replacing its long-standing, club-like, self-policing practices. The act holds organizations and employees responsible for misconduct (Ferrell, 2005, p. 15).

Ethics stem from a person's and a community's/society's sense of right and wrong, morals, fairness, and equity. Some of the most *explicit* ethical teachings are found in religious writings, legal codices and precedents, and business and other organizational codes of conduct, mission statements, and operating procedures. Examples include the Ten Commandments, the Quran, and the teachings of Confucius and Buddha, to name a few. Nations, states, and cities establish laws and legal precedents. Companies have more or less explicit codes guiding work.

Yet just as important are the *implicit* ethics in fables, movies, children's stories, popular phrases, music, and ritualized holiday customs and traditions. Implicit ethical principles are conveyed and reinforced through *socialization* in personal contact among family members, at school, at work, at church, and in clubs/social organizations. Socialization occurs as well across a realm of online, broadcast, and printed form in websites, blogs, newspapers and magazines, film and television, etc., and in institutional activities in meetings and other outreach by religious and political organizations, statements by elected officials and governmental and nonprofit organizations, and even lobbying of political representatives by business and nonprofit organizations. Take a moment, list a few current examples of phrases and extract their meaning, with attention to the ethical lesson each "teaches." Here are a few: Whoever dies with the most toys wins. Too big to fail. Privatize the profits; socialize the risk.

This chapter emphasizes ethics in explicit codes as well as implicit, generally accepted ideals and standards that guide managers in word and deed in social and marketing fields. In this sense, ethics goes beyond traditional normative principles and codices encompassing what should and should not be done and said to include discourse and activities as they are rewarded, punished, or ignored in virtual and bricks-and-mortar social and market contexts. In the academic discipline of marketing, the most recent terminology is sustainability in referring to business activity that has a positive or at least neutral effect on society and the environment (cf. chapters 27 and 28). Before that, the appropriate term was "corporate social responsibility," in encompassing the emerging social obligations of organizations to have

a positive impact. In the 1970s, the term "social marketing" referred to the application of marketing techniques for social goals. In this chapter, references will be made to all of these phenomena as comprising marketing ethics.

Business schools are especially important places for teaching and shaping ethics, given their role in molding future managers and leaders. Richard L. Schmalensee (2003), Dean of the Sloan School of Management, Massachusetts Institute of Technology, charged business schools as being partly responsible for producing a cadre of managers more focused on beating the market in short-term gains than building lasting value for shareholders and society. As readers involved in business study and practice, take a moment to consider your experience with colleagues, teachers, family, and strangers in and outside the business field. What is measured and valued in financial statements, short-term or long-term profit, or other gain? Other goals, such as shareholder wealth and CEO/employee pay ratio? What about contributions to community development and to the natural environment? Does the end goal, be it grades, a job, social acceptance, companionship, and/or money, justify the means? Does it matter whether someone takes credit for others' work or shortchanges them? Should things be different at school, work, home, with friends? What do you do if you see a colleague who doesn't do their share of work, or a student who takes credit for the work of others on a group project or other assignment, or cheats on an exam? Each of these answers provide insights into cultural and personal views on ethics.

30.3 The cultural approach to marketing ethics

Markets are powerful institutions supported by a web of cultural beliefs, organizational practices, and means of governance, as illustrated in figure 30.1. The figure represents four subfields of consumption, business/nonprofit organizations, government, and financial institutions. Each subfield depicts ethics as the culmination of the negotiation of meanings and values within the subfield and among the subfields, and all subfields are encircled in a large blue circle representing the natural environment.

The cultural approach to market ethics builds upon the philosophical foundations of ethics. Both deontological and teleological principles (Parsons, 2009) are relevant. Deontological concerns regard ethical behavior, while teleological concerns evaluate the egoistic or social utilitarian interests and effects of particular courses of action. Key in the cultural approach to ethics are representations, discourses, and practices as the means through which a plurality of members of social and organizational groups *specify, enact,* and *police* ethical and unethical meanings and values in various fields that comprise a market system. This approach further emphasizes the relational, dialogic, and negotiated nature of ethics. From the cultural perspective, ethics is misunderstood as a matter of the micro individual *or* the macro institutional system. Instead, what is important is how ethics is: Conceptualized and enacted by individuals, plural; explicated in formal and informal collective customs, laws, and traditions; and manifest in terms of some overall comprehension of a particular social-market system. Together, the traditional and cultural approaches yield a more complete picture of ethics in markets.

Representations are the specific symbols carrying meaning. Such symbols include linguistic codes, images, and photographs. Market ethics are communicated subtly in signs, such as product logos and colors, as well as in gestures, activity, and innuendo. An example is the political campaign website posted in 2008 by Republican, former Vice-Presidential candidate, Sarah Palin, that featured democratic politicians in a bull's-eye. This is an image of a dark circle surrounded by a series of gradually larger rings that in its most general sense

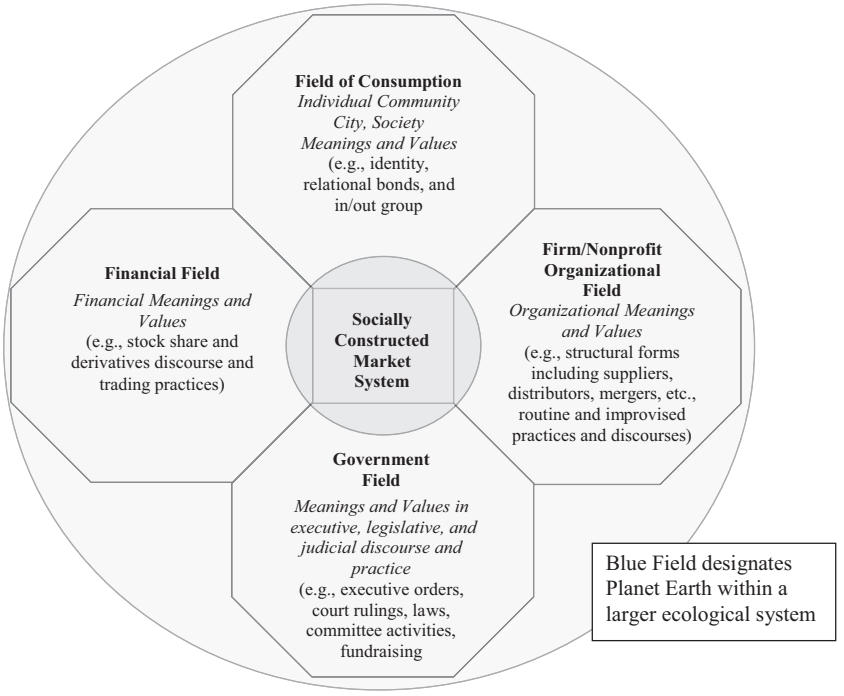

Figure 30.1 Actors in the four fields comprising the market system negotiate ethical meanings and values

can signify focusing efforts on attaining a goal, and yet is also commonly used as a shooting target at weapons ranges. On 8 January 2011, Gabrielle Giffords, a Democratic member of the House of Representatives from Arizona was among 13 people wounded while another 6 people were killed, by the gunfire of a zealous citizen, Jared Loughner, whose online videos and writings contained anti-government messages (McKinnon, 2011). The image on Palin's website was taken down immediately after the shooting (http://talksy.com/83221/the-palin-website-with-a-bullseye-over-gabrielle-gifford-s-district-is-down-now).

As this example illustrates, signs have cultural significance and thus are used to position and build iconic brands, including political candidates. In terms of ethics, because signs convey cultural meanings that are important to people and because they do so online in previously unimaginable numbers, signs can generate dramatic, even violent reactions and responses (cf. chapter 7 on the use of semiotic signs in advertising and chapter 12 for the strong reactions of consumers to changes in advertising for Hummer).

Discourse consists of organized ideas and speech patterns (Prothero, McDonagh, & Dobscha, 2010). Market ethics are communicated in intentional, spoken, and written directives, such as mission statements and operating procedures. The term discourse refers to the ways in which topics are discussed in carrying meaning, including the way a sensitive subject is described in creative language or evaded. As an example, the *free market* is a discursive phrase of much importance in market ethics. Take a minute to specify representations, actors, and activities for this discursive phrase. Now consider the phrase, "if it's free, you're the product." Who pays and who benefits in this market?

Practice consists of human action, especially acts that are repeated, follow in a sequence, and become routine (Canniford & Shankar, 2013). Examples include a salesperson calling on consumers for a business organization, or consumers using a credit card in making an online purchase. Statler, Roos, and Victor (2007) emphasize the ways in which the ethical dimensions of such habituated performances are configured within particular social and market systems. In drawing attention to tacit, bodily knowledge and cultural customs and expectations in marketing ethics, their work converges with what Polanyi (1976) described as a form of human understanding learned over time in embodied practice, and seldom reflected upon explicitly unless disrupted or when attention is directed to them by others.

Further, recent work taking a cultural approach emphasizes that markets operate as *an assemblage* of interlocking social agents, objects, and processes. The assemblage view of market ethics emphasizes that such agents, objects, and processes together constitute what is ethical and unethical in representations, discourses, and practices that are rife with contradictions, contestations, and negotiations. In markets, actors include marketers in business organizations, as well as consumers in social groups such as families, communities, and organizations, competitors in businesses and nonprofit organizations, stakeholders and directors, and government representatives and appointees. In turn, these agents, be they individuals, organizations, and governing bodies, are constituted within particular cultural market systems. Discourses include literally what is said and beyond that, unspoken, taken-for-granted cultural assumptions and ideals regarding the nature of business, mission statements, and marketing goals and strategies. Practices include routine and repetitive activity, such as that carried out by employees and managers in firms in developing markets, and by consumers in using a credit card, and buying and using products and services. Together, the cultural approach directs attention to representations, discourses, and practices as they contribute to the ethical considerations and activities of these social categories of actors in conjunction with material objects in social and economic exchange processes.

Most crucially, the cultural approach directs attention to how social fields, especially the market, but also including organizations and subcultures, exert an authority that imposes upon members. As such, the cultural approach views marketing ethics as emergent and dynamic within diverse, existing social-market systems. It considers culture as a web of codes, a symbol system arrayed in multiple fields through which members specify what is and what is not ethical. In their most explicit form, ethical markers consist of customs encoded into law, yet they also include more subtle patterns of interaction, gesture, gossip, and innuendo in overlapping and mutually constitutive social and organizational structures including firms, families, and governing bodies in cities and nations. Of particular interest are the ways in which members distinguish what is ethically appropriate within these fields as they regulate and define un/ethical practices.

In emphasizing the collective dimensions and dynamics of ethics, the cultural approach complements psychological and economic perspectives, as previously mentioned. To elaborate, the cultural approach adds an explicit focus on social activity in building upon Ferrell's (2005) work emphasizing how persons carry out and reinforce their ideals via individual decisions and actions, some of which may run counter to the individual, the organization, and even society. At times, people's individual sense of ethics conflicts with those in their organization. Margolis and Walsh (2003) noted that people struggle when they cannot reconcile normative ethical principles with the emphasis on profit and efficiency at their workplace. Such difficulties may be fairly common. According to a classic study, only 15 percent of people surveyed claimed they kept the same ethical standards at work as they did at home (Fraedrich & Ferrell, 1992).

Further, the cultural approach builds upon Laczniak's (1983) framework for marketing ethics that distinguishes between utilitarianism, in giving consideration to minimum levels of satisfaction and standards, and justice, in protecting the interests and seeking the greatest possible balance of value for all persons involved, by emphasizing how complex concepts of justice, value, standards, and even satisfaction are produced *in market systems*.

Also important are long-term, developmental tendencies and effects. The assemblage view enables attention to changes in representations of market exchange terms, routines, and values in discourse and practice as they are normalized in society over time. Long-standing cultural beliefs have much power regarding market ethics. An example is selective acceptance of Adam Smith's notion of an invisible hand from his 16th-century text, *The Wealth of Nations,* which holds that persons pursuing their own interests would yield the best for society, disregarding Smith's concern in this same work that rapidly expanding global trade was eroding communities and social traditions.

Twentieth-century cultural beliefs regarding markets continue in this same vein. A more recent example is the work of Milton Friedman (1970), who argued that the sole responsibility of businesses was to create wealth. Not all business leaders take this position, however. In a debate with Milton Friedman, John Mackey (2013) argued that social and environmental sustainability makes sound business sense, and is not radical or counterproductive to firms. As CEO of Whole Foods at the time, Mackey stated, "I believe that the enlightened corporation should try to create value for *all* of its constituencies. From an investor's perspective, the purpose of the business is to maximize profits. But that's not the purpose for all stakeholders, customers, employees, suppliers, and the community. Each of those groups will define the purpose of the business in terms of its own needs and desires, and each perspective is valid and legitimate." Mackey further explains that he is not unfamiliar with profit or hostile to it, "When I co-founded Whole Foods Market 27 years ago, we began with $45,000 in capital; we only had $250,000 in sales our first year. During the last 12 months we had sales of more than $4.6 billion, net profits of more than $160 million, and market capitalization over $8 billion." His point, paradoxically, is that Whole Foods has not achieved this by making shareholder value *the primary purpose of the business*. As he explains: "In the profit-centered business, customer happiness is merely a means to an end: maximizing profits. In the customer-centered business, customer happiness is an end in itself, and will be pursued with greater interest, passion, and empathy than the profit-centered business is capable of" (Mackey, 2013, p. 3).

These apparently different ways of approaching market activity can converge in market ethics that require a measurable and instrumental relationship with business profit and efficiency, note Statler & Oppegaard (2005), who add that his seemingly reasonable requirement has a deleterious effect on marketing ethics. Where particular ethical activities are less efficient or do not pay back economically, they are rendered irrelevant and ignored.

To update the status of Whole Foods, jokingly dubbed "whole paycheck" in reference to its prices, in 2015, the company was investigated in New York for price gauging and later agreed to a $500,000 settlement (Stempel, 2017). Like Starbucks, also plaguing the company are charges of using slow store sales as justification for breaking contractual lease obligations with landlords (Thomas, 2017). Whole Foods was bought by Amazon in 2017 for $13.7 billion, a market value greater than the 12 largest conventional retailers combined. Plans were for Mackey to stay on as CEO, directing 87,000 employees in 460 stores, most of which are in the US. Time will tell if Mackey's principles continue as the company evolves as a subsidiary of Amazon. Plans are for the company to continue sourcing foods and sundries, while supporting Amazon as a brick and mortar platform centralizing supply, delivery, and merchandizing (La Monica & Isadore, 2017).

There are growing alternatives. In ways similar to Mackey's ethical principles at Whole Foods, Triple Bottom Line (TBL) firms orient their operation to social, environmental, and economic objectives. In their study of TBL firms, Peñaloza and Mish (2011) noted that several managers had left conventional businesses to start businesses dedicated to these objectives. They did so by innovating biologically and socially sustainable products and services, shaping sustainable industry practices and standards, and developing and sharing sustainable technologies such that all involved would thrive. As examples, developing the community and financing environmentally sustainable buildings are as important as profitability for New Vision Bank. Earthly Eating shared technological innovations that make healthier food more available to the point that they have become industry standards in supply chain management. Because they care about water quality, Future Friendly discloses on their household cleaner labels all the environmentally safe ingredients they have developed, which makes them accessible to competing firms. Broadened social and environmental goals, measurable standards in reaching these goals and transparency are exemplary of ethical leadership in markets.

30.4 The AMA code of ethics

The American Marketing Association (AMA) lists three normative standards in its statement of ethics: 1) do no harm, 2) foster trust in the marketing system, and 3) embrace the ethical values of honesty, responsibility for decisions and actions, fairness in balancing the interests of buyers and sellers, respect for the dignity of all stakeholders, transparency in creating openness regarding marketing operations, and citizenship in fulfilling the economic, legal, philanthropic, and societal responsibilities that serve stakeholders. Each of these norms and values are clearly explained, with guidelines for their implementation, and with specific policies that define and regulate sexual and personal harassment and conflicts of interest (https://ama.org/AboutAMA/Pages/Statement-of-Ethics.aspx#StatementofEthics).

Key among ethical violations are conflicts of interest, fraud, and discrimination. *Conflicts of interest* entail a failure to separate and partition the interests of an individual from those of the organization for which he or she works or represents in some way. An example is Arthur Anderson, investigated by the Securities and Exchange Commission for compromising the independence of the firm's financial audits by accepting consulting fees from that same client. To settle the ruling, Arthur Anderson agreed to pay a $7 million fine, and later paid $100 million to their client, Waste Management shareholders (Ferrell, 2005, p. 15). Thirteen years later, operating under a changed name, Anderson continues to accept consulting fees from the same companies they audit (https://theguardian.com/news/2018/may/29/the-financial-scandal-no-one-is-talking-about-big-four-accountancy-firms). Why are such conflicts of interest a problem? In the case of accounting firms, receiving money from a client potentially biases the firm's audit of the client.

Fraud consists of deceptive practices that advance individual or corporate interests over the organization or some other group. Fraudulent practices include inaccurate information provided by a company: 1) to brokers and investors to try to influence its stock price, 2) to suppliers to convince them to buy its products over those of a competitor, and 3) to consumers to persuade them to authorize services or buy products beyond what they are worth. Technology has broadened the scope and incidence of such fraudulent practices. Websites follow a long legacy of sales pitches and television ads promoting miracle products that simply do not do what they promise. In a more specific example involving online bank consumers, Zelle has made money transfers easy and immediate in using an email address

or phone number. The app is run by Early Warning Services, a consortium of seven large banks, and it is used by other banks totaling half of the checking accounts in the US, notes Cowley (2018). Problems can arise due to the trust consumers have in the banks using the service, app features that do not confirm transactions and new transfer recipients affecting the accounts of bank customers, and identifiers that are not unique—in the case of this app—email addresses and phone numbers. Another source of problems are phishing scams that use websites similar to the banks, and even internet phone calls mimicking bank phone numbers to trick users into supplying bank account information. Bank of America and Wells Fargo were among the banks listed in Cowley's report, and both banks did refund the fraudulent transactions she reported, but only after being contacted for the article. In earlier correspondence with the customers, representatives of the banks had explained that transactions initiated by consumers were not subject to refund, and such disclaimers are listed on their websites and on the Zelle website.

Discrimination in hiring and promotion is illegal in many countries. In the US, Title IV of the 1964 Civil Rights Act made it illegal in the US to discriminate on the basis of race, national origin, color, religion, or gender (Ferrell, 2005, p. 17). Since then, several businesses have penned non-discrimination clauses, the most recent adding sexual orientation in the wake of the 2015 ruling by the US Supreme Court upholding gay marriage. Examples of businesses include Coors Brewing (http://query.nytimes.com/gst/fullpage.html?res=990CE7D81F3AF93BA35754C0A963958260), cities, such as Salt Lake City (http://slcgov.com/ndo/), and universities, including the University of California (http://universityofcalifornia.edu/regents/policies/4402.html).

The ethics of racial discrimination affect brands as well. Over the past two years, angry football fans have burned their Nike merchandise in a show of disagreement with former San Francisco 49ers' football quarterback Colin Kaepernick for kneeling during the ritual playing of the US National Anthem prior to each game. Kaepernick, a gifted athlete who has endorsed the brand since 2011, engaged in the political expressions from 2016–2017 in supporting the social movement, Black Lives Matter, drawing public attention to the disproportionate violence inflicted on Blacks by police. In attempting to quell players' political expressions, football team owners voted to force players who refused to stand for the song to remain in the locker room or pay a fine. The rules are pending negotiation between the owners and the players' associations. In 2017, Kaepernick filed a grievance against the NFL for colluding in excluding him from playing due to his participation in the protest. Just before the 2018 season, an arbitrator overruled NFL attempts to dismiss the grievance, allowing it to go to trial. The same year Nike ran a billboard ad featuring Kaepernick with the caption, "Believe in something, even if it means losing everything" as part of Nike's 30th anniversary edition of its "Just do it" campaign (https://money.cnn.com/2018/09/03/news/companies/colin-kaepernick-nike-just-do-it/index.html). GQ magazine named Kaepernick their 2017 Man of the Year in a cover story. Kaepernick was joined by other professional athletes, including Nike endorsers, LeBron James and Serena Williams, in supporting equal protection under the law.

Regarding gender, the #Me too and No Means No! movements spread across the globe (https://nomeansnoworldwide.org/) in protest against sexual harassment and violence against women. In 2017, Time Magazine voted Person of the Year those who had reported their experiences, "Silence Breakers," Ashley Judd, Susan Fowler, Adama Iwu, Taylor Swift, Isabel Pascual, and the right arm symbolizing the many anonymous women concerned with their safety, jobs, and families (http://time.com/time-person-of-the-year-2017-silence-breakers-choice/).

30.5 Ethics in marketing—element by element

In the field of marketing, ethical concerns pertain to all of the marketing functions. While not exhaustive, this section strives to acquaint readers with some of the major ethical issues relevant to a subset of marketing activities: sales, marketing research, advertising, and pricing in dealing with consumers and organizational partners, such as suppliers and distributors.

- *Sales*. Itani, Jaramillo, and Chonko (2019) acknowledge that distance from the home office can complicate salespersons' ethical considerations. These authors emphasize the positive influence of an ethical climate on salesperson satisfaction and performance. Their findings add nuance to Dubinsky's (1985) overview of sales' ethical considerations including truthfulness and avoiding pressure sales tactics, differential pricing (not grounded in quantity or other legitimate bases), preferential treatment, overly optimistic promises for delivery, misleading limits on available merchandise, and taking credit for the work of associates or taking clients away from them. (cf. chapter 23).
- *Marketing research*. Cambridge Analytica's Nigel Oakes acknowledged lacking an ethical compass when investigated for providing exaggerated claims and data mining for clients working for the Brexit campaign and others including the governments of the UK, the US, and Indonesia, seeking to shape hearts and minds and change behavior (Berry, 2018). Months later, Oakes admitted, "It's above my pay grade to decide the ethics of this. I'm proud that I've got something that we've developed that works. I don't want it to be used for negative reasons and non-ethical purposes and maybe using it for commercial purposes is non-ethical. Maybe using it for political or election-winning purposes is unethical" (quoted in Hamilton, 2018). As ethical standards are being developed for online research, it is important to build upon ethical standards and policies put in place for offline media. Tull and Hawkins (1985) compiled a fairly comprehensive list of unethical considerations including the collection and use of information against people's wishes, not giving accurate and sufficient information about the use of the research that would enable participants to opt in and out of a study, misleading reporting of results, paying for data, using research as a ruse to sell products, not treating people with dignity, and invading privacy. (cf. chapters 16 and 26).
- *Advertising*. Unethical practices include false claims, manipulation of human hopes and desires, and stimulating undesirable purchases (Ferrell, 1985). Unethical advertising practices are somewhat complicated by the widespread use of images in advertisements, for which "truthfulness" is less a matter of provable claims and more a matter of credibility for imaginative and metaphorical connections between products and firms (Scott, 1993) (cf. also chapter 4 and 22).

  A recent example to consider is whether Groupon is a successful sales tool for participating businesses or a pyramid scheme for the company in generating subscribers. Once listed by *Forbes* as the "fastest growing company in the world," the company is looking for a buyer. A deeper look into the business model is impressive. Founder Andrew Mason had grown the enterprise to 50 million users in 500 cities and 35 countries, as enrolled businesses offer customers discounts and in turn, benefit from Groupon's technology that enlarges the scale of their networks and operations. However, since 2010, Groupon had been targeted with complaints. Consumers complained that their actual discounts were much less than the company claimed. And there was some foundation to consumers' complaints. In 2010, the UK-based Advertising Standards Authority challenged the company's claim of 74 percent discounts on meals as misleading since the 74 percent

had been calculated against the most expensive meal on the menu. In effect, savings on most menu choices amounted to much less. In response, Groupon clarified in ads their discounts of *up to* 74 percent savings in future promotions (Foley, 2011). Retailers complained that many of the customers Groupon attracted to their establishments were deal seekers and seldom came back, and that the discounts put pressure on them, some of which they passed through to workers and suppliers to cut costs or absorb the losses (https://businessinsider.com/merchant-hates-groupon-and-livingsocial-2012-1?IR=T). While some consumers tip at the level of the regular price, which compensates servers who tend to earn the minimum wage in the US, this does nothing to recoup retail losses.

- *Pricing.* Kehoe (1985) discusses the ethical importance of computing a fair price, and notes unethical activities, such as altering merchandise quality, price discrimination, excessive markups, and collusion (cf. chapter 19 and 28). One example is EpiPen, charged by commentator Daniel Kozarich (2016) with unethical pricing practices. Let's look into the charge. Heather Bresch, CEO of Mylan, Inc., was called by the US House Oversight and Government Reform Committee to explain their price increase from $300 to $600 for a two-pack at that time. Citing the text, *The Strategy and Tactics of Pricing: A Guide to Growing More Profitably* (Nagle, Hogan, & Zale, 2010), Kozarich evaluates the pricing strategy on five ethical considerations, and finds them in compliance with all initially: That consumers have ample information and equal access to the product, that they buy the product voluntarily, and that the business does not exploit consumers' essential needs and justifies the price in terms of costs. His evaluation turns sour at the unjustified price doubling, noting that it came after the entry and exit of a competitor, at a time when Mylan again held a monopoly on the allergy reaction injector, adding that while margins improved, within a week, the company lost $3 billion in market capitalization and its stock price lost 12 percent in five days (Kozarich, 2016).

  In another price gauging case, Martin Shkreli, CEO of Turing Pharmaceuticals, was sentenced to seven years in jail on two counts of securities fraud and one count of conspiracy (Clifford, 2018). He had been charged with defrauding investors of $11 million between 2009 and 2014 in connection with a price increase from $13.50 per pill to $750 for Daraprim, a lifesaving drug used by AIDS patients. The company has since changed its name from Turing to Vyera Pharmaceuticals and the price remains $750 (Luthra, 2018).

30.6 Global market ethics

Work on international business ethics has noted differences in negotiation strategies, acceptable levels of profit, fixed prices, and usury laws. In general, such work calls for cultural sensitivity in adapting to local cultural practices, while adhering to organizational policies and strategies, with potential benefits in enhancing profitability, legal compliance, positive relations with shareholders, accurate and reliable record keeping, and goodwill with employees and consumers (Francis & Murfey, 2016).

The cultural perspective adds to this in emphasizing that people's understandings of markets are not fixed; instead they are a dynamic and ongoing construction that builds upon social and market tradition and ritualized understandings. Further, people's sense of markets is a comparative activity that is produced in relation to experiences, including those in other nations, and historically at other points in time.

That ethical understandings derive from their context and can contradict the practices where they are experienced is illustrated in the following exercise that involves your

experience living, working, and/or traveling in other countries. Take a moment and exchange a memorable foreign market experience with your classmate, roommate, or a friend.

Now let's compare your sense of what is appropriate and fair to that of Señor Victor Fuentes' upon working in the US after living the greater part of his life in Mexico. His comparisons, perhaps like yours, involve national stereotypes.

In the US, markets are fair! In doing fieldwork early in her career (Peñaloza, 1994), the author was puzzled at hearing Victor Fuentes, a Mexican immigrant working in the US, talk about buying a car in the US. He repeatedly said he could not understand how it was that one person could sell a car for one price, while another offered the same car for another price in the country, his voice and expression gaining force with each repetition. Having taught marketing, the author tried to account for the pricing differences. Perhaps you, the reader, can assist her in offering an explanation. Like her, you might explain differences in seller sales volume, differences in the risk of the buyers, differences in the salesperson's quota, and the dealer's targeted profits. But the man does not yield. He does not accept these explanations. Exasperated, the author asked him how he could not understand the price differences, being from Mexico, where there they routinely negotiate many things. Finally, he blurted in exasperation, "It's not right, it's not fair. *In the US, things are fair!*"

Much can be learned from stereotypes, and in global marketing ethics, key stereotypes involve people doing business in nations that differ in overall economic measures of development. Rhodes and Westwood (2007) assert that the "foreign" is misrepresented when reduced to our projections onto others. These scholars of ethics challenge the essentialized, exoticized, and denigrated representation of foreign others when reduced to Western comparisons and one-dimensional depictions. Examples include the Chinese reduced to Confucianism, Germans to authoritarians, British as aristocrats, and Africans and Latin Americans as primitive and undeveloped.

As a corrective, the authors draw from the work of Lithuanian philosopher Emmanuel Levinas (1969/1991, p. 42) in explaining that the self exists always and ultimately in relation to others. For Levinas, who lived from 1906 to 1995, the self is fundamentally misunderstood as a "knower" of another because that reduces the other to a creation of the self. Such creation is philosophically untenable and practically limited in its tendency to produce the other as inferior and to assume the self as self-evident and superior. As troubling to Rhodes and Westwood (2007) is the use of this logic to justify unjust treatment of others and by extension, to degrade their natural environment. *For the self to become an ethical subject is to require and acknowledge ongoing and mutual acts of creation as fundamental to the self in its very being* (p. 78). Ethical marketing, then, proceeds in relation with others that acknowledge this mutual recognition and act to maintain it for mutual, positive benefit.

Oh and Park (2016) converge with Rhodes and Westwood's (2007) analysis and ethical recommendations. The scholars also challenge the eurocentrist view that business ethics is a product of "Western" modernity and the free market economy, at the same time they note the political use of Confucian ethics as a moral argument with legitimacy that can be used for economic growth and to justify corrupt business practices.

Examples of ethical issues in global marketing include:

- *Side-stepping taxes*. By locating headquarters in certain countries, and by shifting production and assembly locations, individuals (https://theguardian.com/news/series/paradise-papers) and companies can pay lower taxes and lower wages. Such corporate relocations may be supported by foreign governments seeking the creation of jobs in their countries. A recent example in the US is Foxconn

(https://nytimes.com/2019/01/30/business/foxconn-factory-wisconsin.html). During the 2017 election, representatives from the Taiwanese company stood by presidential candidate Trump in promising to invest $10 billion in building a factory in Wisconsin that would produce flat screen televisions and create 13,000 jobs. In exchange, then Governor Scott Walker offered $3 billion in state subsidies. Since then, the subsidies have amounted to $4.5 billion, with no factory in sight (Kitroeff, Cohen, and Davey 2019). Fox-con, indeed.

A related source of side-stepping taxes is tax exemptions. In 2017, Apple benefited in amassing $252 billion in cash in Ireland (Bowers, 2017). Apple is not alone in benefiting from Irish national policy not taxing artistic and cultural products.

- *Supplier oversight and responsibility*. Apple publishes annually their supplier audit featuring incidences of child labor, suicides, chemical poisoning, and excessive work schedules. In 2018, the company reported making headway even as its operations have expanded substantially. In auditing 756 suppliers in 30 countries, including interviews with 31,000 employees in these suppliers, the company reported that suppliers have breached its core labor rules 44 times in the last year. In addition, the report claimed training programs educating 3 million employees about their rights and 4,000 women in health awareness, and $1.9 million in refunds to 1,558 employees charged with excessive recruitment fees. Two incidences of child labor were reported (https://apple.com/supplier-responsibility/). This compares to 91 children under the age of 16 working in 10 of their Chinese suppliers' factories in 2010. That same year, the company terminated a supplier contract after their audit confirmed 42 children were working on their assembly line. In another case, after learning that 137 workers had been poisoned using the chemical n-hexane to clean iPod and iPhone screens, Apple requested the supplier stop using the chemical (Moore, 2011). Despite such progress, there are ongoing concerns with the company's use of "student" interns.
- *Environmental issues in production and distribution.* In 2018, the Ecuadorian Supreme Court upheld Chevron's pollution liability and imposed fines equivalent to $9 billion (https://seattletimes.com/business/apxtop-ecuador-court-upholds-9-billion-ruling-against-chevron/). The initial lawsuit was filed against Texaco in 1992 in a New York court shortly after the company's departure from the country. Texaco had worked oil fields in the area from 1969–1992 in a joint venture with PetroEcuador and had agreed to pay $40 million in clean-up costs. In February 2010, an Ecuadorian court found Chevron liable for acts committed by its acquisition, Texaco, including dumping billions of gallons of waste oil and water into open pits, fouling fishing grounds, damaging crops, killing farm animals, and leading to an increase in cancer cases and an estimated 1,400 deaths among residents of villages in the region. The company was fined $8.6 billion (Pyper, 2011). Two years later Chevron appealed in Ecuadorian court and lost (https://bbc.co.uk/news/world-latin-america-16404268). Subsequently, in 2014, the company again filed an appeal, this time in the US Circuit Court of Appeals, and won (https://reuters.com/article/usa-court-chevron-idUSL1N1JG0HV). The case has been taken on by activists worldwide concerned with violation of jurisdiction and seeking to educate consumers about the actions of the company (https://chevrontoxico.com/about/historic-trial/chevrons-efforts-to-undermine-the-rule-of-law). Coverage of the case in the business press has emphasized unlawful tampering with evidence (https://forbes.com/sites/michaelkrauss/2015/04/21/chevron-v-donziger-the-epic-battle-for-the-rule-of-law-hits-the-second-circuit/#44cb3feb3602). Artistic renditions in the form of theater focused on the zeal of the environmental lawyer, eclipsing the company's record of damage to the environment and workers (http://dailycal.org/2018/05/24/18-billion-prize-environmentalism/).

30.7 Case—market financialization in the US

The case that follows compiles various perspectives and incidents regarding the financial crisis in the US to illustrate the ongoing, relational, and dialogic nature of market ethics, as members negotiate them in representations, discourses, and practices that reverberate through the market system. Readers are invited to take part as individuals or in groups in a role-playing exercise, in taking one of the agents— consumers, CEO, marketing manager, banker, trader, regulator, etc.—and considering their particular position and field in relation to the other fields in the market system.

In a series of settlements in 2016 for their role in the financial crisis, Bank of America paid $16.6 billion, of which $7 billion was for relief for distressed homeowners, borrowers, and communities, and JP Morgan Chase paid $13 billion. Goldman Sachs was one of the last to admit to fraud in connection with faulty mortgages, in agreeing to a $5.1 billion settlement, including $1.8 billion to "help homeowners to avoid foreclosure" (Goldstein, 2016). This followed earlier settlements. On 1 October 2015, 12 of the largest US banks agreed to a settlement amounting to $1.86 billion for conspiring to limit competition for credit default swaps (Raymond, 2015). According to the settlement, JP Morgan will pay $595 million, Morgan Stanley and Barclays, $230 million, and Goldman Sachs, $178 million.

In terms of the effects on US homeowners, in 2015, 4.3 million households remained underwater,[2] down from 11.6 million households in 2011. In the 70 cities slowest to regain lost housing value, abandoned houses numbered 2.5 million, and for the ethnicity of homeowners in the area, 40 percent were African American and Latino, while both groups together represented 25 percent of the US population (https://cbsnews.com/news/americas-foreclosure-crisis-isnt-over/). From 2009 to 2015, banks serviced a fraction of their outstanding mortgages—$1.4 million in loans—through the Home Affordable Modification Program, of which approximately 30 percent later defaulted at a cost of $1.8 billion. Additionally, Congress authorized $475 billion in funds, with $65 billion targeted at families in foreclosure.

Years before the crisis, politicians and scholars warned that the US economy might collapse. Academics such as Robert Manning (2000) and politicians, such as Comptroller General, David Walker, Texas Congresswoman, Sheila Jackson Lee, and former Georgia Governor, Roy Barnes, portrayed current levels of debt as a threat to the nation and compared current speculation to that occurring in the 1920s prior to the Great Depression (Schechter, 2006). Business journalists recalled deregulation that had contributed to the earlier Savings and Loan crisis through the 1980s by allowing investment companies, banks, and insurance companies to compete in banking, stock and currency trading, mortgage lending, and financial counseling (Leonhardt, 2008a).[3]

The most profitable financial instruments at the cusp of the crisis were credit cards, payday loans, loans on car titles, loans on income tax refunds, and subprime mortgages, misnamed, as low initial rates quickly ballooned driving some middle-class mortgage holders to foreclosure (Coy, 2008; Abate, 2008). During the crisis, buying and selling securities and derivatives came to dominate bank earnings, with the financial industry accounting for more than a quarter of American business profits by 2010, up from 14 percent in 1985 (Cassidy, 2010). During the crisis, trading shifted to credit default swaps, which peaked in 2007 at $58 trillion dollars, and then decreased to $16 trillion, once "banks understood the risks" (Raymond, 2015). By 2017, financial industry profits decreased from 25 percent to 20.9 percent of the US economy (https://statista.com/statistics/248004/percentage-added-to-the-us-gdp-by-industry/).

Consumption

Individual greed and stupidity. On Denver's Talk Radio Station, AM 630, Tom Martino listed a few factors contributing to the crisis: The Clinton Administration's belief that home ownership should be for *everyone,* the mortgage industry's "funny money" loans that required no money as a down payment, subprime loans, 125 percent loan to value loans, and adjustable rate mortgages, before squarely blaming consumers. "Suddenly people who had been in their homes for years found themselves with thousands of dollars in equity! Whoopee they thought! Let's refinance and pull the cash out!" Martino charged. "And that's what many did. They pulled cash from their homes and bought new cars, trucks, appliances and boats. Many of them went on vacations and did home improvements. Some of them paid off credit cards, which ironically led to MORE credit card spending!" (Martino, 2008, p. 23). He went on to say:

> WHO IS REALLY TO BLAME? WHY did people "cash in" on their equity? WHY did they charge up credit cards, WHY did they buy, buy, buy? And WHY did they not honor their obligations? GREED AND STUPIDITY!
>
> Ask yourself, are the people who lost their homes victims? No. They are sellers. In almost every case they took ALL of their equity out of the home BEFORE they lost it. No, they did not lose their home. THEY SOLD IT IN ADVANCE AND SPENT ALL THE MONEY!
>
> *(Martino, 2008, p. 23)*

Living in foreclosure and liking it. Alex Pemberton and Susan Reboyras, 46, owed $280,000 on a house that had lost half of its market value when they offered to settle with their bank at this amount and stopped paying their mortgage, while continuing to live in the house and, instead, spending the $1,837 that would have been their monthly payment to publicize their restoration business. In his account of the Reboyras, Streitfeld (2010) notes that foreclosure was initiated against 1.7 million US households in 2009, and the average borrower was delinquent 438 days before being evicted and forced to leave the home. "If they took the house from us, that's all they would end up getting for it anyway," reasoned Susan, explaining the ethics of her refusal to pay the mortgage and her offer to pay half of it, since the banks created the crisis by taking advantage of homeowners like them with loans that "got them in over their heads" (Streitfeld, 2010, p. 21).

Credit cards. When credit cards first appeared in the 1960s, "They were very hard to get, almost status symbols." By 2008, it became "harder to get a higher limit. It's harder even to get a card at all," says Carol Kaplan, spokeswoman for the American Bankers Association (quoted in Abate, 2008, p. A10). In the early 2000s "aggressive" teaser rates with 12 months of zero percent interest and no fees were common, and US households received about 26 offers per year, notes Curtis Arnold, of CardRatings.com, an industry watchdog who labels the cards, "life preservers to manage debt" (Abate, 2008). According to financial industry statistics, 50 million Americans did not routinely pay their balances that year (Abate, 2008).

Peñaloza and Barnhart (2011) explain the industry terms "deadbeat," for those using credit as a convenience and receiving discounts and benefits for paying their balances at the end of every month, and "rollovers" whose higher fees and interest rates make them the industry's most profitable customers. The authors explain how credit and debt became *normalized* in US society as consumers: 1) designated good debt for that generated for

items and services with earnings potential, such as home and education loans; 2) altered norms and heuristics to use credit for convenience, when before it was held only to be used in emergencies; 3) "work their credit," by having several cards, including a bank card, 4) use credit regularly and pay back nominal amounts in order to qualify for more credit, and 5) are forced to use credit to compile the credit history required for many job and housing rental applications, and to access telephone, utility, and travel services (Peñaloza & Barnhart, 2011). Ava (25 years old) put it this way, "There's things you have to borrow money for, and you're going to be in debt if you want to get things, unless you have millions of dollars. That's just the way it is. So, it's acceptable. I think you have to accept it because, you know, most people don't have cash to buy a house or cash to buy a car. But you have to buy one. So, I've just accepted it."

Also contributing to credit use was the failure of wages to keep pace with increased living costs. Harvard University Law Professor, Elizabeth Warren, testified to congress that the income of a typical American family had fallen more than $1,000 between 2000 and 2007, at the same time gas, food, healthcare, and housing prices increased over $4,000 (Abate, 2008).

Finance

During the crisis, Fair Isaac Corp, maker of the FICO score used by 90 percent of the largest 100 banks to rate consumer risk, updated their score to be "more forgiving of occasional slips" and "take a harder line on repeat offenders" (Kim, 2007). Pressured by lenders to help them deal with rising loan defaults and falling housing prices, the company predicted that the new system would help lenders reduce defaults between 5 percent and 15 percent.

In 2008, the Federal Reserve Bank, the European Central Bank, the Banks of England and Germany, and sovereign wealth funds, infused billions to stabilize global credit markets (Leonhardt, 2008b).

In 2009, Merrill Lynch went under, Goldman Sachs and Chase banks were nationalized, and General Motors filed for bankruptcy (Connelly, 2009). In December of that same year, Goldman Sachs reported $1.8 billion quarterly profit, comprised of $100 million in insurance the company had taken out in the event that American International Group (AIG) would default (it did and they collected), company sales of $5 billion in new stock at a triple-digit share price, an accounting maneuver reporting losses in December, a $10 billion government "investment" under the Troubled Asset Relief Program, a loan of $28 billion guaranteed by the Federal Deposit Insurance Corporation (FDIC), and CFO David Viniar's expectation to borrow up to the $35 billion limit (Norris, 2009). Analyzing the situation, Norris questions whether the bailouts are "the corporate equivalent of welfare checks aimed at invigorating the financial system, with the money going to banks to use to increase lending," or "benefits bailouts for the undeserving rich" (2009, p. 18).

What good is Wall Street? Historically, the financial industry has made valuable social contributions in distributing money where it is needed and accounting for its use, noted Cassidy (2010). A dramatic example is the film, *It's a Wonderful Life* by Frank Capra. The film, voted "most inspirational American film of all time" by the American Film Institute, dramatically contrasts banking goals of speculation versus community development. George Bailey (Jimmy Stewart) is trying to keep the Building and Loan company afloat. Depositors are clamoring to withdraw their funds, having heard a rumor that the bank is failing. Across town, investor/developer Henry Potter has offered them 50 cents on the dollar. George pleads, "You're thinking of this place all wrong. As if I had the money back in a safe. The money's

not here. Your money's in Joe's house … in Mrs. Macklin's house, and a hundred others. Why, you're lending them the money to build, and then, they're going to pay it back to you as best they can. Now what are you going to do? Foreclose on them? … Ed, you remember last year when things weren't going so well, and you couldn't make your payments. You didn't lose your house, did you? Do you think Potter would have let you keep it? Can't you understand what's happening here? Don't you see what's happening? Potter isn't selling. Potter's buying! And why? Because we're panicky and he's not. That's why. He's picking up some bargains. Now, we can get through this thing all right. We've got to stick together, though. We've got to have faith in each other."

Comparing large banks to utilities whose commanding market position can benefit customers and the economy at large, Cassidy went on to document the change, as banks have become "immense trading houses" (Cassidy, 2010, p. 4) generating between 40 percent and 60 percent of their revenue from trading. Moreover, the sector has paid little for bringing the world to near collapse and even received a bailout from taxpayers, he added. The incident harkens the relevance of Adam Smith's early criticism of "joint-stock" companies—what we now call corporations—as applicable to banks for their need for oversight to avoid excess and collusion, and the bigger the scope the worse the waste, as cited in Hodak (2007), although we may question the latter's defense of their transparency and efficiency.

A trader speaks out. Michael Kubin remembers feeling "gutted, humiliated, [and] deeply shaken" on 11 December 2008, the day they arrested Bernie Madoff (Kubin, 2010, p. 9). How did he lose? Two weeks earlier he had doubled his investment. He had an MBA, had read about Ponzi schemes, played cards, and knew about bluffing. His connection to the fund came through a wealthy family who kept millions in Madoff's funds for years. He expressed anger at "someone who stole so much from so many … at the SEC for not having uncovered the scheme sooner," at the family who "put me into the investment," at his own family for "not talking him out of it," and ultimately at himself: "a fool and his money are soon parted and I was the fool." Months later, Kubin came to see his Madoff experience as "the penalty for sloppy judgment" and was "scratching his way back" (Kubin, 2010, p. 9). In 2009, he received the "biggest tax refund in his life," and was slowly returning to investing with new rules: "Make sure the accountants are reputable, the results transparent, and insist on meeting the managers in person. Keep in mind that risk and reward always travel together, that if something sounds too good to be true, it usually is" (Kubin, 2010, p. 9).

Transparency for derivatives trading. Intercontinental Exchange (ICE), one of several clearinghouses set up in response to the Dodd-Frank financial regulation bill requiring that many derivatives be traded through a clearinghouse, meets in secret every month (Story, 2010). "Clearing" involves keeping track of trades and providing a central repository for money, backing the wagers to help reduce risks in the market. As incentives to persuade the banks to join their efforts, the clearinghouses offer membership to bank representatives to serve on the risk committees, Storey adds, listing ICE members: Athanassis Diplas, Deutsche Bank, Paul Hamill UBS, Andy Hubbard, Credit Suisse, Oliver Frankel, Goldman Sachs, Paul Mitrokostas, Barclays, Ali Balali, Bank of America, Biswarup Chaterjee, Citigroup, Thomas Benison, JP Morgan Chase, and James J. Hill, Morgan Stanley.

The committees help decide the prices for clearing trades, the fees the banks receive for matching buyers and sellers, and which trades will be exempt. Millions of dollars are traded daily in credit default swaps, one of several types of derivative instruments used by pension funds, power companies, municipalities, and airlines to hedge risk by shifting it from one party to another. The author estimates a cost of $25 thousand for $25 million in insurance coverage, noting the real figures are unknown—buyers are told only what they pay for the

derivative contract, sellers are told only the amount they will receive, and the difference goes to the banks.

The banks have incentives to protect their revenues and secrecy enables large profits, notes Darrell Duffie, a Stanford University professor who studies the derivatives market with other researchers from the US Federal Reserve Board (quoted in Story, 2010, p. 15). Gary Gensler, Chairman of the US Commodity Futures Trading Commission that regulates derivatives trading, wants to make prices more transparent and limit banks' control over the clearinghouses (Story, 2010). Banks have lobbied heavily to limit the regulation. At the time of this writing, a US Department of Justice antitrust unit was conducting an investigation into "the possibility of anti-competitive practices in the credit derivatives clearing, trading, and information services industries" (Story, 2010, p. 15).

Government

In 2008, James Lockhart, director of the Federal Housing Finance Agency (FHFA), placed Fannie Mae and Freddie Mac (agencies long associated with affordable housing), under the agency's conservatorship. This provided the government guarantees that later supported repayment to the banks for the losses they incurred when housing values rose and fell in what was later described as a burst housing bubble.

In 2009, the Credit Card Accountability Responsibility and Disclosure Act (CARD) was passed that requires financial institutions to post the time it will take to pay off a card and how much interest will accrue when consumers pay only the minimum payment (Connelly, 2009). White House advisor Larry Summers summed up the concerns of the Obama administration: "Individuals are going to have to save more. That's why savings incentives are so important. That's why we need to do things to stop the marketing of credit in ways that addicts people to it so that our households are again saving, and families are again preparing to send their kids to college." (Associated Press, 2009).

In a highly charged column that referenced an infamous Wall Street party in which a former Morgan Stanley trader handcuffed himself to a hired dwarf, Rich (2010) compared Wall Street to the trader, and US politicians to the dwarf! Industries such as finance and healthcare can buy politicians as easily as dwarfs, he charged, pointing to record financial industry profits. What concerned Rich most is the recent US Supreme Court case ruling, Citizen's United, allowing nonprofit political action committees (PACs) to accept anonymous donations. The law circumvents campaign contribution disclosures and limits that were previously required by law, he adds, citing the conviction of former House Majority Leader, Tom Delay, for funneling funds to seven Republican candidates through the Republican National Committee (Ratcliffe & Fikac, 2010). Both political parties are implicated, Rich (2010) notes, giving examples of $86 million in contributions by the insurance lobby to the US Chamber of Commerce's "Anti-Democratic War Chest" and the unnamed amounts of the New Democratic Coalition's 69 lawmakers (Rich, 2010, p. 9). Meanwhile, according to a Times-CBS poll, 92 percent of Americans support full disclosure of contributions to campaigns that can cost millions of dollars (Rich, 2010), and can compromise the ethical integrity of politicians.

The financial crisis brought economic trials worldwide. Iceland became the "worst casualty" (Quinn, 2010). In 2010, a "rescue package" of €80 billion was proposed to Portugal by European finance ministers working with the European Commission, the European Central Bank, and the International Monetary Fund (Castle, 2010). The package followed those for Ireland and Greece, and others would later be proposed to Italy and Spain. In 2018,

German Deutsche Bank remained in a web of government investigations, scandals of selling derivatives without warning consumers of the risks, fixing interest rates, and selling "toxic" mortgages, the latter of which resulted in a $7.2 billion settlement for such sales in the US (McCoy, 2017).

Free markets, ir/responsible markets

There are economists and politicians who contend that markets operate properly only when unfettered by government regulation. Ron Paul, Representative from the 14th District in Texas is one, his office decorated with photos of Ludwig von Mises and Murray Rothbard, renowned founders of the Austrian School of economic theory that argues for no central bank or centralized economic and monetary policy (Zernike, 2010). For the Austrian School of money and banking, failure is a vital and necessary market corrective. Previously Chairman of the House subcommittee on domestic monetary policy that oversees the Fed and national currency policy, Paul is known as the "godfather" of the Tea Party for his strong views against government regulation of business interests and monetary policy. At the same time, concerned for his "friends with nice businesses who couldn't borrow money due to the regulations," the Trump Administration seeks to revise fiduciary rules limiting banks' activity in trading mortgages and derivatives, and requiring brokers to act in their clients' interests (https://nytimes.com/2017/02/03/business/dealbook/trump-congress-financial-regulations.html).

Representative Ron Paul's position and that of the Austrian School is to reinstate the free market; to let businesses fail. Yet this position appears more applicable to working and middle-class households and small and medium-sized businesses, than to financial institutions, given their privileged position in the economy and favorable government programs and legislation. Notably, Friedman and Paul attribute fairness to market systems at a macro, aggregate, societal level, with competition among firms and their ability to fail key requirements. And yet, competition and failure appear far from the reality of banks "too big to fail" that we have seen in the case.

Turning full circle, consider financial institutions as a measure of national wealth that must be qualified, as they are not representative of the general population of consumers, although increasing numbers of the latter are incentivized into stock market trades due to historically low interest rates of 1% on savings. You make the call regarding what becomes ethical and unethical in financial institutions. To what degree do financial institutions create a market culture that results from consumers' and managers' ethical decisions and actions, and to what degree does that market culture shape both consumers' and managers' ethical decisions and actions?

Our discussion questions apply to people in the US and all nations where the US model is emulated. Do the end goals of making money and accumulating wealth justify their means—any means? Has making money become the path to social status and divine favor that Max Weber (1958) detailed? Will *you* have the courage to do what is ethical at home? At work? In governance? Where is the courage and conviction to strike a healthy balance for markets in society, as Sternberg (1998) encourages?

Indeed, there is much talk about companies finding strategic footing in developing more ethical and sustainable operations. Yet are they *walking the talk*, that is, doing what they say? Porter and Kramer (2006) suggested that business isn't nearly as productive as it could be in its efforts to improve the social and environmental consequences of its activities because it continues to pit business against society, when "clearly the two are interdependent" (Porter and Kramer, 2006, p. 78).

Finally, can we speak of free markets when market power arbitrates and governs, accorded to the highest bidder? Let's examine the 2010 ruling on Citizens United, that equated political spending with speech, and in effect, extended the individual right of speech to corporations and unions. Upon resigning, Federal Election commissioner Ann Ravel lamented that elections were now "awash with dark money." In 2011–2012 alone, the largest political action committees, "superpacs," contributed approximately $378 million to candidates, with an additional $171 million in contributions by "non-disclosing" nonprofits (https://publicintegrity.org/2012/10/18/11527/citizens-united-decision-and-why-it-matters)

An assessment in 2017 showed that Citizens United has altered political representation (Abdul-Razzak, Prato, & Wolton, 2017). In comparing the amount and political positions of the contributions in 23 states that had to revoke their bans on corporate and union spending following the ruling, to the 27 states that already allowed unlimited contributions, there were no changes in the latter, while Republicans gained 5 percentage points in the former.

Is it ethical that corporations outspend individuals in political elections? How does allowing unlimited, anonymous corporate political contributions affect democratic governance? What would change if each company was accorded one vote, as is the case of each citizen! The relations between financial institutions and government are rendered more complicit by a political system that depends upon financial contributions to fund political candidates.

Let's return to the generalized belief that markets are fair and best for society, to better understand how this belief is supported at the level of signs, discourses, and practices that are part of an increasingly global cultural market system, and how this market system shapes, and results from, individual and organizational interpretation and action. Defenders of the Citizens United ruling note that unions can make unlimited and anonymous political contributions, as if that might equate to the participation of corporations. However, such defense conveniently fails to mention that union numbers are much lower than business organizations. According to the numbers, 12.3 percent of workers in the US currently are members of a union, compared to the peak of 35 percent of workers in 1955 (Yadoo, 2018 https://bloomberg.com/quicktake/u-s-labor-unions). Historically, 7 percent of US workers were union members prior to the Great Depression, with the highest rates of 25 percent membership from 1940–1970. Globally, in France, about the same percentage of workers are union members as in the US—10 percent—while Sweden counts 66 percent membership, Italy counts 34 percent, and Iceland counts 90 percent (Visser, 2006). Consider the on and offline news devoted to business as compared to union concerns. Unionized or not, labor has yet to come close to the social visibility of business in the media or elsewhere.

Markets are animated and powerful assemblages supported by a web of cultural beliefs and practices, social organizations, and institutional systems of governance. As closing examples of the social embeddedness of markets, see Belk (chapter 1) showing how American consumers seek and find identity and meaning in life through consumption. See also Stevens and Ostberg (chapter 22) on gendered cultural market relations, Cavazos-Arroyo and González-García (chapter 6) on such relations in Latin America, and Deberry-Spence et al. (chapter 5), on their counterparts in Africa. The basis of consumption is a modern belief system akin to religion that consumers reproduce in their interactions with other people, and with products and companies. Power verging on myth and mystique is attributed to companies and tribes (cf. Carù and Cova, chapter 9), just as the rawness and beauty of nature transforms our lives (Dion and Sitz, chapter 3). As former chair of the Texas Railroad Commission, Jim Hightower, reminds us that the corporate charters giving

banks and corporations the right to exist are granted by states and ultimately, citizens. *Their legitimacy is, and always has been social,* and as such, ethical beliefs and practices are the threads through which we reproduce cultural market systems, for better or worse.

Review and discussion questions

1. Distinguish the traditional and the cultural approach to marketing ethics. Discuss the strengths and the weaknesses of each approach.
2. Compare and contrast ethics with laws. Account for their discrepancy.
3. Return to the phrase, "Too big to fail." What happens to market failure when risk is marketized and managed via insurance, hedging, derivatives trading, lobbying, and government bailouts? Is failure then a matter of price? Is such failure ethically priced in the risk management discourses and practices animating contemporary markets?
4. You make the call. What is ethical and unethical in the case on market financialization? For whom? Take a position and explicate its interests and ethical challenges.
5. Now take the position of a marketing manager. The case has focused on consumers, on financial market activity, and on government. Discuss the degree to which marketing managers in small and large firms are impacted by: 1) financial market activity in the trading of their shares, in competing for capital, etc., and 2) by consumer credit—its tightening, impacts on living standards and expectations, and current levels of in-home valuation.

Keywords

Ethics, credit, sustainability, financialization of markets, conflict of interest, fraud, discrimination, representation, discourse, practice.

Notes

1 The author originates from the US and thus includes most statistics from there. She also includes economic measures from France, where she has taught for 11 years, and features case examples from other countries to foster a global, cultural perspective.
2 The descriptor underwater indicates a mortgage higher than the value of the home.
3 Republican Phil Gramm chaired the House Ways and Means committee in brokering bipartisan support deregulating distinctions between banks, insurance companies, and securities traders at this time.

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