



IRISH MARKETING REVIEW



IRISH MARKETING REVIEW

Enhancing Marketing Thought and Practice

Editor Aidan O'Driscoll

Dublin Institute of Technology

Faculty of Business

Associate Editor Darach Turley (Dublin City University)

Advisory Board Professor M.J. Baker, University of Strathclyde
Professor A.C. Cunningham, University College Dublin
Professor G.S. Day, Wharton School, U. of Pennsylvania
Professor L. Fahey, Boston University
Professor G.R. Foxall, Cardiff Business School, U. of Wales
Professor R.P. Kinsella, University College Dublin
Professor H.G. Meissner, University of Dortmund
Professor J.A. Murray, Trinity College Dublin
Professor J.A. O'Reilly, Dublin Institute of Technology
P. O'Sullivan, Dublin Institute of Technology
Professor C. Pinson, INSEAD, France

Book Review Editor Stephen Brown (UU)

Digest Editor Kate Ui Ghallachoir (DIT)

DIT Editorial Committee T. Cooney, L. Cuddihy, A. Czerwin-Abbott,
N. Deeney, T. Fennell, K. Lawlor, M. Lawlor,
J. McGrath

Assistant Editors Emma Donnellan
Joan Keegan

Departments *Design* Dermot McGuine *Cartoons* Brendan Beirne

Typesetting & Layout Sheila Stephenson & Associates

Manuscripts

Academic manuscripts are double-blind refereed. Invited and practitioner papers are judged *assensu peritorem*. Editorial enquiries, manuscripts, books for review should be addressed to the editors at Dublin Institute of Technology, Mountjoy Square, Dublin 1. Tel: (353 1) 4023000. Fax: (353 1) 4024298.

Indexing and Abstracting

Contributions to this publication are indexed and abstracted in ABI/INFORM and in *Contents Pages in Management* (hard copy; UK).

Subscriptions

Irish Marketing Review is published in spring and autumn by Mercury Publications Ltd, 37 Main Street, Donnybrook, Dublin 4. Tel: (353 1) 2602171. Fax: (353 1) 2696705. A subscription costs €125 in Ireland. A personal subscription is available at €50. Overseas rates are €200 and €70 respectively.

The Marketing Institute

The Marketing Institute is the representative body of the marketing profession in Ireland. Its members, associates and students number 6000. The Institute's mission is to position marketing as the crucial factor for business success, and through its various activities it provides a lifetime environment of career enhancing opportunities to each member. *Irish Marketing Review* is sent to members and senior students as a membership service. Membership enquiries to: The Marketing Institute, Marketing House, Leopardstown, Dublin 18. Tel: (353 1) 2952355. Fax: (353 1) 2952453.

Dublin Institute of Technology

The Dublin Institute of Technology (DIT), an autonomous university-level institution since January 1993, has provided technological and business education up to the highest levels for over 100 years. It is organised in six discipline-related faculties: Applied Arts, Built Environment, Business, Engineering, Science, and Tourism and Food. It has a total enrolment of 23,000 students, including 10,000 full-time third level students and over 500 postgraduate and other post-third level students.

Copyright © 2005 Mercury Publications



ISSN 0709 7362

Printed by ColourBooks Limited, Dublin

CONTENTS

ARTICLES

- 3 **Power and Disciplining: Bringing Foucault to Marketing**
Edward Kasabov
... this study of negative consumption and of consumers, dissatisfied in the context of a service provision, explores issues of control, power and normalisation on the part of organisations towards their consumers.
- 13 **The Determinants and Consequences of Consumer Trust in E-Retailing: A Conceptual Framework**
Caroline Bramall, Klaus Schoefer & Sally McKechnie
... presents a testable model describing the relationship between the determinants and consequences of consumer trust in e-retailing.
- 23 **Managing Customer Retention in the Health and Fitness Industry: A Case of Neglect**
Teresa Hurley
... findings indicate the need for a change in company culture and strategy, with greater emphasis by senior management on member retention as opposed to new member acquisition.
- 30 **Managing Corporate Rebranding**
Aidan Daly & Deirdre Moloney
... presents a case history of Vodafone's external and internal communications strategy when rebranding Eircell to Vodafone, and proposes a corporate rebranding framework.
- 37 **A Snapshot of Public Opinion on Biotechnology and GM Foods at the Turn of the Twenty-First Century**
Elaine O'Connor, Gwilym Williams, Cathal Cowan, John O'Connell & Maurice P. Boland
... analyses the results of surveys – as well as the survey methodologies – in order to assess the credibility of the data on consumer attitudes to biotechnology and genetically modified (GM) foods.
- 49 **An Investigation into the Non-Usage of Qualitative Software in the Marketing Research Industry**
Elena Bezborodova and Billy Bennett
... long and steep learning curves, and the necessity to achieve a high level of qualitative data analysis (QDA) software familiarisation, are among the major barriers for researchers in the commercial sector.
- 53 **Review Essay**
Branding and Third World Development: Does Anholt's Brand New Justice Make Sense?
John Fanning
... considers the realism of the central premise of Simon Anholt's recent book that branding could hold the key to the economic problems of less developed countries.

THE MARKETING INSTITUTE

As the representative body for marketing people in Ireland, The Marketing Institute promotes professional standards of marketing in Irish business.

It does this by promoting good marketing practice in the wider business community, by encouraging high standards of individual professionalism through membership of the Institute, by preparing people to meet these standards through a portfolio of educational qualifications, and by facilitating continuous career and professional development through a range of membership services that includes seminars, publications, and social and networking opportunities.

With almost 4,000 members, and internationally affiliated with Europe's leading marketing associations through the European Marketing Confederation (EMC), The Marketing Institute assists individuals through education and training and continuous professional development to advance their careers and to grow their businesses with a strong marketing focus.

The Institute is a not-for-profit organisation and all income generated is spent on developing members' services and on its education programme. With headquarters at South County Business Park, Leopardstown, Dublin 18, there are regional branches throughout the country, each with its own locally elected council.



For further information please contact:

The Marketing Institute
Marketing House
South County Business Park
Leopardstown
Dublin 18

Telephone: 00 353 1 2952355

Website: <http://www.mii.ie>

e-mail: info@mii.ie

POWER AND DISCIPLINING: BRINGING FOUCAULT TO MARKETING

Edward Kasabov

Research on buyer behaviour and consumption has largely ignored the nature of power and disciplining in marketing. Conventional marketing discourse seems rooted in customer 'centricity' and embraces an often naïve view of consumer-provider relationships. This study of negative consumption and of consumers, dissatisfied in the context of a service provision, explores issues of control, power and normalisation on the part of organisations towards their consumers. It probes the 'dark side' of marketing. The narratives of the consumers reveal four power types: direct power; gendered power; information inequities; and disciplining.

The final power type reflects the a 'Foucauldian shift' in the technology of power from earlier forms of exemplary punishment and observable control to the refined instruments of observation, inspection, and controlling which are becoming the norm of modern society. Help lines and direct marketing are two familiar and prominent examples of refined *disciplining*. The author discusses how such approaches seek to control, standardise and regulate the consumer – and how the consumer, in turn, attempts to thwart such discipline and distance themselves from such stratagems.

Introduction

Greater reflexivity, richness, questioning, and diversity characterise marketing thinking currently. The growing richness and relevance of theoretical and empirical studies are particularly pronounced in the domain of buying behaviour and consumption. A review of the important writings from the mid-1990s onwards reveals a departure from the understanding of 'appropriate' research in the 1980s and early 1990s. Far from being the homogeneous research terrain, with shared views of what constitutes good analysis, marketing is becoming more poly-vocal and fragmented, and intrigues academics from neighbouring disciplines.

Nonetheless, certain issues and processes pertinent to buying behaviour and consumption are rarely investigated and reported. This problem of marginalised matters is of importance here; it informs this article and the research on which it is based. Among matters still viewed as 'step-children' by marketing theorists are power and disciplining – an absence of research interest which is easily contrasted with the attention to power in sociology, political science, and philosophy.

Having identified power- and disciplining-related gaps in marketing research, we present a summary

of relevant aspects of a two-year research on power and disciplining in two cultural settings. The settings, though different, reveal remarkably similar mechanisms of observation, control, visible and less visible application of influence on the part of providers of goods and services. Four types of power, uncovered in the narratives of dissatisfied consumers, are proposed. Excerpts from the narratives illustrate the discussion and provide the reader with a flavour of the power-laden buying and consumption episodes. These power types and incidents suggest a number of lessons concerning marketing research and practice, observation, and counter-observation.

New Agendas for Research in Marketing

The argument in this article is set usefully against the backdrop of a number of developments in research in marketing. First, research on buying behaviour and consumption has progressed in an imaginative and diverse manner over the past decade. Previously under-researched issues and processes, such as consumer passion, longing, experiencing art, social influences in consumption, gift giving, and history of object ownership have found their place in journals and books (Belk et al., 2003; Joy and Sherry, 2003; Lowrey et al., 2004; Ruth et al., 1999; Strahilevitz and Loewenstein, 1998).

Second, and not surprisingly, this newly found interest in investigating matters such as these has been accompanied by challenges to conventional conceptualisations. Established theoretical positions are replaced or supplemented; the research terrain is more fragmented and poly-vocal, reflecting considerable challenge to orthodoxy (see Weick, 1999; Lyotard, 1984). This tolerance for, and acceptance of, challenges to previously uncontested theoretical understandings is found in articles on consumption theorising and the embracing of postmodern understandings (Sherry and Schouten, 2002; Thompson, 2002).

Third, methodological approaches and methods have become more diverse. Established methodologies are contested, and methods are subject to revisiting, re-conceptualisation, and modification. The past supremacy of experimental-nomothetic methodological positions of quantification is questioned, and even modified versions of this nomothetic approach are no longer considered realistic (Fournier and Glen Mick, 1999). 'Unconventional' methodologies are commonplace – narrative analysis and ethnographic methods are widely accepted (see Thompson and Tambyah, 1999; Belk and Costa, 1998).

A fourth and final area of change is cross-disciplinarity. Marketing research has come to draw on disciplines which are contiguous or distant to it. Examples of this development, discussed by Bettencourt and Houston (2001), are, among others, articles about ad dramas (Escalas and Stern, 2003) and personality consumption research (Baumgartner, 2002). This 'external search' for questions, approaches, and answers also facilitates the three abovementioned developments. By being interested in what is done outside marketing, researchers avoid cognitive homogeneity and encourage research innovation. These searches facilitate experimentation and cross-overs.

Progress and maturation in marketing research, though, is far from complete; shortcomings remain. Particularly relevant to this paper is the marginalisation of matters of relevance to marketing that have been subject to heated debates elsewhere in the social sciences. In particular, we argue that issues of power, influence, and disciplining are neglected in marketing research. A study of discourses of fashion (Murray, 2002) is one of the few examples of analy-

sis of politics, power and commerce. This lack of adequate attention to contestation, influence, and subordination stands in stark contrast to continued efforts to understand the problematic of power in philosophical, sociological, anthropological, and political accounts (see Arendt, 1970; Foucault, 1977, 1980; Gamson, 1968; Moriss, 1987; Moscovici, 1976, 1985; Russell, 1975; Wrong, 1979). An attempt to address this gap, by researching power and looking for answers beyond conventional marketing theorising, is the purpose of this paper.

Power and Disciplining: Conceptual Foundations

There are multiple, at times conflicting, conceptualisations of power. To May (1972), it is about both potentiality and actuality – an inclusive understanding not dissimilar to Russell's (1975) notion of manufacturing anticipated consequences. This focus on visible effects is echoed in Percy's (1998) concept of inducing conformity and Moriss's (1987) production of command. Even when power is treated as potential, as in Gamson (1968), 'potentiality' often comes second to the interest in induced alteration (Moscovici, 1976) and the employment of penalties and rewards (Tedeschi, 1972; Tedeschi et al., 1973). Other informative writings on power include pieces documenting the shift in focus away from the analysis of visible power and towards the search for less visible power. Lukes's (1974) interest in the prevention of negotiation and discussion, agenda manipulation, and the pre-selection of appropriate solutions is also a focus on implicit power and provides a good example of the way in which dominant ideologies and social understandings prevent discourse and dissent. This type of power can successfully legitimise social practices which are arbitrary. Equally applicable are arguments regarding the internalisation of practices and 'hegemonic despotism' (Burawoy, 1983; Clegg, 1975, 1989a, 1989b). As far as more visible aspects of power are concerned, research on resources, imbalances, and dependencies, found in Pfeffer and Salancik (1978) and Steil and Weltman (1992), has also proved useful.

Though traceable to all of the abovementioned writings, this research is, in its final form, an intellectual offspring of Foucault's distinction between pre-modern punishment and the modern logic of surveillance and observation (Foucault, 1977, 1980). An in-depth discussion of Foucault's thesis of the disciplinary apparatus, docile body, normalisation,

penalty, conforming, surveillance and moulding of behaviours is not possible considering the brevity of this discussion, nor is it essential. Only some central concepts of Foucault's thinking are summarised here and linked to findings in later sections. To Foucault, the seeds of surveillance, normalisation, and modern forms of control can be found, chiefly, in the measures adopted to combat the plague in early Europe and in Bentham's Panopticon project. As far as the first is concerned, the extraordinary period of combating the plague gave birth to extensive observation, surveillance, and constriction. Even the tiniest of details of daily existence were governed by rules. Society became extraordinarily disciplined in this time of horror – death and fear could be vanquished through impeccable organisation and exacting obedience.

The social project of the Panopticon, unlike the social control in times of threat to civilised life, was a peace-time project which facilitated observation (of inmates) and which relied on subjects having no contact with one another, on their turning into objects of information rather than participants in communication, and on their behaviours being perfectly visible. Visibility – vertical but never horizontal – provided a perfect mechanism for controlling transgression and ensuring order. The social was eliminated and replaced with individualised, confined spaces. This design was to effectively instil constant anxiety and awareness, on the part of the observed, of their position. Power became non-verifiable yet highly visible.

The simple principles of observation have been put to ever greater use, across social situations; they ensure the efficient application of pervasive, homogeneous power. The application of exemplary power and visible punishment is unnecessary, to keep the social organism in order. The physical manifestations of power are partly replaced with subtle measures of control based on amassed information and correction of digression. The utility of this general model of 'education' is explained in terms of its effectiveness in perfecting control. It allows for invisible intervention, silent control over the mind, and influence which is not external to the social organism but permeates it.

Empirical Research

The empirical research, discussed here, investigated the negative experiences of twelve dissatisfied con-

sumers. The research took place in two cultural settings, one Irish and one Bulgarian. Two rounds of interviews were organised during which narrators were asked to describe, and reflect on, incidents of buying and consumption negativity as well as the larger socio-cultural and historical context of their stories. The narratives were contextualised in specific socio-historical moments and the personal life trajectories of the narrators – a 'union' of larger and personalised themes and an illustration of the 'historicised' self, following Thompson (1997, 1998). Narratives, it is argued, do not exist in a social and historical vacuum; the self is not a collection of personal characteristics but the product of individual–environment negotiations (see Schutz, 1972; Wagner, 1970). This negotiated self is fundamental when approaching consumers' interpretations and the labels they use to describe consumption experiences. The dual historicity suggests that complex links exist among consumption experiences, life trajectories, and larger, social developments. A narrative is not only about the verbal clash between a provider and a client but also about personal and social experiences and understandings as well as the awareness of past and present.

The narrative analysis reveals four major types of power which, while closely linked to Foucault's distinction between pre-modern control and the modern apparatus of observation, normalisation, and correction, expand his dichotomy. The four power types are clearly distinguished, since power, the narratives suggest, operates on various levels and affects narrators in diverse ways. Power is not a monolithic entity which has universal, final, and permanent traits and which operates according to a set of pre-specified rules; it is variable, changing, and invites an awareness of and attention to difference. The power types, though linked, are separate. With respect to each type, a definition, illustrative narrative excerpts, and a brief discussion are provided.

Direct Power

Of the four types, *direct power* is the visible, exemplary, and highly explicit form of control. It is based on conventional means of exacting obedience – a 'crude' power type operationalised through visible pressure and influence. Stories of explicit power execution and the application of visible mechanisms affecting behaviours were, early in the research process, separated from other power types. This early identification was possible due to the recog-

nisable traits of continued subjugation (May, 1972), overt limitations (Inglis, 1987), and unconcealed compelling. Words like 'angry', 'fight', 'yell', 'bel-ligerent', and 'roar' create an imagery of battles waged between parties with irreconcilably opposing positions.

A narrative about threats illustrates the mechanisms of direct power. The narrator exclaims, 'Heavens, I was ... she ... she got really mad at one point. She [an optician] showed me about ten pairs [of glasses], perhaps. I wasn't happy with any. And then [I] commented that there wasn't enough of a choice. And I had contradicted [her] before that too. And she got mad and said that I could just as well leave her shop and then threatened to shut the door behind my back.' An 'avalanche of accusations', on the part of the service provider, follows.

The application of direct power, on the part of providers of goods and services, is explicitly identified, by some narrators, as an example of institutional arrogance fuelled by the stark imbalances of institutional and individual resources. Resource imbalances and institutional superiority prompt institutions to exact unmasked deference and conformity. Narrators describe institutions as being unashamedly demanding and as 'getting away with it' due to their privileged position. Narrators' fears of institutions, and service providers as representatives of institutions, can be linked to a past when institutions were unaccountable, alien and threatening. As suggested by a narrator, even when confronting small establishments, there is the fear of the institution 'potentially behind it. People hesitate to complain,' adding that 'you just don't know whom are you dealing with. It can be an ex-cop or ex-security service clerk.'

Similar concerns surface in the following excerpt where a narrator explains the indecisiveness of the individual when openly confronted,

I think there's just been such a culture here, of doing what you're told. ... there's been a sense of ... are we, sort of, being under-dogs. ... People are *passive*... You know, there there's not the same degree of answerability. And people don't have faith in the laws and the justice system. Don't have faith in big institutions.

Gendered Power

Gendered power, or power based on gender-related differences between providers and consumers,

dominates some narratives. Stories are explained with respect to gender inequities in modern European societies, a patriarchal socio-cultural past, pressures towards inclusion of previously marginalised social groups, and opposition – at times organised – to challenges to the status quo. The opposing logics of transformation and traditionalism, openness and resistance to openness, emancipation and subjugation, find expression, in the narratives, in issues of employment opportunity equality, expectations about the public role of women, and solidarity.

A narrative excerpt reveals the logic of gendered power, and some problems that women face when confronted by a male provider in particular.

And so, he came closer ... drunk ... and yelled, 'What do you want?', 'Get out of here!', 'You have a huge mouth!' ... I was, you know, with my friend and the master, but they were ... as if absent ... at this moment. I did all the arguing myself ... I think that I had forgotten that I could ... have been physically assaulted.

The incident illustrates the readiness of providers to resolve disagreements with female customers by taking advantage of their alleged 'superiority'. The fact that the provider in question is dealing with a woman makes it easier for him to demonstrate his perceived social standing. The abuse is coupled with the injured dignity of the narrator. Similar issues of compromised pride appear in other stories – women are weak and vulnerable, and they are expected to remain so. In times of profound social transformation and uncertainty, it seems, centres of traditional power may feel threatened by the prospect of change. Their likely reaction is to fight back, declare themselves and make yet another claim. This problem of insecurity links the gendered power discourses with the endangered traditionalism and violence, discussed by Arendt (1970).

Power distribution and inequities surface in stories of isolated cases of 'assertive women'. Such women appear to be more masculine than 'typical'. They behave 'almost like a man', and are able to 'protect' their rights, to 'fight'.

I remember there was the issue of promotions once and she managed to defend her position... I admire her for that ... She has a big mouth. She wouldn't be silent and let things happen, you know [laughs].

Information Inequities

The power type *information inequities* is often found in contexts of professional service provision, the medico-professional in particular, where imbalances in the relative positions of the lay person and the provider of services, or the expert, are pronounced. The contexts are of a provider who possesses superior, insider knowledge about practices and routines within institutions that are not transparent to outsider-consumers. An example of the abuse of information, to the advantage of a provider, is a narrative about a GP who misuses his knowledge of surgery practices in hospitals. The specialist, when providing his expert opinion, cannot be contradicted and can easily take advantage of his status and erudition.

Although a number of significant issues related to information inequities warrant mention, the powerlessness of the consumer in situations where the provider possesses technical, specialised, and highly valued knowledge is of primary concern. As a narrator observes, the consumer (patient) is confronted by an arrogant and disrespectful expert, yet has no option but to leave things the way they are. 'What was I supposed to do?!', a narrator expresses her powerlessness fuelled by fear of retaliation on part of the service provider. 'He [a mistreated client] wouldn't have dared commenting in front of them [the hospital staff] because ... they could have ignored him forever.' This fear is a rational reaction, considering the nature of professional service relationships where the patient is caught in a year-long link with a provider marked by high exit costs.

Disciplining

The final power type reflects the partial, long shift in the technology of power from earlier forms of exemplary punishment and observable control to the refined instruments of observation, inspection, and controlling with which modern society has become accustomed. This is a 'Foucauldian shift' from the magnificent public spectacle, from the state exemplifying its power, from correction, moral improvement, and the display of strength – the carnivalesque, the theatrical event, the moral moment imbued with shock and awe. The new power logic is one of rationalisation, scientificisation, and medicalisation of power. While older expressions of power are not totally replaced by modern power expressions, and even though explicit and disciplinary power are interpenetrated,

the transition from one modality of power to another – continuous, refined, bureaucratised calculation and surveillance – is visible and marks the emergence of disciplining.

Disciplining, not intended to be observed, is an instrument of control employed from within the social structure; it permeates through relations, the mind, behaviours, and discourses of subjects. The mechanisms of modern restraints are hardly recognisable; with the focus on continuous observation, centres of power require detailed and perfected knowledge of the subject. As suggested in narratives, a partial-to-extensive shift from personalisation towards de-personalisation is notable, making it easier to normalise the individual.

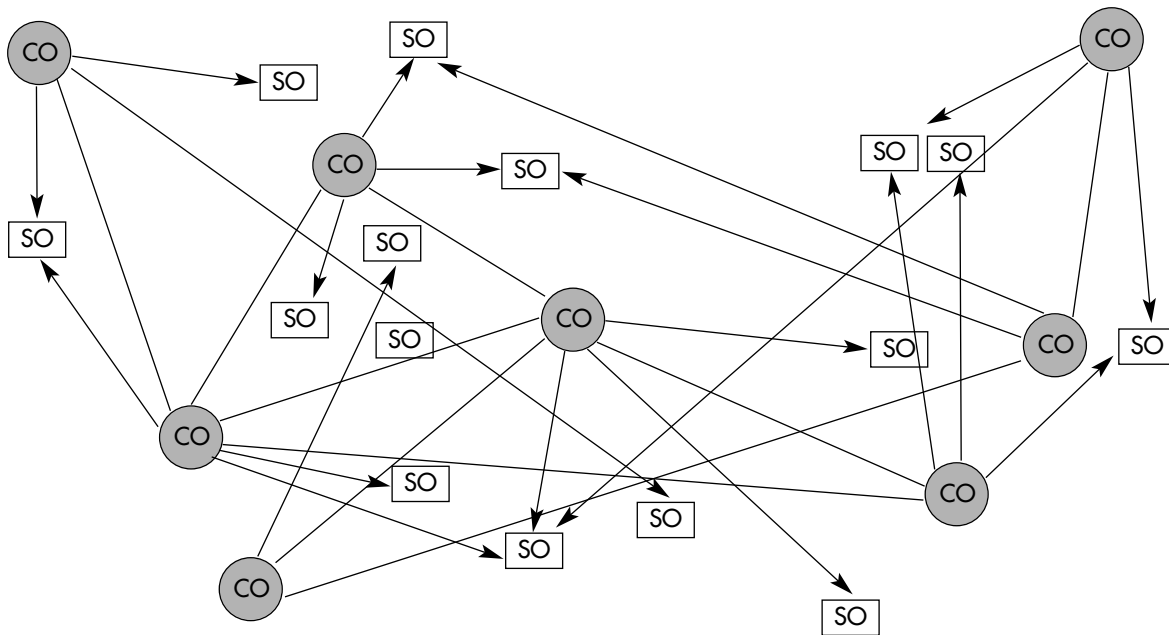
Help lines and the application of standard operating procedures when dealing with customers are two familiar and prominent examples of refined disciplining. A number of narratives of call centre operators disciplining customers were identified during the interviews. One of them demonstrates both implicit control ('cornering' and 'quarantining' complaining consumers) and the awareness of the individual (resolved to 'get through' this 'buffer zone') of disciplining attempts.

They were asking a lot of ... ah 'Well, have you done this, have you checked that?' ... stuff I would have checked myself. And I was trying to explain to them, 'Sorry, I know what I'm doing. Can you just put me through to a technician?' ... They had a set routine of questions they have to go all through and I, every time I rang up, they had to go through these ten-fifteen questions ... 'Why do we have to go through all this again?' 'No, sorry, we have to ask you all these questions.' [laughs] ... And they were very reluctant to put me through to anybody in a higher position ... It was ... very much like they were a buffer zone.

Disciplining, the excerpt suggests, can be disguised as a concern with equity and justice. It is camouflaged in carefully formulated sentences, questions, and suggestions that seek to put the dissatisfied customer 'on the right track'.

Discussion: Power, Disciplining and Marketing

At a number of levels, it behoves marketers – scholars and practitioners – to study the nature of power and disciplining. The modernist project in marketing, in its attempt to hide away from the

Figure 1 A Model of Observation

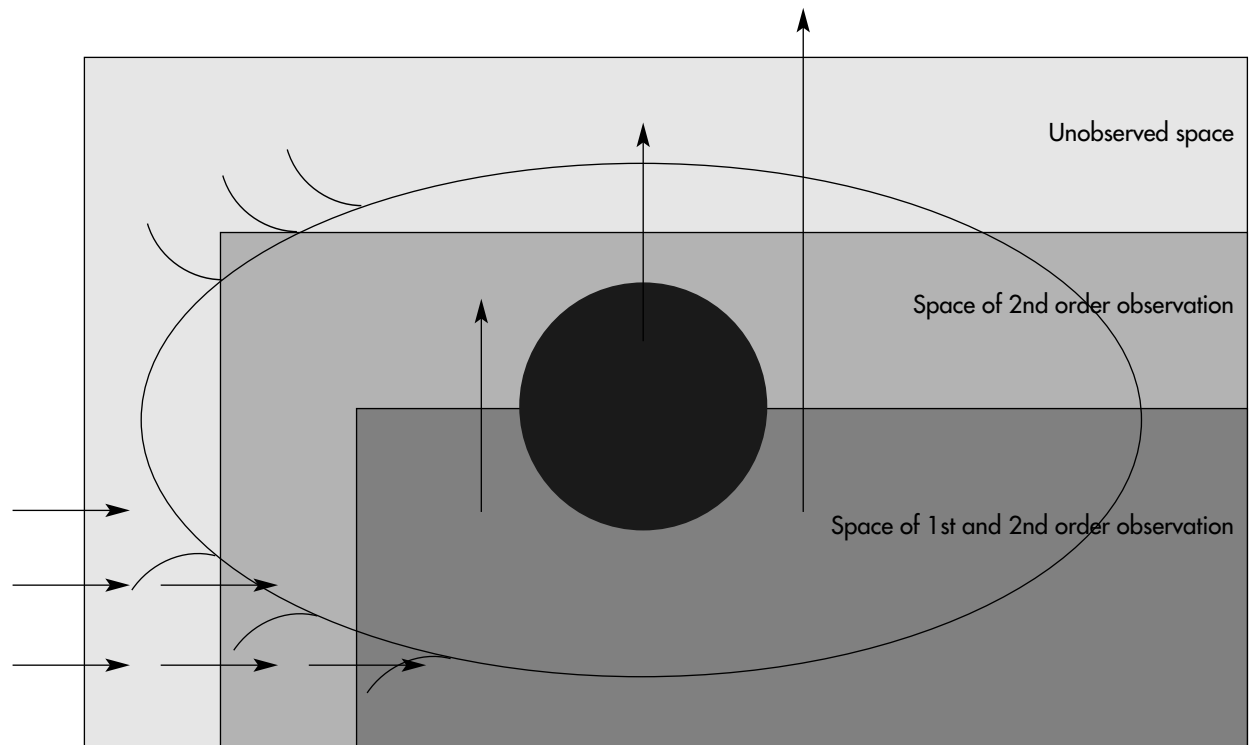
'uncomfortable' connotations of power, and from 'negativity' more generally, has produced a cleansed and disinfected marketing. Power, though, is a building block of social encounters. In human interactions, numerous opportunities for difference, disparity, and imbalance exist. No matter how unsettling, power is important to sustaining sociality and the recreation of the social fabric. Though not often recognised by marketers, its incorporation can facilitate future growth of a marketing theorising marked by reflexivity rather than cognitive homogeneity.

Such cognitive homogeneity has restrained development in the field and has made marketing predictable, prosaic, almost irrelevant in the eyes of many academics and practitioners outside the discipline. Marketing theorising, this research suggests, needs to become more contingent, less positive, more interested in searching for the less visible – that which has been relegated to a secondary position and thrown out of past discourses. It suffices to set the illustrations of power and their discussion in this paper in the context of Brown's (2001) contention about 'customer centricity', where 'everyone in business today seems to take it as a God-given truth that companies were put on this earth for one purpose alone: to pander to customers' (p. 83). This, as Brown points out, could not be further from the truth. In contrast to the exhortation of much marketing literature to delight and romance consumers, and to mantras of customer-as-king, is the reality of firms and organisations striving for control over the consumer – of exercising power over and disciplining the customer.

A second, equally significant implication builds on specific findings concerning observation and counter-observation in service encounters. Observation and the examination of the human proved to be matters disturbing the interviewed consumers. Continuous surveillance – facilitated and accelerated by advances in technology and the sciences of human behaviour – operates these days with meticulousness unparalleled in human history, narratives suggest. Power has come to rest on knowledge of the human and the social organism; they are inspected, categorised, and made obedient. Power is not dispensed so much in a top-bottom manner, but rests within the network of centres of observation (CO) and subjects of observation (SO) (see Figure 1) illustrating Foucault's conviction that power is exercised from 'innumerable points'.

Power can be implemented thanks to detailed knowledge of the subject – the explosion of help lines and database marketing provide two examples. Database marketing offers the perfect tool for isolation, specification, and transformation of the subject – their disciplining; so do help lines. The spaces created by both are not marked by social interaction but are purely functional. The observation nourished by them is invisible yet pervasive. Neither makes use of formal segregation, open exclusion, or 'exposed' marginalisation; rather they employ meticulous tests and methodologies.

The discussion so far, though, reveals only one part of this picture of observation, as told by narrators. The narrators' awareness of, and opposition to, surveillance and normalisation need to be placed within this framework of observation and disci-

Figure 2 A Model of Nested Observations

Source: Modified from Spencer Brown (1969)

plining. Dissatisfied consumers are conscious of veiled measures of control, and at times react to these efforts. This counter-observation is, more often than not, discontinuous, singular, and superficial in the sense that, due to their limited knowledge of institutions, individuals can have a limited impact on institutional dynamics. When consumers attempt to penetrate the institutional 'skin' – the help line technicians, for instance – they are confronted with rigid, well-rehearsed defensive routines. Nonetheless, counter-observation is possible. Its presence suggests that the uni-directional observation (provider \rightarrow consumer) suggested in Figure 1 should be replaced with a complex series of observations and counter-observations where the observing bodies are, at times, themselves subjected to surveillance on the part of the observed. In fact, this model of observation and counter-observation is very complex, this paper being itself an observation exercise. In an attempt to explain aspects of consumption that have remained under-researched, the researcher has ended up in the position of a second-order observer of incidents, seen through the eyes of narrators. This second-order observation offers some insights as to the ways in which power operates. This refined model of observation, visualised in Figure 2, illustrates first-order (observation) and second-order (observation of) observation.

The discussion of observation, counter-observation, and layers of observation suggests that, even in the

presence of perfected power methodologies, total observation is not possible – no matter how encompassing and flawless the technology of surveillance. Every layer of surveillance is subjected to higher-order control. This 'imperfection' of observation offers the individual, living in an age of intrusive technological developments, the opportunity to challenge, albeit locally, manipulation (an opportunity not to be confused with (total) emancipation, the rhetoric about which is at times dubious and needs to be approached with care). A close examination of Figure 2 reveals three spaces with diffused boundaries. Space 1 is inhabited by first-order observation, while in space 2 one finds second-order observation where the researcher, aided by the comments of the narrators, presented a local picture of consumer dissatisfaction. This space, however, is not the final observation space but is part of a higher-order space in which the number and complexity of layers of observations is, potentially, endless.

Counter-observation, part of any of the observation layers, warrants a mention. As suggested in the narratives, the passivity accorded to the subjects of power is not necessarily accepted by them. It may be tempting to explain consumer-provider or individual-institution relationships as ones of embeddedness of the former in the latter. Embeddedness of this kind, though, disregards the experience of humans (the subjects of power) with 'disparate social

influences' (Whittington, 1992, p. 703) in a modern society composed of competing systems and rules. Systems interact with one another and jointly impact on subjects. At the point of intersection of competing systems, rules also intersect. This tension provides humans with the opportunity to differentiate, reflect on, and choose among rules. Transplanted to this research, Whittington's argument suggests that consumers are never only consumers but are also mothers, retail workers, psychologists, educators, and so on. Their membership in, and interaction with, multiple systems provides room for defying a structural logic, in the process of choosing among overlapping logics. The majority of the interviewed consumers in this research were clearly able, using Mouzelis's (1989) arguments regarding agency and structure, to '*distance* themselves from rules and resources, in order to *question* them, or in order to ... *devise strategies* for either their maintenance or their transformation' (p. 616, emphasis added). Distancing is shown to be possible; it occurs on various levels.

This notion of distancing brings the paper to a close. Marketers, as part of big, modern institutions, make extensive use of disciplining – even if not explicitly. Observation can be relatively 'crude' and visible; or it can present a significant 'threat' to personal and social freedom if it is subtle and refined. The awareness of social commentators and individuals about the institutional use of observation prompts discussions and debates. Such social visibility of, and reaction to, observation induces institutions to devise ever more ingenious ways of carrying out this 'big

project' of data accumulation, monitoring, and normalisation. Regarding the visibility of observation (and counter-observation, indeed), then, the association between those who desire to discipline (marketers) and those who are the subjected to disciplining (consumers) is one of a race that has its analogues in prey–predator co-evolutionary models in the natural sciences. The more refined the observation, the greater the curiosity and interest in unwrapping it; this interest and the engendered counter-observation prompts, in turn, another round of observation perfection.

Conclusion

We argue that research on buying behaviour and consumption would benefit from comprehending the nature and role of power and disciplining in marketing. Such consideration about power has proved important elsewhere in the social sciences. This article attempts to redress this neglect in the domain of marketing. Its empirical findings take the reader into the dark underworld of the 'negative' – a world populated by dim and shadowy creatures, forces, and motives that seem to have little in common with the brightness and optimism marking the 'mythodeology' of marketing discourse. The shadows, interestingly, inhabit precisely the same spaces populated by their mirror opposites so beloved by marketers. However, in order to 'discern' and 'expose' shadows, researchers need to take a closer, more critical look at the numerous reflections and voices they see and hear. We, as researchers, need to open our perceptions to these voices and allow them to reveal themselves in their variety and magnificence.

Author

Edward Kasabov is an Advanced Institute of Management (AIM) Research Fellow at Cardiff Business School, Cardiff University. He previously taught at Trinity College Dublin. His research covers four areas: economic policy (Central and Eastern European structural adjustment), privatisation (informal institutions), marketing (relationship marketing; power and disciplining), and strategy (networks; clusters; biotechnology). His current project work involves UK life science and biotechnology clusters.

References

- Arendt, Hannah (1970), *On Violence*, Allen Lane, London.
- Baumgartner, Hans (2002), 'Toward a personology of the consumer', *Journal of Consumer Research*, vol. 29, no. 2, pp. 286–92.
- Belk, Russell and Janeen Arnold Costa (1998), 'The mountain man myth: a contemporary consuming fantasy', *Journal of Consumer Research*, vol. 25, no. 3, pp. 218–40.
- Belk, Russell, Ger Guliz, and Soren Askegaard (2003), 'The fire of desire: a multisited inquiry into consumer passion', *Journal of Consumer Research*, vol. 30, no. 3, pp. 326–51.
- Bettencourt, Lance and Mark Houston (2001), 'Reference

- diversity in JCR, JM, and JMR: a reexamination and extension of Tellis, Chand, and Ackerman (1999)', *Journal of Consumer Research*, vol. 28, no. 2, pp. 313–23.
- Brown, Stephen (2001), 'Torment your customers (they'll love it)', *Harvard Business Review*, Oct., pp. 81–9.
- Burawoy, M. (1983), 'Between the labour process and the state: factory regimes under advanced capitalism', *American Sociological Review*, vol. 48, pp. 587–605.
- Clegg, Stewart (1975), *Power, Rule and Domination*, Routledge, London.
- Clegg, Stewart (1989a), 'Radical revisions: power, discipline and organizations', *Organization Studies*, vol. 10, no. 1, pp. 97–115.
- Clegg, Stewart (1989b), *Frameworks of Power*, Sage, London.
- Escalas, Jennifer Edson and Barbara Stern (2003), 'Sympathy and empathy: emotional responses to advertising dramas', *Journal of Consumer Research*, vol. 29, no. 4, pp. 566–78.
- Foucault, Michel (1977), *Discipline and Punish: The Birth of the Prison*, Penguin, London.
- Foucault, Michel (1980), *Power/Knowledge: Selected Interviews and Other Writings, 1972–1977*, Harvester, Brighton.
- Fournier, Susan and David Glen Mick (1999), 'Rediscovering satisfaction', *Journal of Marketing*, vol. 63, Oct., pp. 5–23.
- French, J. and B. Raven (1959), 'The bases of social power', in D. Cartright (ed.), *Studies in Social Power*, Institute of Social Research, Ann Arbor, MI.
- Gamson, William (1968), *Power and Discontent*, Dorsey, Homewood, IL.
- Gergen, Kenneth (1999), *An Invitation to Social Construction*, Sage, London.
- Inglis, Tom (1987), *Moral Monopoly: The Catholic Church in Modern Irish Society*, Gill and Macmillan, Dublin.
- Joy, Annamma and John Sherry, Jr. (2003), 'Speaking of art as embodied imagination: a multisensory approach to understanding aesthetic experience', *Journal of Consumer Research*, vol. 30, no. 2, pp. 259–82.
- Lowrey, Tina, Cele Otnes, and Julie Ruth (2004), 'Social influences on dyadic giving over time: a taxonomy from the giver's perspective', *Journal of Consumer Research*, vol. 30, no. 4, pp. 547–58.
- Lukes, Steven (1974), *Power: A Radical View*, Macmillan, London.
- Lyotard, J-F. (1984), *The Postmodern Condition*, Manchester University Press, Manchester.
- May, Rollo (1972), *Power and Innocence*, W.W. Norton & Company, New York.
- Moriss, P. (1987), *Power: A Philosophical Investigation*, Manchester University Press, Manchester.
- Moscovici, Serge (1976), *Social Influence and Social Change*, Academic Press, London.
- Moscovici, Serge (1985), *The Age of the Crowd: A Historical Treatise on Mass Psychology*, Cambridge University Press, Cambridge.
- Mouzelis, Nicos (1989), 'Restructuring structuration theory', *Sociological Review*, vol. 37, no. 4, pp. 613–35.
- Murray, Jeff (2002), 'The politics of consumption: a re-inquiry on Thompson and Haytko's (1997), 'Speaking of Fashion', *Journal of Consumer Research*, vol. 29, no. 3, pp. 427–40.
- Ng, Sik Hung (1980), *The Social Psychology of Power*, Academic Press, London.
- Percy, Martyn (1998), *Power and the Church: Ecclesiology in an Age of Transition*, Cassell, London.
- Pfeffer, J. and G. Salancik (1978), *The External Control of Organizations*, Harper & Row, New York.
- Russell, Bertrand (1975), *Power: A New Social Analysis*, Unwin Paperbacks, London.
- Ruth, Julie, Cele Otnes, and Frederic Brunel (1999), 'Gift receipt and the reformulation of interpersonal relationships', *Journal of Consumer Research*, vol. 25 (March), pp. 385–402.
- Schutz, Alfred (1972), *The Phenomenology of the Social World*, Heinemann Educational, London.
- Sherry, John, Jr. and John Schouten (2002), 'A role for poetry in consumer research', *Journal of Consumer Research*, vol. 29, pp. 218–34.
- Spencer Brown, G. (1969), *Laws of Form*, George Allen & Unwin, London.
- Steil, J.M. and K. Weltman (1992), 'Influence strategies at home and at work: a study of sixty dual career couples', *Journal of Social and Personal Relationships*, vol. 9, pp. 65–88.
- Strahilevitz, Mihal and George Loewenstein (1998), 'The effect of ownership history on the valuation of objects', *Journal of Consumer Research*, vol. 25, Dec., pp. 276–89.
- Tedeschi, J.T. (1972), *The Social Influence Processes*, Aldine-Atherton, Chicago.
- Tedeschi, J.T., B.R. Schlenker, and T. Bonoma (1973), *Conflict, Power and Games*, Aldine, Chicago.
- Thompson, Craig (1997), 'Interpreting consumers: a hermeneutic framework for deriving marketing insights from the texts of consumers' consumption stories', *Journal of Marketing Research*, XXXIV, Nov., pp. 438–55.
- Thompson, Craig (1998), 'Living the texts of everyday life: a hermeneutic perspective on the relationships between consumer stories and life-world structures', in Barbara Stern (ed.), *Representing Consumers: Voices, Views, and Visions*, Routledge, London.
- Thompson, Craig (2002), 'A re-inquiry on re-inquiries: a postmodern proposal for a critical-reflexive approach', *Journal of Consumer Research*, vol. 29, no. 1, pp. 142–5.
- Thompson, Craig and Siok Kuan Tambyah (1999), 'Trying to be cosmopolitan', *Journal of Consumer Research*,

vol. 26, no. 3, pp. 214–41.

Wagner, Helmut (1970), *Alfred Schutz on Phenomenology and Social Relations: Selected Writings*, University of Chicago Press, Chicago.

Watzlawick, Paul, Janet B. Bavelas, and Don D. Jackson (1967), *Pragmatics of Human Communication: A Study of Interaction Patterns, Pathologies, and Paradoxes*, Norton & Company, New York.

Weick, Karl (1999), 'Theory construction as disciplined reflexivity: tradeoffs in the '90s', *Academy of Management Review*, vol. 24, no. 4, pp. 797–806.

Whittington, Richard (1992), 'Putting Giddens into action: social systems and managerial agency', *Journal of Management Studies*, vol. 29, no. 6, pp. 693–712.

Wrong, Dennis (1979), *Power: Its Forms, Bases and Uses*, Blackwell, Oxford.

THE DETERMINANTS AND CONSEQUENCES OF CONSUMER TRUST IN E-RETAILING: A CONCEPTUAL FRAMEWORK

Caroline Bramall, Klaus Schoefer & Sally McKechnie

Purchasing via the Internet has overtaken purchasing through traditional retail outlets in terms of sales growth rates. Nevertheless, there is strong evidence to suggest that while many consumers use the Internet to search for product information on electronic retailers' websites, only a minority of them make purchases online. Concerns over the security of personal and credit card information as well as the credibility of e-retailers are commonly given as reasons for the low level of online purchasing.

As a result online consumer trust in e-retailing has recently been acknowledged as having a role to play in determining the likelihood of using the Internet for purchasing. Without building and maintaining trust between consumers and e-retailers, the development of the Internet as an e-commerce medium in mass consumer markets is unlikely to reach its full potential. This paper presents a testable model describing the relationship between the determinants and consequences of consumer trust in e-retailing.

Introduction

The impact of information and communication technology (ICT) on the sophistication and range of marketing channels for consumer markets has been the subject of much discussion within contemporary marketing literature (Peterson et al., 1997; Alba et al., 1997; Hoffman and Novak, 1996; Klein, 1998). Through a wide range of media customers can access companies 24 hours a day for information, purchase and customer service, and new electronic channels are increasingly seen as complementary to rather than competitive with traditional channels (Anton, 2000).

The Internet is just one of a range of e-commerce technologies to facilitate information exchange. The benefits of setting up an Internet presence are cost reduction, new capability, competitive advantage, communications improvement, improved control and customer service improvement (Bocij et al., 1999). However, these benefits have yet to be fully realised as firms continue to search for the best strategies and business models on which to base their e-commerce activities. The success of e-retailing is highly important: if the Internet were to fail as a digital medium, not only would access to the World Wide Web be lost, but the development and evolution of computer-mediated environments in general could also come under threat (Hoffmann et al., 1999a; Chen and Dhillon, 2003). Some researchers have argued that the most significant long-term

barrier to the success of the Internet as a commercial medium in mass markets is a lack of consumer trust in the Internet (Jarvenpaa et al., 2000; Hoffmann et al., 1999b). Consequently, it has been argued that the determinants and consequences of trust in e-retailing warrant further analysis (Grabner-Kraeuter, 2002; Kimery and McCord, 2002).

This paper develops a testable model of the determinants and consequences of consumer trust in e-retailing. The aim is to gain a better understanding of consumer behaviour in online environments, in order to provide some insights into the factors affecting the decision to purchase from an e-retailer. The paper proceeds by reviewing the relationship marketing literature on trust, followed by the justification for examining this construct in an online purchasing context using the Internet. Next, a conceptual model is developed, describing the relationship between the determinants and consequences of consumer trust in e-retailing.

Literature Review

Although the construct of trust has received considerable attention in business and social science literature, there is no universally accepted scholarly definition of the term. For example, psychologists have attempted to relate the concept of trust to individual personality characteristics (Rotter 1967; Worchel, 1979). Alternatively, sociologists have

considered trust with respect to the socially embedded properties of relationships among people. Economists, on the other hand, have tended to view trust as either calculative or institutional (Rousseau et al., 1998), whereas in the relationship marketing and services marketing literature trust plays a pivotal role in holding a relationship between buyers and sellers together (Morgan and Hunt, 1994; Dwyer et al., 1987; Moorman et al., 1993; Berry, 1995). According to Morgan and Hunt's (1994) commitment-trust theory of relationship marketing, commitment and trust are necessary antecedents to successful relational exchanges, with trust being defined in terms of one party having confidence in the reliability and integrity of an exchange partner. By comparison, Gwinner et al. (1998) and Anderson and Narus (1990) view trust in terms of perceived benefits of dealing with another company.

Overall, two common themes emerge from the literature about trust: first of all it represents a willingness to accept vulnerability, a belief about the behavioural intentions of others and positive expectations about the outcomes of another party's behaviour; and secondly, trust is generally agreed to be a dynamic process, which can be slow to build yet can quickly be destroyed (Yoon, 2002). While trust is effective in developing a better understanding of exchange behaviour, the dual nature of this construct makes it problematic, for trust comprises both a global (attitudinal/affective) component and a situational one (Butler, 1991 cited in O'Malley, 2003). For the purposes of the present study, a definition of trust which specifically relates to e-retailing is sought.

Within the retailing literature, it is commonly agreed that there are two key conditions necessary for trust to develop: risk and interdependence of the consumer and the retailer (Chen and Dhillon, 2003; Rousseau et al., 1998). This notion of vulnerability, uncertainty and dependence is elaborated on by Jarvenpaa et al. (2000), who link it to a consumer's lack of control over the purchasing situation, and suggest trust to be a governance mechanism in the retailer-consumer exchange relationship. As far as e-retailing is concerned, several researchers have posited that trust is an important element of intentions to adopt business-to-consumer e-commerce (Grabner-Kraeuter, 2002; Pavlou, 2002; Vinton, 2001).

Use of the Internet as a shopping medium is still in a very early stage of commercial development.

However, the stimulation of commercial sales is critical to its survival. A telephone survey carried out by the Princeton Survey Research Associates showed that only 29 per cent of respondents said that they trust websites that sell products or services 'all or most of the time' (Wingfield, 2002). As a lack of trust is one of the main barriers to adoption of Internet shopping, trust has been characterised as the most precious asset that any business can possess (Kimery and McCord, 2002). So, in many respects online trust is very similar to offline trust in purchasing situations. For example, trust both offline and online acts as a facilitator for formulating a positive purchase intention and a repeat purchase decision. However, the Internet medium brings new and uncertain situations, throwing new levels of importance onto the issue of trust. Significantly, this includes the absence of contiguity in time and space of the exchange partners and the associated problems of privacy and security of personal and credit card information (Grabner-Kraeuter, 2002; Yoon, 2002).

Despite their differences, the definitions of trust in Internet-based retail situations are very similar to those based on more traditional situations. For example, according to Kimery and McCord (2002) 'trust in an e-retailer is specifically defined as a consumer's willingness to accept vulnerability in an online transaction based on their positive expectations regarding an e-retailer's future behaviours'. They go on to suggest that if a consumer is provided with better access to information about an e-retailer, they will be able to predict better and more confidently the retailer's future behaviour, hence developing a higher level of trust. By placing trust in the e-retailer the consumer retains some control over the transaction, as the actions of the retailer have become more predictable (Pavlou, 2002).

One question plaguing potential online consumers is 'How do you know whom to trust? In a virtual world, the issue of trust gets magnified' (*Economist*, 1997, cited in Jarvenpaa et al., 2000). The importance and influence of trust have long been established as a key factor influencing consumer behaviour and as such are critical for the growth of e-commerce, due largely to the open and global nature of the Internet. It is known that consumers are buying more than ever online and that they are doing this in spite of nagging concerns about the trustworthiness and reliability of web merchants (Wingfield, 2002). Part of this lack of trustworthi-

ness can be linked to consumers' lack of familiarity with the new medium. In online shopping many of the clues used by consumers in traditional retail situations are missing, causing a feeling of uneasiness and lack of trust, resulting in an unwillingness to purchase. It is suggested that by building relationships with customers the level of familiarity can be raised, but again, doing this online presents new challenges. In the case of e-retailing, Jarvenpaa et al. (2000) propose that when a salesperson is absent from the buying process, the retailing organisation itself becomes the primary focus of the customer's trust. They developed a model hypothesising that consumer trust in an online retailer is affected by consumer willingness to patronise this virtual store. This model was corroborated for bookstore and travel-based online retailers and was proposed as a reasonable starting point for developing a theory of consumer trust in the Internet. However, they called for further research to explore the underlying process by which trust is formed or developed or how it evolves as the consumer interacts with the Internet and Internet-based stores.

Model Development

Based on the above literature review and in response to the aforementioned call for further research within the area of online trust, the present study develops a model which examines the determinants and consequences of consumer trust in e-retailing. For the purposes of this model, the determinants of consumer trust are classified into three groups: those pertaining to the store itself, those based on the Internet site, and those linked to the consumer. These groups are referred to as 'store-related determinants', 'website-related determinants' and 'consumer-related determinants' respectively.

Store-related determinants of consumer trust examine whether the traditional advantages of a non-Internet-based store (i.e. a 'bricks and mortar' retail outlet) can be applied to the online environment. This is an area speculated to be undergoing a period of great change as the use of the Internet as a retail medium becomes more widespread. Website-related determinants concern the development of trust in an e-retailer based on items present on the website itself. Consumer-related determinants relate to the beliefs held by consumers concerning the Internet as a retail medium, the associated risks of shopping online and their previous direct shopping experience.

Store-Related Determinants of Trust in E-Retailing

As with traditional stores, reputation is frequently used by online consumers as an indication of a firm's trustworthiness, where 'reputation' is defined as the extent to which buyers believe a selling organisation is honest and concerned about its customers (Doney and Cannon, 1997). Referring to the economist's view of trust as a calculative concept, it is generally believed that the costs of acting in an untrustworthy manner are higher for retailers with an established positive reputation. This is because the development of such a reputation involves a significant investment and as such represents a valuable asset to the firm (Jarvenpaa and Tractinsky, 1999; Jarvenpaa et al., 2000). It would not be in the retailer's best interest to jeopardise their reputation by engaging in opportunistic behaviour, as any short-term gains would not offset the loss of rewards gained through holding a good reputation (Doney and Cannon, 1997; Chiles and McMackin, 1996). A positive reputation can hence be seen as providing assurances of ability, integrity and goodwill, thereby increasing trust, particularly in first-time transactions (McKnight et al., 1998). Based on this line of reasoning, it is hypothesised that:

H1a: A consumer's trust in an e-retailer is positively related to the retailer's perceived reputation.

Firm size, according to Doney and Cannon (1997), refers to the firm's overall size and its market share position. A sizeable market share is often seen as an indication that the firm has a large number of customers. The link is commonly made that if the retailer were not competent, trustworthy and did not regularly follow through with commitments made to customers, it would not have been able to grow to that size, or maintain its position in the industry. A large size also acts as a signal that the retailer will have the necessary expertise and resources to maintain support systems such as customer and technical services. A further perceived advantage of larger retailers is that they should be able to exert some control over their suppliers due to the quantity of their orders, thereby resulting in a more reliable and credible service. The existence of such factors is thought to encourage consumer trust in the firm as they reduce the level of perceived risk. For example, Jarvenpaa et al. (2000) argue that for trust to exist, the consumer must believe that the seller has both the ability and the motivation to reliably deliver goods and services of the quality

expected by the consumer. Furthermore, customers would rationally determine that there is merit in trusting larger firms, since larger firms would incur more significant costs through untrustworthy behaviour than smaller firms (Chen and Dhillon, 2003). Hence, it is expected that:

H1b: A consumer's trust in an e-retailer is positively related to the retailer's perceived size.

As the Internet is a relatively new medium for consumption, e-retailers are frequently compared with 'bricks and mortar' stores. The assumption is often made that e-retailers backed by a traditional, physical presence will be more reliable than those based wholly online (Abdelmessih et al., 2001). Quelch and Klein (1996), for example, argue that websites representing a retailer with whom the consumer is familiar from traditional channels will be favoured. This assumption is based on the belief that the established reputation and level of trust built by a 'bricks and mortar' store will be transferred to its Internet operations. That is not to say that an entirely Internet-based store cannot convey a sense of trust to its customers, as the huge success achieved by Amazon.com bears testimony to this fact. However, e-retailers face several obstacles that have already been conquered by their competitors, which leads to the following hypothesis:

H1c: Consumers will place more trust in e-retailers which are perceived to have an offline presence.

Website-Related Determinants of Trust in E-Retailing

In a bid to increase consumer trust many e-retailers have associated themselves with a third-party assurance seal such as TRUSTe, BBBOnline, and VeriSign. These seals serve as tangible cues used by a company to enable its consumers to infer a sense of certainty and positive outcome of their participation in an exchange with the e-retailer (Nöteberg et al., 2003; Chen and Dhillon, 2003). They are designed to communicate to the consumer that the e-retailer complies with a third-party's (i.e. assurer's) specific standards or requirements and, as a result, can be trusted by the consumer. The display of a third-party seal on an e-retailer's website signals a linkage between the e-retailer and the assuring third-party organisation. Consumers will extend their attribution of trustworthiness from the assuring organi-

sation to the seal-displaying e-retailer to the extent that they perceive the assuring organisation as a credible and trustworthy entity and recognise the seal as representing a meaningful association between the assurer and the e-retailer (Kimery and McCord, 2002). Based on this potential role of third-party assurances to build trust, it is hypothesised that:

H2a: Third-party assurance seals will have a positive effect on a consumer's trust in the e-retailer.

In e-commerce, consumers rarely deal with salespeople, therefore trust must be placed directly in the e-retailer, depending on an electronic interface to act on their behalf. This impersonal nature of the Internet has been suggested as one reason for consumers' lack of trust in this medium. In traditional retail channels consumers are able to make judgements about retailers through physical clues such as the size of the store, its cleanliness, staff uniforms, etc. Furthermore, judgements can be based on the salespersons, their knowledge of products, ability to sell and even their personal characteristics such as honesty, familiarity with the customer, likeability and prior selling experience. On the Internet these physical clues and human contacts are lacking (Gefen, 2002). For e-retailers their website may be the only means of communicating with customers, therefore its appearance and structure are of great importance. Accordingly, Wingfield (2002) views a professional-looking website as a signalling mechanism indicating that the merchant probably is not a 'fly-by-night' operation. A professional-looking website gives consumers a sense of normality, and because everything appears to be normal and in proper order, the perceived chance of success is increased and the customer feels more comfortable and trusting towards making a purchase (Chen and Dhillon, 2003). Therefore, it is hypothesised that:

H2b: A consumer's trust in an e-retailer is positively related to the perceived professionalism of that website's design.

Consumer-Related Determinants of Trust in E-Retailing

Most consumers today are regularly exposed to some form of technology such as ATMs or personal computers. As such they will have formed some attitude towards technological items in general and computers in particular. Consequences, both good and bad, of dealing with computers might generate or rein-

force a consumer's beliefs and attitudes towards e-commerce and influence their level of perceived trust in online environments and willingness to buy online in the future. Prior studies on electronic shopping systems have found the predisposition towards computers in general to be a significant determinant of adoption and use of new forms of shopping (Korgaonkar and Moschis, 1987; Korgaonkar and Smith, 1986; Shim and Drake, 1990; Shim and Mahoney, 1991; Eastlick, 1993). Other related research has found that if consumers have a favourable attitude to new technologies, then it is likely that they will also view Internet shopping in a positive light (Latour et al., 2002; Bobbitt and Dabholkar, 2001). Positive experiences reinforce a consumer's 'competence trust' and contribute towards building a positive attitude, which is a prerequisite for repeat transactions (Sirdeshmukh et al., 2002). Following this line of argument, the following hypothesis is framed:

H3a: Consumers with a positive attitude towards computers will have a higher level of trust in the Internet as a retail medium.

Consumer attitudes towards computers and Internet shopping are frequently linked to their past experiences of direct shopping forums such as catalogues and television shopping channels. For example, Eastlick and Liu (1997) speculate that attitudes towards television shopping provide a foundation for understanding attitudes towards other interactive shopping environments. Other studies have also shown that consumers who have shopped from their home in the past are more likely to shop online in the future (see Shim and Mahoney, 1991; Shim and Drake, 1990). As it is generally agreed that trust is built over a period of time, it would be feasible to assume that, providing past direct shopping experience was regarded positively, people with more experience will have a higher level of trust in using the Internet for consumption. Hence, it is hypothesised that:

H3b: Consumers with past direct shopping experience will have a higher level of trust in the Internet as a retail medium.

Attitude towards computers is also linked to the consumer's level of perceived risk in online purchase situations. Perceived risk is an area that has received much attention in the existing literature. Jarvenpaa and Tractinsky's (1999) results very tentatively suggest that greater experience with the web is associated with

lower trust and higher risk. It is also suggested that as consumers' web skills improve, they are more likely to have a positive emotional response to Internet sites. This seems to imply a lower level of perceived risk and an increased likelihood of consumer trust (Koufaris, 2002). Cheskin Research (2000) found that those with the highest confidence in their online skills and higher levels of online experience were most willing to exchange personal information online. The misuse of personal information is a key source of distrust, therefore this group of respondents may be displaying a renewed increase in trust. Furthermore, Cheskin Research (2000) found that security symbols inspired more trust in heavy users (i.e. those with high current direct shopping experience) than light users, suggesting that they would be more willing to buy. Extending this line of argument, it is expected that:

H3c: The lower the level of perceived risk associated with online shopping, the higher the level of trust in the Internet as a retail medium.

Relationship between Different Trust Categories in E-Retailing

Trust does not exist in a vacuum, and it is often argued that diverse, complex, and self-evolving systems like the Internet actually create an 'atmosphere' of trust (or lack thereof) (e.g. Salam et al., 2005 and Friedman et al., 2000). Therefore, these complex systems should be viewed as valid participants in trust relationships. As the argument continues, an end user must first trust in that atmosphere – the technology and the human community combined – and only then is he or she positioned to trust in any particular online interaction with other people (Friedman et al., 2000). We agree with Friedman et al. (2000), and accept that the online environment in which people interact (i.e. the Internet) has a decisive effect on a person's desire and ability to participate in a trust relationship with an individual e-retailer. More specifically, we argue that a consumer's trust in the Internet as a retail medium influences the formation of trusting beliefs concerning individual e-retailers. Based on this, it is hypothesised that:

H4: The higher the level of general trust in the Internet as a retail medium, the higher the level of specific trust in an individual e-retailer.

Consequences of Trust in E-Retailing

Following Coleman (1990), perceived risk can be thought of as representing an individual's assessment

of the relative probability of positive and negative outcomes of a given transaction or situation. Any transaction has risk factors specific to the transaction itself, including total potential financial loss or gain, as well as information uncertainty, complexity, and asymmetry (Kimery and McCord, 2002). Other more indirectly linked factors to the specific exchange, including familiarity with the problem domain, interpersonal relationships, social influences, and institutional controls, have been identified as influencing the level of perceived transaction risk (Sitkin and Barclay, 1997). Consistent with Kimery and McCord (2002), the present research models trust as one of the factors that influence how risk is evaluated and perceived. The level of perceived risk inherent in a given exchange is offset by the level of trust held by one party for the other. As a result, perceived risk associated with an exchange is partially a function of the trust between parties. In keeping with this conceptualisation, studies by Fukuyama (1995) and Morgan and Hunt (1994) have shown that trust reduces perceptions of transaction risk. Trust is also linked with reduction in the need for investments in institutional and contractual deterrents to opportunistic behaviour (Fukuyama, 1995) and increased risk-taking behaviour between individuals and firms (Mayer et al., 1995). On the basis of this, it is hypothesised that:

H5a: Increased trust in an individual retailer will reduce a consumer's perceived transaction risk associated with making a purchase from that e-retailer.

H5b: Increased general trust in the Internet as a retail medium will reduce a consumer's perceived transaction risk associated with making a purchase from an e-retailer.

Previous research has observed that brand name is one of the most important extrinsic cues, which are product-related attributes not involved with the product's physical or functional aspects that consumers use to evaluate products (Richardson and Dick, 1994). Research shows that brand name can help consumers to reduce search cost and cognitive effort when making product evaluations (Landes and Posner, 1987), and can reduce their perception of risk (Moon and Millison, 2000; Erdem and Swait, 1998, 2004). Arguably, then, brand name can effectively reduce a consumer's uncertainty about product quality and his/her perception of transaction risk

concerning purchase decisions in online environments (Huang et al., 2004). On the basis of this, it is hypothesised that:

H6a: The perceived transaction risk associated with making a purchase from a particular e-retailer will be lower when a brand name is present for the considered product/service than when it is absent.

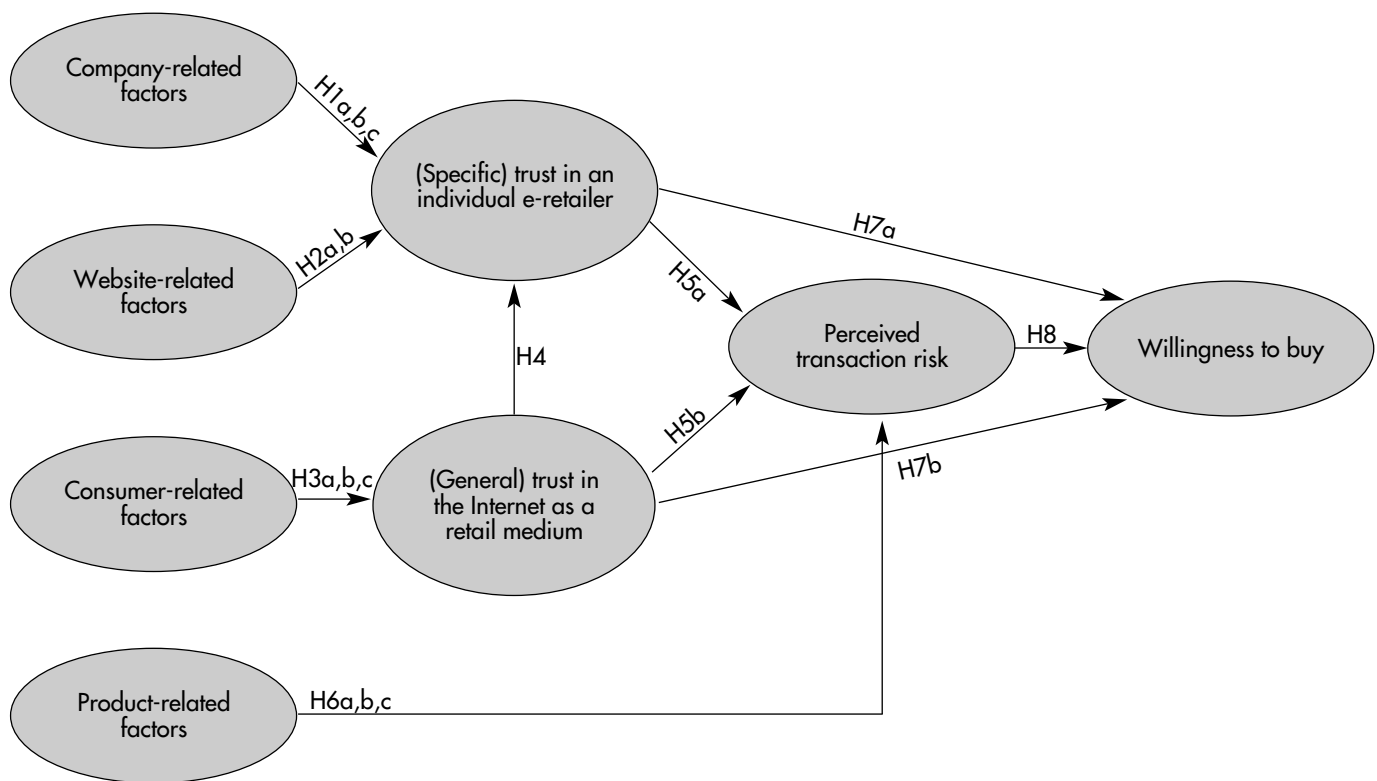
Several previous studies have proposed and found a positive relationship between price and perceived financial risk (Kaplan et al., 1974; White and Truly, 1989). In particular, it has been argued that the price of the product is an inherent component of financial risk (via initial outlay) (Grewal et al., 1994). Therefore, online transactions involving more expensive products should result in higher perceptions of transaction risk (Ba and Pavlou, 2002; Bhatnagar et al., 2000). For example, an online transaction involving an expensive product such as a €1,200 digital camera can be considered riskier than that involving a €15 music CD. The more expensive a product is, the higher the potential loss a buyer faces. Given the greater risk inherent in the exchange of expensive products, it is hypothesised that:

H6b: The price of the considered product/service is positively related to the consumer's perceived transaction risk associated with making a purchase from a particular e-retailer.

Product complexity is defined as the extent to which the consumer perceives a product to be difficult to understand or use (Rogers, 1995). A product that offers a large number of options or that involves a large number of steps in its use will typically be seen as more complex. Consumers are likely to perceive higher risks when products are more complex because the difficulty in understanding the product leads to uncertainty, increasing the perception that an unknown negative outcome may occur (Holak and Lehmann, 1990; Burnham et al., 2003). Similarly, the larger number of attributes associated with complex products makes both information collection and direct comparisons of attributes more costly (Shugan, 1980). A more complex product is also likely to involve a larger number of learned skills or scripts that must be relearned in order to switch providers (Wernerfelt, 1985). Finally, complex products are not 'easy to try' (Holak and Lehmann, 1990). Based on this, it is hypothesised that:

Figure 1

A Conceptual Framework for Examining the Determinants and Consequences of Consumer Trust in E-Retailing



H6c: The complexity of the considered product/service is positively related to the consumer's perceived transaction risk associated with making a purchase from a particular e-retailer.

Online trust can also be theorised to have a direct effect on a consumer's intention to purchase online. Intuitively speaking, it is presumed that high trust in the e-retailer will yield high online purchase intention, while low trust in the e-retailer will reduce a consumer's willingness to purchase online. This relationship between trust and online transaction intention can be justified by the theories of reasoned action (Ajzen and Fishbein, 1980) and planned behaviour (Ajzen, 1991), which assert that an individual's volitional behaviour is primarily the result of the individual's intention to behave. Furthermore, trust is posited by Pavlou (2002) as a salient behavioural belief that influences consumer attitude about an e-retailer and subsequent behavioural intentions for online transactions. Hence, consumers would be hesitant about transacting with an e-retailer that fails to convey a sense of trustworthiness (behavioural belief) because of fears of seller opportunism and concerns about the utilisation of the associated Internet infrastructure. On the other hand, trust also creates positive attitudes towards e-retailers, which are likely to reduce fears of opportunism, attenuate infrastructure concerns, and favourably influence transaction intentions with e-retailers. In fact, Jarvenpaa and Tractinsky (1999) and Hoffman et al. (1999b) argue that lack of trust pre-

vents consumers from engaging in online transactions, and therefore it is hypothesised that:

H7a: Increased trust in an individual e-retailer will increase a consumer's willingness to purchase from that e-retailer.

H7b: Increased general trust in the Internet as a retail medium will increase a consumer's willingness to purchase from a particular e-retailer.

While actual purchase behaviour is of vital importance to retailers and researchers, it is frequently not possible or practical to study actual consumer purchasing (Kimery and McCord, 2002). Such is the case for this study, and as a result 'willingness to buy online' is adopted as an approximation for actual online purchase behaviour. This is consistent with the theories of reasoned action (Ajzen and Fishbein, 1980) and planned behaviour (Ajzen, 1991), which assert that an individual's volitional behaviour is primarily the result of the individual's intention to behave. Building upon the theory of planned behaviour, Jarvenpaa et al. (2000) also suggest that a consumer may be willing to buy from an e-retailer which is perceived as low risk, even if the consumer's attitudes towards that merchant are not highly positive. Conversely, a consumer may not be willing to buy from a merchant perceived as being high risk, even in the presence of positive attitudes towards that merchant. According to Jarvenpaa et al. (2000),

this direct influence of perceived transaction risk on intention is related to the notion of perceived behavioural control which reflects the degree to which an individual feels that successfully engaging in a behaviour is completely up to them. In an online context, the perceived risk associated with shopping from an e-retailer may reduce the consumers' perception of control, and the extent to which this occurs might negatively influence willingness to buy online. Based on this, we hypothesise that:

- H8: Reduced perceived transaction risk associated with buying from a particular e-retailer will increase a consumer's willingness to purchase from that e-retailer.

The entire set of hypotheses is visually presented, above, in Figure 1.

Authors

Caroline Bramall is a postgraduate student at the Nottingham University Business School and is conducting her MSc in International Business. Her current research interest and MSc dissertation are centred on the determinants and consequences of consumer trust in online purchasing. She is hoping to investigate this matter further in a PhD thesis.

Klaus Schoefer is a lecturer in tourism management and marketing in the Nottingham University Business School. Before that, he worked as a management consultant for Accenture. His current research interests revolve around the areas of service failure/recovery, word-of-mouth communication and consumer behaviour in online environments. He has presented his work at a number of scholarly conferences including those held by the European Marketing Academy and the International Association for Research in Economic Psychology.

Sally McKechnie is a lecturer in marketing. Prior to joining the Nottingham University Business School she held marketing positions in exhibitions and direct marketing industries, and a teaching company associateship at the University of Strathclyde. Her research interests are in the areas of customer behaviour and marketing communications. She has published in journals such as the *Journal of Marketing Management*, *International Journal of Advertising*, *Journal of Marketing Communications*,

Conclusions

The paper makes a contribution to the existing body of knowledge within the Internet marketing and e-commerce literatures. The justification for the present paper arose from recognition that theoretical and empirical research into the construct of trust in online environments has been very limited, and that there remains significant scope for furthering our understanding of the determinants and consequences of consumer trust in e-retailing. While some progress has been made in developing conceptual frameworks for classifying trust in e-commerce environments, little testable theory has been developed (Romano Jr. and Fjermestad, 2003). Addressing this gap within the literature, this paper has presented a testable model describing the relationship between the determinants and consequences of consumer trust in e-retailing.

Journal of Customer Behaviour, *International Journal of Bank Marketing*, and *International Small Business Journal*.

References

- Abdelmessih, N., M. Silverstein and P. Stanger (2001), 'The next chapter in business-to-consumer e-commerce. Advantage incumbent', *The Boston Consulting Group*, 30 August, <http://www.bcg.com/publications>.
- Ajzen, I. (1991), 'The theory of planned behavior', *Organizational Behavior and Human Decision Processes*, vol. 50, pp. 179–211.
- Ajzen, I. and M. Fishbein (1980), *Understanding Attitudes and Predicting Social Behaviour*, Prentice Hall, New York.
- Alba, J., J. Lynch, B. Weitz, C. Janiszewskiet, R. Lutz, A. Sawyer and S. Wood (1997), 'Interactive home shopping: consumer, retailer and manufacturer incentives to participate in electronic marketplaces', *Journal of Marketing*, vol. 61, no. 3, pp. 38–53.
- Anderson, J.C. and J.A. Narus (1990), 'A model of distributor firm and manufacturer firm working partnerships', *Journal of Marketing*, vol. 54, pp. 42–58.
- Anton, J. (2000), 'The past, present and future of customer access centers', *International Journal of Service Industry Management*, vol. 11, no. 2, pp. 120–30.
- Ba, S. and P.A. Pavlou (2002), 'Evidence of the effect of trust building technology in electronic markets: price premium and buyer behavior', *MIS Quarterly*, vol. 26, no. 3, pp. 243–68.
- Berry, L.L. (1995), 'Relationship marketing of services – growing interest, emerging perspective', *Journal of the Academy of Marketing Science*, vol. 23, no. 4, pp. 236–45.
- Bhatnagar, A., S. Misra and H.R. Rao (2000), 'On risk, convenience, and internet shopping behavior', *Communications of the ACM*, vol. 43, no. 11, pp. 98–105.

- Bobbitt, L.M. and P.A. Dabholkar (2001), 'Integrating attitudinal theories to understand and predict use of technology-based self-service: the internet as an illustration', *International Journal of Service Industry Management*, vol. 12, no. 5, pp. 423–50.
- Bocij, P., D. Chaffey, A. Greasley and S. Hickie (1999), *Business Information Systems: Technology, Development and Management*, FT Management, London.
- Burnham, T.A., J.K. Frels and V. Mahajan (2003), 'Consumer switching costs: a typology, antecedents, and consequences', *Journal of the Academy of Marketing Sciences*, vol. 31, no. 2, pp. 109–26.
- Chen, S.C. and G.S. Dhillon (2003), 'Interpreting dimensions of consumer trust in e-commerce', *Information Technology and Management*, vol. 4, pp. 303–18.
- Cheskin Research (2000), 'Trust in the wired Americas', 29 August, <http://www.cheskin.com>.
- Chiles, T.H. and J.F. McMackin (1996), 'Integrating variable risk preferences, trust, and transaction cost economics', *Academy of Management Review*, vol. 21, no. 1, pp. 73–99.
- Doney, P.M. and J.P. Cannon (1997), 'An examination of the nature of trust in buyer–seller relationships', *Journal of Marketing*, vol. 61, no. 2, pp. 35–51.
- Coleman, J.S. (1990), *Foundations of Social Life*, Harvard University Press, Cambridge, MA.
- Dwyer, F.R., P.H. Schurr and S. Oh (1987), 'Developing buyer–seller relationships', *Journal of Marketing*, vol. 51, pp. 11–27.
- Eastlick, M.A. (1993), 'Predictors of videotext adoption', *Journal of Direct Marketing*, vol. 7, no. 3, pp. 66–76.
- Eastlick, M.A. (1996), 'Consumer intention to adopt interactive teleshopping', *Marketing Science Institute*, working paper nos. 96–113, p. 38.
- Eastlick, M.A. and M. Liu (1997), 'The influence of store attitudes and other nonstore shopping patterns on patronage of television shopping programs', *Journal of Direct Marketing*, vol. 11, no. 3, pp. 14–24.
- Erdem, T. and J. Swait (1998), 'Brand equity as a signalling phenomenon', *Journal of Consumer Psychology*, vol. 7, no. 2, pp. 131–57.
- Erdem, T. and J. Swait (2004), 'Brand credibility, brand consideration, and choice', *Journal of Consumer Research*, vol. 31, June, pp. 191–8.
- Fishbein, M. and I. Ajzen (1975), *Belief, Attitude, Intention and Behaviour: An Introduction to Theory and Research*, Addison-Wesley, Reading, MA.
- Foxall, G.R., R.E. Goldsmith and S. Brown (1998), *Consumer Psychology for Marketing*, International Thomson Business Press, London.
- Friedman, B., P.H. Kahn Jr. and D.C. Howe (2000), 'Trust online', *Communications of the ACM*, vol. 43, no. 12, pp. 34–40.
- Fukuyama, F. (1995), *Trust: Social Virtues and the Creation of Prosperity*, The Free Press, New York.
- Ganesan, S. (1994), 'Determinants of long-term orientation in buyer–seller relationships', *Journal of Marketing*, vol. 58, pp. 1–19.
- Gefen, D. (2002), 'Reflections on the dimensions of trust and trustworthiness among online consumers', *The Data Base for Advances in Information Systems*, vol. 33, no. 3, pp. 38–53.
- Grabner-Kraeuter, S. (2002), 'The role of consumers' trust in online-shopping', *Journal of Business Ethics*, vol. 39, nos. 1–2, pp. 43–50.
- Grewal, D., J. Gotlieb and H. Marmorstein (1994), 'The moderating effects of message framing and source credibility on the price-perceived risk relationship', *Journal of Consumer Research*, vol. 21, June, pp. 145–53.
- Gwinner, K.P., D.D. Gremier and M.J. Bitner (1998), 'Relational benefits in services industries: the customer's perspective', *Journal of the Academy of Marketing Science*, vol. 26, no. 2, pp. 101–14.
- Hille, A. (2002), 'Mature surfers outdo young in online sales', *Media Asia*, 26 July, p. 11.
- Hoffman, D.L. and T.P. Novak (1996), 'Marketing in hypermedia computer-mediated environments: conceptual foundations', *Journal of Marketing*, vol. 60, no. 3, pp. 50–68.
- Hoffman, D.L., T.P. Novak and M.A. Peralta (1999a), 'Information privacy in the marketplace: implications for the commercial uses of anonymity on the web', *The Information Society*, vol. 15, no. 2, pp. 129–40.
- Hoffman, D.L., T.P. Novak and M.A. Peralta (1999b), 'Building consumer trust online', *Communications of the ACM*, vol. 42, no. 4, pp. 80–5.
- Holak, S.L. and D.R. Lehmann (1990), 'Purchase intentions and the dimensions of innovation: an exploratory model', *Journal of Product Innovation Management*, vol. 7, pp. 59–73.
- Huang, W.-Y., H. Schrank and A.J. Dubinsky (2004), 'Effect of brand name on consumers' risk perceptions of online shopping', *Journal of Consumer Behaviour*, vol. 4, no. 1, pp. 40–50.
- Jarvenpaa, S.L. and N. Tractinsky (1999), 'Consumer trust in an internet store: a cross-cultural validation', *Journal of Computer Mediated Communication*, vol. 5, no. 2, pp. 1–35.
- Jarvenpaa, S.L., N. Tractinsky and M. Vitale (2000), 'Consumer trust in an internet store', *Information Technology and Management*, vol. 1, nos. 1–2, pp. 45–71.
- Kaplan, L., G.J. Szybillo and J. Jacoby (1974) 'Components of perceived risk in product purchase: a cross validation', *Journal of Applied Psychology*, vol. 59, June, pp. 287–91.
- Keen, P.G.W. (1999), *Internet Business*, Eburon Publishers, Delft, Netherlands.
- Kimery, K.M. and M. McCord (2002), 'Third-party assurances: mapping the road to trust in e-retailing', *Journal of Information Technology Theory and Application*, vol. 4, no. 2, pp. 63–82.
- Klein, L.R. (1998), 'Evaluating the potential of interactive media through a new lens: search versus experience goods', *Journal of Business Research*, vol. 41, pp. 195–203.
- Korgaonkar, P.K. and G.P. Moschis (1987), 'Consumer adoption of videotext services', *Journal of Direct Marketing*, vol. 1, pp. 63–71.
- Korgaonkar, P.K. and A.E. Smith (1986), 'Psychometric and demographic correlates of electronic in-home shopping and banking service', in T.A. Shimp, G. John, J.H. Lingren, M.P.

- Gardner, S. Sharma, J.A. Quelch, W. Dillon and R.E. Dyer (eds.), *American Marketing Association Proceedings*, Chicago, pp. 167–9.
- Kotkin, J. (1998), 'The mother of all malls', *Forbes*, April, pp. 60–5.
- Koufaris, M. (2002), 'Applying the technology acceptance model and flow theory to online consumer behaviour', *Information Systems Research*, vol. 13, no. 2, pp. 205–23.
- Landes, W.M. and R.A. Posner (1987), 'Trademark law: an economic perspective', *Journal of Law and Economics*, vol. 30, no. 2, pp. 265–309.
- Latour, M.S., J.B. Hanna, M.D. Miller and R.E. Pitts (2002), 'Consumer involvement with personal computer technology: a multi-sample analysis', *American Business Review*, vol. 20, no. 2, pp. 1–11.
- McKnight, D.H., L.L. Cummings and N.L. Chervany (1998), 'Initial trust formation in new organizational relationships', *Academy of Management Review*, vol. 23, no. 3, pp. 473–90.
- Mayer, R.C., J.H. Davis and F.D. Schoorman (1995), 'An integration model of organizational trust', *Academy of Management Review*, vol. 20, no. 3, pp. 709–34.
- Moon, M. and D. Millison (2000), *Firebrands: Building Brand Loyalty in the Internet Age*, Osborne/McGraw-Hill, Berkeley, CA.
- Moorman, C., R. Deshpande and G. Zaltman (1993), 'Factors affecting trust in market research relationships', *Journal of Marketing*, vol. 57, pp. 81–101.
- Morgan, R.M., and S.D. Hunt (1994), 'The commitment–trust theory of relationship marketing', *Journal of Marketing*, vol. 58, pp. 20–38.
- Nöteberg, A., E. Christiaanse and P. Wallage (2003), 'Consumer trust in electronic channels: the impact of electronic commerce assurance on consumers' purchasing likelihood and risk perceptions', *e-Service Journal*, vol. 2, no. 2, pp. 46–67.
- O'Malley, L. (2003) 'Relationship marketing', in S. Hart (ed.), *Marketing Changes*, Thomson Learning, London.
- Pavlou, P.A. (2002), 'What drives electronic commerce? A theory of planned behaviour perspective', *Best Paper Proceedings of the Academy of Management*, Denver, CO.
- Peterson, R.A., S. Balasubramania and B.J. Bronnenberg (1997), 'Exploring the implications of the internet for consumer marketing', *Journal of the Academy of Marketing Science*, vol. 25, no. 4, pp. 329–46.
- Porter, S.S. and C. Claycomb (1997), 'The influence of brand recognition on retail store image', *The Journal of Product and Brand Management*, vol. 6, no. 6, pp. 373–87.
- Quelch, J.A. and L.R. Klein (1996), 'The internet and international marketing', *Sloan Management Review*, vol. 37, no. 3, pp. 60–75.
- Richardson, P.S. and A.S. Dick (1994), 'Extrinsic and intrinsic cue effects on perceptions of store brand quality', *Journal of Marketing*, vol. 58, no. 4, pp. 28–36.
- Rogers, E.M. (1995), *Diffusion of Innovations*, Free Press, New York.
- Romano, N.C. Jr. and J. Fjermestad (2003), 'Electronic commerce customer relationship management: a research agenda', *Information Technology and Management*, vol. 4, pp. 233–58.
- Rotter, J. (1967), 'A new scale for the measurement of interpersonal trust', *Journal of Personality*, vol. 35, no. 4, pp. 651–65.
- Rousseau, D., S.B. Sitkin, R.S. Burt and C. Camerer (1998), 'Not so different after all: a cross-discipline view of trust', *Academy of Management Review*, vol. 23, no. 3, pp. 393–404.
- Salam, A.F., L. Iyer, P. Palvia and R. Singh (2005), 'Trust in e-commerce', *Communications of the ACM*, vol. 48, no. 2, pp. 73–7.
- Shim, S. and M.F. Drake (1990), 'Consumer intention to utilize electronic shopping', *Journal of Direct Marketing*, vol. 4, pp. 22–33.
- Shim, S. and M. Mahoney (1991), 'Electronic shoppers and nonshoppers among videotext users', *Journal of Direct Marketing*, summer, pp. 29–38.
- Shim, S., M.A. Eastlick, S.L. Lotz and P. Warrington (2001), 'An online prepurchase intentions model: the role of intention to search', *Journal of Retailing*, vol. 77, no. 3, pp. 397–416.
- Shugan, S.M. (1980), 'The costs of thinking', *Journal of Consumer Research*, vol. 7, Sept., pp. 99–111.
- Sirdeshmukh, D., J. Singh and B. Sabol (2002), 'Consumer trust, value and loyalty in relational exchanges', *Journal of Marketing*, vol. 66, pp. 15–37.
- Sitkin, J.B. and D.W. Barclay (1997), 'The effects of organizational differences and trust on the effectiveness of selling partner relationships', *Journal of Marketing*, vol. 61, pp. 3–21.
- Sitkin, S.B. and L.R. Weingart (1995), 'Determinants of risky decision-making behavior: a test of the mediating role of risk perceptions and propensity', *Academy of Management Journal*, vol. 38, no. 6, pp. 1573–92.
- The Economist* (1997), 'Survey of electronic commerce: in search of the perfect market', 10 May, pp. 3–26.
- Wernerfelt, B. (1985), 'Brand loyalty and user skills', *Journal of Economic Behavior and Organizations*, vol. 6, pp. 381–5.
- White, J.D. and E.L. Truly (1989), 'Price-quality integration in warranty premium', *Journal of Business Research*, vol. 19, Sept., pp. 109–25.
- Wingfield, N. (2002), 'E-Commerce (a special report): cover story – a question of trust: online consumers are buying – but warily; here's how you can minimise the risk', *Wall Street Journal*, 16 Sept.
- Worchel, P. (1979), 'Trust and distrust', in W.G. Austin and S. Worchel (eds.), *The Social Psychology of Intergroup Relations*, Wadsworth, Belmont, CA.
- Vinton, M. (2001), 'Trust and quality are key to thriving on the web today', *Marketing*, 14 June, p. 12.
- Yoon, S.-J. (2002), 'The antecedents and consequences of trust in online-purchase decisions', *Journal of Interactive Marketing*, vol. 16, no. 2, pp. 47–63.

MANAGING CUSTOMER RETENTION IN THE HEALTH AND FITNESS INDUSTRY: A CASE OF NEGLECT

Teresa Hurley

International research confirms that customer retention is an increasingly important phenomenon in the successful operation of any business. This article examines customer retention in the health and fitness industry. The findings highlighted are extracted from a broader study examining the practice of relationship marketing in the industry. This study involved a mail survey of health and fitness operators in Ireland.

The findings indicate the need for a change in company culture, with greater emphasis by senior management on member retention as opposed to new member acquisition. Customer service is rated poorly and elements of this, including the provision for increasing member/staff interaction, early detection of lapsed members, calculation of the financial value of lifetime members, and the completion of exit analysis, need to be examined.

Introduction

The aim of relationship marketing is to identify specific client segments and establish, maintain, and enhance over time the client–firm relationship. Relationship marketing, therefore, places a major emphasis on customer retention, reflected in commonly used terms such as ‘retention marketing’ and ‘zero defections’ (Reichheld and Sasser, 1990; Reidenbach et al., 1995). International research, particularly in the service industries, highlights the positive elements of applying a customer retention strategy. Gronroos (1990), Reichheld (1994) and Borna (2000), for example, emphasise the need for establishing and sustaining relationships with existing customers in order to increase retention levels and provide potential for future purchases.

Other findings indicate that gaining new customers is generally calculated as being at least five times greater than the cost of keeping existing customers; an organisation’s existing customer base becomes a key strategic asset (Schmittlein, 1996). Indeed, some researchers believe that the retention of customers is likely to be the single biggest predictor of future profitability (Peterson, 1993; Reinartz and Kumar, 2000; Kamakura et al., 2003). Eben (2000) similarly argues that companies can get a much better return by investing in existing customers than by acquiring new customers. Seroka (2000) highlights how companies that retain their customers while acquiring new ones experience faster growth than those that simply replace lost customers, and notes that

the cost of servicing a customer decreases the longer the customer is retained.

The health and fitness industry is a growing service industry that relies on continued patronage by customers for its ongoing success. Mintel (2002) Ireland notes that the health and fitness market in the Republic of Ireland increased by 135 per cent in value from 1997 to an estimated €300 million in 2003. With a further growth of 24.4 per cent to €373.2 million by 2007 predicted, the ability of health and fitness operators not only to attract new customers in the future but also to retain them could determine the success or failure of many health and fitness operators.

Extensive resources are invested in recruiting new members to sports clubs and health centres, and it is critically important that those new members become long-term patrons. Thus, as a long-term repeat purchase business with a high degree of customer involvement, it seems clear that relationship marketing is a very appropriate theoretical framework to apply to the health and fitness sector. This paradigm offers the potential to inform thinking on issues of new customer acquisition, customer retention and even brand/company loyalty. Furthermore, since most research on relationship marketing has been completed in financial services industries, the health and fitness industry offers a useful possibility for validating the findings of earlier studies in a new market arena. Research by the International

Table 1 Retention Strategies in the Health and Fitness Industry: A Conceptual Framework

LEVEL	PRIMARY BOND	LEVERS
Level 1	Financial	<ul style="list-style-type: none"> • No joining fee • Discounting • Special offers • Freezing of membership
Level 2	Financial and social	<ul style="list-style-type: none"> • Discount loyalty cards • Social activities • Buddy weekends • Referral incentives • Training partners • Guest invitations • Group activities
Level 3	Financial, social and structural	<ul style="list-style-type: none"> • Cultural/organisational change • Marketing approach • Customer service • Customer development methods • Points of contact • Staff training/rewards • Education • Awareness of lifetime/financial value • Identification of lapsed members • Membership tracking • Reactivation programmes

Health, Racquet and Sportsclub Association (IHRSA) in the United States (1998), the Fitness Industry Association (FIA) in the UK (1999, 2002, 2004) and Hillsdon (2003) demonstrates clearly the importance of applying customer retention strategies in the health and fitness industry.

A Conceptual Framework for Customer Retention

Berry and Parasuraman (1991) developed a framework for understanding types of retention strategies that has been widely accepted as the standard model for considering issues of customer retention. They suggest that retention marketing can occur at three different levels. Each successive level of retention results in increasingly greater customisation or individual service in addition to the potential for sustained competitive advantage and ties that bind the customer closer to the firm. The framework appears to offer considerable potential for understanding retention issues pertinent to the health and fitness industry. An extensive literature search failed to reveal any evidence of previous attempts to investigate this potential. This study endeavours to fill this gap by recasting the three level model in a way that may be applied to the particular conditions of the

health and fitness industry as shown in Table 1. This table outlines a range of possible incentives that are often used by health and fitness clubs to attract and keep members classified according to the Berry and Parasuraman model.

At level one, the customer is tied to the firm primarily through *financial incentives* such as lower prices for greater volume purchases and reduced prices for customers who have been with the firm for a long period of time. For example, 'frequent flyer' programmes provide financial incentives and rewards for travellers who bring more of their business to a particular airline. Similarly, discounted joining fees, special seasonal offers and the ability to freeze membership in health clubs provide examples of financial incentives specific to the health and fitness industry. However, since financial incentives tend to be easily copied by competitors, they do not generally provide long-term advantages to a firm unless combined with another relationship strategy.

Level two combines these *financial incentives with social bonds* to promote long-term relationships. Services are customised to meet individual needs and there is continuing contact between the firm

and the customer. For example, the Ritz Carlton Hotel has a personalised consumer information system that allows the hotel to anticipate guest needs and to customise each visit even before the guest arrives through the use of an advanced computerised system. The computerised information is updated when something new is learned about a particular guest, and the information is available to all hotels in the chain. Social bonds may develop among hotel customers and over time these bonds that they develop with other customers may help prevent them from switching to a competitor. This is evident in health clubs also where there is an opportunity for social interaction among members. Indeed, members of health clubs often meet for social reasons as much as for exercise purposes. Annesi (1999) indicates that as many as 90 per cent of people prefer to exercise in groups rather than by themselves. He also maintains that members at risk of discontinuing their exercise programme can be saved from dropout if provisions are made for them to feel part of an integrated group and less out of place in a gym environment when they commence exercising initially. The first sixty days of membership are crucial in building customer relationships, developing regular exercise/usage patterns, and fostering social bonds. The levers used to foster these financial and social bonds in a health club environment are demonstrated in Table 1 and include organised member social activities, buddy weekends where members are invited to bring a friend to the club, guest invitations, referral incentives, loyalty cards, training partners and group activities.

Level three bonds are more difficult to imitate and involve *structural as well as financial and social bonds*. According to Czepiel (1990), a relational exchange is a social process that develops over time with the accumulation of service encounters. How many points of service contact exist between the member and the club on a regular visit to the centre? Could increasing the points of contact help strengthen the relationship? Czepiel maintains that the process involves the building of 'psychological loyalty' as a result of a combined economic and social bonding. This bonding involves the development of relational norms such as commitment, trust, mutual support, open communication, adaptability, shared responsibility for conflict resolution, cooperation and solidarity among participants (Macneil, 1978; Czepiel, 1990; Wilson, 1995; Nevin, 1995). Examination of company culture and methods used to obtain and

keep new members, development of customer service programmes, staff training and education, identification of members who are at risk of discontinuing their new exercise regime, membership tracking, initiation of reactivation programmes for lapsed members, awareness of the financial value of members and completion of exit analysis could further the development of financial, social and structural relationships and ultimately customer retention in the health club environment.

Research Methodology

A mail survey was used to establish the current practice of relationship marketing in the health and fitness industry in Ireland. The Institute of Leisure and Amenity Management (ILAM) Ireland, the national governing body of leisure managers in Ireland, provided a mailing list of suitable participants based on the specific target markets including a range of small, medium and large health and fitness centres. This included contact names, addresses and telephone numbers of participants at senior management level. Because of the detailed and confidential nature of the survey, mail was addressed only to senior management.

A pilot survey was undertaken prior to distribution to ascertain any difficulties respondents may have with the completion of the survey. Ten health and fitness centres were asked to complete and return the survey in the enclosed stamped addressed envelope and valuable feedback was received. The survey was amended accordingly, typeset, photocopied and distributed to 210 companies throughout the country. A 39 per cent response was achieved.

The survey data for this study ($n = 82$) were thus collected from senior managers from a variety of health/fitness centres. Fifty-nine per cent of respondents were from private gyms, 6 per cent were leisure centres, 3 per cent were community/corporation centres, while hotel leisure centres and sports centres each accounted for 10 per cent. Twelve per cent were classified as other, which included leisure-related activities in community halls.

Findings and Discussion

While the data in this study provided much insight into the general nature and dynamics of relationship marketing in the health and fitness industry, the focus of attention in this paper is largely on customer retention practices and strategies. (Note that

in the discussion percentages add to more than 100 in a number of instances where respondents indicated a multiple choice.)

Recruiting New Members

Forty-one per cent of respondents rely on standard methods of recruiting new members such as advertising. Twelve per cent and 9 per cent use leaflets and newsletters respectively, while 12 per cent use direct mail. Supermarket promotions were used least often (7.1 per cent). However, only 27 per cent seek referrals from members with a mere 14 per cent using guest invitations for this purpose. The majority of operators listed word of mouth as their biggest source of member recruitment. The data suggest that senior management have an opportunity to leverage their current membership base as a means of enhancing new member acquisition through the introduction of guest invitations and referral incentive programmes.

Patterns of Use

Developing customer relationships is an integral part of any customer retention strategy. The findings revealed that 66 per cent of members were regular attenders while 34 per cent were non-active. Since non-attending members are less likely to renew membership, the tracking of attendance rates becomes an integral part of any customer retention policy. Thomas (2001) emphasises the link between customer acquisition and customer duration. Only 14 per cent of members in this study were found to stay with the club for at least 3–6 months, while this figure increased to 27 per cent for the 1–2 year membership period. This indicates that the longer a member is retained, the greater the chance of retaining the member in the long term.

Distinguishing Factors

Ninety-eight per cent of senior managers identified equipment as the most important factor in distinguishing their business from that of their competitors, while 95 per cent listed classes as distinguishing elements. This is surprising given that most health and fitness centres now offer broadly similar equipment and classes and therefore these homogeneous factors are unlikely to represent a significant means of differentiation. Eighty-one per cent attributed atmosphere and 73 per cent noted staff, while service and facilities were identified by 40 per cent and 51 per cent respectively as key distinguishing factors. The low weighting attributed to service

is significant given the substantial contribution it could make to maintaining a sustainable competitive advantage for operators in the future.

This is consistent with the findings of Kelly and Davis (1994), who indicated in their research that health club customers receiving higher levels of service quality are more committed to the health club than those whose service experience was average. It has also frequently been noted that in competitive markets, customers will not return, despite attractive benefits, if the organisation's core service is of poor quality and results in low satisfaction scores (Danaher and Mattson, 1994; Palmer and Mayer, 1995). Senior management should therefore note the important role that customer service plays in the development of any customer retention strategy.

Marketing Approach

Only a half (50.7 per cent) of senior management surveyed were more concerned with keeping existing customers than gaining new ones. At a strategic level this would indicate the need for senior management to examine their company policy in relation to the development of a focused customer retention strategy. In some organisations, cultural changes may be required at management level if this strategy is to be successful. This would further strengthen the retention strategies employed at level 3 of the model outlined in Table 1. One third of respondents (34.3 per cent) maintain that the health and fitness industry is now becoming so competitive that they have constantly to search for new members. It could be argued, however, that this constant search for new members may be driven as much by failure to retain existing customers as it is by intense competition. International research findings suggest that a concentration on customer retention as opposed to new customer acquisition may reap positive rewards. However, despite these findings, the Irish health and fitness industry still appears to place a greater emphasis on new customer acquisition as opposed to customer retention as part of its overall marketing approach.

Developing Customer Relationships

Stewart and Kamins (2002) emphasise the positive effect personal relationship building may have on customer retention. However, the majority of those surveyed in this study tend to rely on non-personal methods to enhance customer relationships. Sixty-two per cent of respondents use notice boards while

21 per cent use customer surveys. Only 12 per cent of respondents use social events and 9 per cent make service calls to customers. Eighty-one per cent had never used birthday cards as a means of enhancing customer relationships.

Respondents were also asked to indicate the number of points of contact normally encountered by members. Ninety-four per cent greeted their customers and 91 per cent always concluded the visit with a farewell. Sixty-six per cent used programme supervision while 51 per cent provided classes as a means of contact between staff and customers. Social activities were adopted by only 25 per cent of those surveyed. Evidence from international research would suggest that increasing social aspects within a health club could have a positive effect on customer retention, an aspect which appears to be currently underrated by Irish health and fitness operators. Conrad (1998, p. 27) reported that 'someone who works out with a friend is 50 per cent more likely to stick with their exercise programme than someone who exercises on their own'. The introduction of training partners, group induction programmes and social activities in health clubs could therefore help promote customer relationships.

Financial Value of Member

Senior management response to this area demonstrated a low awareness of the financial value of members in the industry. Only 45 per cent had ever calculated the financial value of a lifetime member to the club. Venkatesan and Kumar (2004) and Lemon et al. (2001) emphasise the lifetime value of customers. A greater appreciation of this by senior management could help highlight the importance of member retention and refocus attention in the health and fitness industry away from new member acquisition towards member retention.

Exit Analysis

According to Reichheld (1996) companies need to study failure to reveal the deep-rooted causes of customer defection. Despite these recommendations, only 52 per cent of senior management sought to discover why customers leave their club. Most relied on standard methods including letters (19 per cent) and surveys (25 per cent). Seventy-two per cent reported using interviews. However, based on experiential evidence and having probed this response in greater detail, it would appear that these interviews are more representative of an informal talk with ex-members

as opposed to the structured interview approach. Only 22 per cent reported using telemarketing despite its cost effectiveness and time efficiency.

A report in 1998 by the IHRSA in the United States demonstrated the importance of these former member markets. The study revealed that 29 per cent of former members intend to join another club within a year of discontinuing membership of their previous club. The report also indicates that there are currently 26 million former health club members in the US, so the IHRSA study suggests that 7.5 million of them – 29 per cent are ready to join a club in the coming year, and a full 42 per cent said that indeed was their intention. In a further study by the FIA in the UK (1999), one third of all lapsed members stated that they would rejoin their former club if they received a letter inviting them back, and one quarter of all members interviewed stated that they would definitely rejoin if joining fees were waived. Senior management would be wise to note these findings in the context of the Irish health and fitness industry and discover why members discontinue membership of their club and develop reactivation programmes that would effectively target and reactivate these lapsed member markets.

Summary and Conclusion

The objective of this article has been to examine customer retention in the health and fitness industry. A conclusion from the findings suggests that the Irish health and fitness industry is not advanced in its knowledge, practice and application of relationship marketing principles, despite international research evidence supporting a strategic approach to customer retention in this market arena. A case of neglect is evident. The industry structure in Ireland, although not as advanced in a number of aspects, is largely similar to its overseas counterparts; there is no evidence to suggest that the international customer retention strategies highlighted in this article would not succeed locally.

However, in order for these strategies to be successfully applied, research from this study suggests that a cultural shift may be required if customer retention levels are to be enhanced. Greater emphasis must be placed on retaining current members as opposed to constantly seeking new members. This requires senior management support and staff training if this new philosophy is to be endorsed as part of an overall customer retention strategy.

The findings from this study also suggest that customer service is still not receiving the recognition it deserves but could be used as a key sustainable competitive advantage for health and fitness operators in the future. By increasing the number of points of contact with customers, employing personal methods to develop customer relationships, providing more social activities, increasing awareness of the financial value of lifetime members, tracking non-attending members and initiating reactivation programmes, senior management and employees can contribute greatly to improving customer service elements. As a result of a properly executed customer service policy, greater distribution of guest invitations and referral incentives, customer referrals may follow, thereby increasing the lifetime

and financial value of retained and loyal members. Again, this will require continuous staff training and senior management support to improve aspects of customer service and develop effective customer retention strategies.

The introduction of retention strategies at strategic, operational and tactical levels could provide the means to achieve the recommendation set out above. Such a strategy would provide a competitive advantage for health and fitness organisations, and ensure that managing customer retention in the Irish health and fitness industry is no longer a case of neglect but rather a proactive means to superior performance in a competitive and dynamic market arena.

Author

Teresa Hurley lectures on sports management at the Centre for Sports Studies, University College Dublin. Her research and publishing interests lie in the area of relationship marketing and customer service. She also works as a consultant in the health and fitness sector.

References

- Annesi, J. (1999), 'Retention theory versus practice', *Body Life Journal*, vol. 26, May–June, pp. 30–1.
- Berry, L.L. and A. Parasuraman (1991), *Marketing Services, Competing Through Quality*, The Free Press, New York.
- Borna, C. (2000), 'Combating customer churn', *Telecommunications*, Americas edition, vol. 34, no. 3, pp. 83–5.
- Conrad, C. (1998), 'Ten key steps to boosting member retention', *Body Life Journal*, vol. 26, Nov.–Dec., p. 27.
- Czepiel, J.A. (1990), 'Service encounters and service relationships: implications for research', *Journal of Business Research*, vol. 20, pp. 13–21.
- Danaher, P.J. and J. Mattson (1994), 'Cumulative encounter satisfaction in the hotel conference process', *International Journal of Service Industry Management*, vol. 5, no. 4, pp. 68–82.
- Davis, S. (2000), 'Pay a little less attention to retention', *Brandweek*, New York, vol. 41, no. 15, p. 34.
- Eben, J. (2000), 'Driving customer loyalty', *Target Marketing*, vol. 23, no. 4, pp. 62–4.
- Ferron, T. (1999), 'Customer retention', *Body Life Journal*, vol. 7, no. 1, p. 33.
- FIA (1999), 'Why people quit', *Body Life Journal*, vol. 28, Mar.–Apr., pp. 16–17.
- FIA (2002), 'Winning the retention battle – reviewing key issues of UK health and fitness club membership retention', *FIA Report*, part three, Jan.
- FIA (2004), 'Top ten strategies for winning the retention battle', *FIA Report*, Jan.
- Gronroos, C. (1990), 'Relationship approach to the marketing function in service contexts: the marketing and organisation behaviour interface', *Journal of Business Research*, vol. 10, no. 1, pp. 103–25.
- Hillsdon, M. (2003), 'Retention, extension, attrition – the mechanics of member retention', annual conference proceedings, *Leisure Industry Week*, Birmingham, UK.
- IHRSA (1998), '29 per cent of former members are ready to join again', *Body Life Journal*, vol. 24, July–Aug., pp. 8–9.
- Kamakura, Wagner A., Michel Wedel, Fernando de Rosa and Jose A. Mazzon (2003), 'Cross-selling through database marketing: a mixed data factor analyzer for data augmentation and prediction', *International Journal of Research in Marketing*, vol. 20, March, pp. 45–65.
- Kelly, S. and M.A. Davis (1994), 'Antecedents to customer expectations for service recovery', *Journal of the Academy of Marketing Science*, vol. 22, winter, pp. 52–61.
- Lemon, K.N., R.T. Rust and V.A. Zeithaml (2001), 'What drives customer equity', *Marketing Management*, vol. 10, no. 1, pp. 20–5.
- Macneil, I.R. (1978), 'Contracts: adjustments of long term economic relations under classical, neoclassical, and relational contract law', *Northwestern University Law Review*, vol. 72, no. 6, pp. 854–905.
- Mintel Ireland (2002), 'Leisure review & Irish lifestyles report excerpts,' Oct.

- Nevin, J.R. (1995), 'Relationship marketing and distribution channels: exploring fundamental issues', *Journal of The Academy of Marketing Science*, vol. 23, no. 4, pp. 327–34.
- Palmer, A.J. and R. Mayer (1995), 'Relationship marketing: a new paradigm for the travel & tourism sector', *Journal of Vacation Marketing*, vol. 2, no. 4, pp. 326–33.
- Peterson, L. (1993), 'Database marketing – past, present and future', *Journal of Direct Marketing*, vol. 7, no. 3, pp. 27–43.
- Reichheld, F.F. (1994), 'Loyalty and the renaissance of marketing', *Journal of Marketing Management*, vol. 2, no. 4, pp. 10–21.
- Reichheld, F.F. (1996), *The Loyalty Effect*, Harvard Business School Press, Cambridge, MA, pp. 33–62.
- Reichheld, F.F. and W. Sasser (1990), 'Zero defections: quality comes to services', *Harvard Business Review*, vol. 68, no. 5, pp. 105–11.
- Reidenbach E., T.C.Wilson, G.W. McClung and R.W. Goeke (1995), *The Value Driven Bank: Strategy for Total Market Satisfaction*, Bankline Publications, Irwin Professional Publishing, Burr Ridge, IL.
- Reinartz, Werner and V. Kumar (2000), 'On the profitability of long-life customers in a noncontractual setting: an empirical investigation and implications for marketing', *Journal of Marketing*, vol. 64, Oct., pp. 17–35.
- Seroka, P.H. (2000), 'Keeping the customer for life', *Mortgage Banking*, vol. 60, no. 5, pp. 43–9.
- Schmittlein, D.S. (1996), 'Customers as strategic assets', *Mastering Management*, Part 8, *Financial Times*.
- Stewart, Davis W. and Michael Kamins (2002), 'Marketing communications', in Barton Weitz and Robin Wensley (eds.), *Handbook of Marketing*, Sage Publications, London, pp. 282–309.
- Thomas, Jacquelyn S. (2001), 'A methodology for linking customer acquisition to customer retention', *Journal of Marketing Research*, vol. 38, May, pp. 262–8.
- Venkatesan, R. and V. Kumar (2004), 'A customer lifetime value framework for customer selection and resource allocation strategy', *Journal Of Marketing*, vol. 68, Oct., pp. 30–45.
- Wilson, D.T. (1995), 'An integrated model of buyer–seller relationships', *Journal of the Academy of Marketing Science*, vol. 23, no. 4, pp. 335–45.

MANAGING CORPORATE REBRANDING

Aidan Daly & Deirdre Moloney

A brand is a valuable asset, communicating a clear set of values to its stakeholders. Rebranding, by definition changing that identity, must be seen as a serious strategic decision, requiring careful planning. Indeed, corporate rebranding – where sometimes a long-held brand name is discarded – would seem to challenge fundamental axioms of marketing.

This paper views rebranding as a continuum, from revitalising a current brand, to a full name change involving alterations in brand values and promises. It outlines four approaches to renaming a corporate brand. It then presents a case history of Vodafone's external and internal communications strategy when rebranding Eircell to Vodafone. Finally, a corporate rebranding framework is proposed to help companies manage the rebranding process.

In a recent edition of *Irish Marketing Review*, Muzellec et al. (2003) set out to provide a preliminary investigation of the corporate rebranding phenomenon. They defined it, analysed its main drivers, and examined the process involved in selecting and establishing a new corporate brand. Their work set down a useful marker in an area that remains under-researched in the academy despite much real-world activity in corporate rebranding. This article continues exploration of the phenomenon.

In doing so it concentrates on the following. First, it views rebranding as a continuum, from revitalising a current brand to a full name change involving alterations in brand values and promises. Second, it outlines four approaches to renaming a corporate brand. It then presents a case history: Vodafone's external and internal communications strategy when rebranding Eircell to Vodafone. Finally, a corporate rebranding framework is proposed to help companies manage the rebranding process. The framework draws on Vodafone's strategy and on other exploratory research conducted by the authors with management, employees and customers of companies involved in such rebranding.

Rebranding Continuum

A brand is much more than a name and the physical embodiment of that name on stationery, clothes, plant, equipment, flags, and so on. A brand has a meaning to all stakeholders, and arguably most importantly to external and internal customers. For them it represents a set of values and promises and even a personality. Thus, it is key to a positioning strategy, as it conveys an image not only through its

name and aesthetics but, importantly, through a branded customer service (Rust et al., 2005; Barlow and Stewart, 2004). It is opportune at this point to note Kotler's (2003) categorical but perhaps not surprising statement about branding: 'Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect and enhance brands. Branding is the art and cornerstone of marketing' (p. 419).

Interestingly, respondents in focus group research conducted by the authors made the following telling comments about specific corporate name changes:

It looks better but will it be any better?

Will it be the same old company?

Yeah, it's an improvement ... looks more modern ... but what difference will that make?

Therefore, since a brand consists of what may be termed tangible (the physical expression of the brand) and intangible (values, image, feelings) elements, rebranding may consist of changing some or all of those elements. As such, corporate rebranding may be envisaged as a continuum (see Figure 1).

Changing the Brand Name: Four Approaches

This article proposes a framework to manage corporate rebranding (from here on referred to as rebranding). The framework deals with the most comprehensive and riskiest form of rebranding – a renaming strategy. While renaming is an element of the frame-

Figure 1 **Rebranding Continuum**

<i>Change category</i>	<i>Change format</i>	<i>Comment</i>
Minor changes	Aesthetics	Varies from a simple face lift, to restyling, to revitalising the brand appearance or aesthetics which may have dated and be in need of change.
Intermediate changes	Reposition	Use of marketing tactics especially communication and customer service techniques to favourably reposition an existing brand name, thus giving it a new image.
Complete change	Rebranding	By definition the name is new to stakeholders, so they don't know what the brand stands for. Therefore the values and image of the new brand must be communicated to all stakeholders through an integrated marketing communications campaign.

work, it is so central to rebranding that it justifies dealing separately with a number of approaches to introducing the new brand name element of rebranding.

Not much attention given to this renaming issue in the literature. Kapferer's (1992) four renaming possibilities remain the most frequently cited work in this regard. He suggests an interim, fade in/fade out, prefix, and substitution approach. However, Kapferer's interim and fade in/fade out strategies appear very similar and are discussed in our framework under the interim/dual heading.

Interim/Dual

This means there is some form of interim arrangement before the new name replaces the old name or legacy brand. If Brand A is taken over by Brand B, an interim arrangement may be that AB comes to identify the interim brand. Eventually A is dropped completely and B remains as the new brand name. As will be highlighted later in an Irish context, Vodafone utilised an interim strategy in the acquisition of Eircell in 2001. For a six month period the interim brand was Eircell-Vodafone until Eircell was completely removed.

Currently, following acquisition, the UK debit card brands Switch and Maestro are using an interim strategy and the dual brand Switch-Maestro now appears on over ten million debit cards across the United Kingdom. The brand name migration to Maestro will be completed by 2007, some two years following the introduction of the interim brand name. This strategy clearly acknowledges the value of the brand equity in the legacy brand and facilitates the absorption of that equity into the emergent brand.

Prefix

This method is appropriate when two or more brands merge but none of the existing brands will be used as the new brand. The new brand is added

as a prefix to the legacy brands. After a period, the legacy names are removed and the prefix name remains as the new brand. Again it is intended that the attributes and values of the legacy brands become part of the new brand, as stakeholders are given time to adjust to the new prefix brand before the old ones are removed.

Substitution

As the name suggests, this approaches involves substituting or switching from the old to the new name, or indeed to a completely different name. Whereas it may be described as a sharp, swift and clean strategy, it should not be carried out without considerable research. Hasty removal of a name that has positive meanings for stakeholders could result in adverse consequences for the company. Customers and employees of rebranded companies, in focus group research with the authors, have remarked:

I was very sorry to see it go.

It's been part of my life for eighteen years.

I liked it.

These remarks show a strong emotional attachment to legacy brands and so well planned communication and reassurance to stakeholders are recommended to minimise confusion and resentment.

Brand Amalgamation

The authors would add another possibility for name changing, that is, brand amalgamation. It is typically suited where two strong brands merge. Amalgamating the names brings the strength and values of the two brands together and the resulting equity may be greater than the sum of the parts. Recent examples include Jurys-Doyle Hotels, PermanentTSB, and PriceWaterhouseCoopers.

However, the amalgamation still needs careful management so that the attitudes of stakeholders of the individual brands are assured and reinforced. Regardless of the renaming strategy, the actual amalgamated brand name needs to be incorporated into the entire rebranding strategy and is central to the rebranding framework discussed later.

A Case of Corporate Rebranding – Eircell to Vodafone

Eircell was acquired by Vodafone in the first quarter of 2001. At that time there were three players in the Irish mobile phone industry, Eircell, Digifone and Meteor. As a global company, Vodafone implemented rebranding campaigns in all acquired companies, for example undertaking rebranding campaigns simultaneously across all its European subsidiaries including Spain, the Netherlands, Germany and Italy. It was logical that it would follow the same strategy in Ireland. A well thought out rebranding marketing plan was developed for this purpose. The communications aspect of the plan is outlined below and is incorporated into the rebranding framework suggested later.

Vodafone's rebranding communications campaign was executed in multiple stages – each stage incremental to success and each building up to a launch day in March 2002. This allowed the brand to emerge in an evolutionary way, and without alienating customers. The rebranding communication was directed at both internal and external customers. Table 1 summarises the stages and timing involved.

Pre-campaign Situation Analysis

Vodafone carried out a situation analysis to find out what the market felt about Eircell. Many positive attributes emerged. For example, Eircell was seen as being Irish, friendly, progressive and innovative. In the public's mind, Eircell was strongly associated with the colour purple which, as will be mentioned later, was included in Vodafone's launch communications. Equally, Eircell's *Ready To Go* sub-brand had a powerful market image and Vodafone retained that name for one of its products in the pre-pay market segment. This fits nicely with Stuart and Muzellec's (2004) argument that rebranding works best when the legacy brand has a good image. These positive associations can be incorporated into the interim/dual branding campaigns and indeed the subsequent rebranding campaigns. Vodafone's in-depth analysis identified many positive attributes

of the legacy brand that were incorporated into the rebranding campaign and the campaign was also planned to remove any unfavourable attributes. The success of the subsequent rebranding illustrates the importance of this analysis.

Stage One – Partnership Campaign

Apart from the takeover announcement in the Irish business press, the purpose of the partnership campaign was to gently announce the acquisition to the public. The primary objective of this first public signal was to raise awareness of the pending rebranding and to create interest and curiosity. The campaign included a TV vignette featuring two football players, one in red (the Vodafone colour) and the other in purple (the Eircell colour). Initially, they appear to be on opposite sides, but at the end of the advertisement, they put their arms around each other and it becomes apparent that they are joining together. This signified the union of the two companies. Although Vodafone was not explicitly mentioned, it was vital that the first joint communication would highlight cooperation and partnership. These two colours, red and purple, were to become an integral part of the rebranding campaign. Success at this stage was imperative to ensure smooth brand migration from Eircell to Vodafone, planned for the first quarter of 2002. The partnership campaign lasted for one week and was a soft approach to the notion of the acquisition as a partnership.

Stage Two – 'Vision and Values'

Vodafone not only was concerned with communicating effectively with external customers but was equally concerned about doing so with its internal customers, the former Eircell employees. A brand is a promise, particularly in a service business; it is vital that employees live, demonstrate and express the brand promise and values (Daly, 2004; Van Looy et al., 2003). A key priority was to win the hearts and minds of staff to the values and ideals of Vodafone and reassure them about the change from Eircell. Beginning in the summer of 2001, Vodafone used its global internal communications campaign 'Vision and Values' to enthuse and reassure employees, so that they would be comfortable with the brand values, live them and provide branded customer service. A central message of the internal campaign was 'red is my colour and I'm vital'.

This campaign was carried out during the summer before the external launch of the interim and,

Table 1 **Vodafone's Communications Campaign**

<i>Stage</i>	<i>Start date</i>	<i>Strategy</i>
Pre-campaign	Following acquisition	Situation analysis
<i>1 MAY, 2001 TAKEOVER ANNOUNCED</i>		
<i>Stage</i>	<i>Start date</i>	<i>Strategy</i>
Stage one	May 2001	Partnership campaign. One company joining a larger company in partnership.
Stage two	Summer 2001	Internal marketing: 'Vision and Values'. Red is my colour and I'm vital.
Stage three	October 2001	Renaming strategy: Eircell-Vodafone interim/dual brand.
Stage four	January 2002	Pre-launch campaign: Red is the new purple, Vodafone is the new name for Eircell.
Stage five	February 2002 and completed March 2002	Launch day: Vodafone is here, let's celebrate!

Source: Vodafone Ireland.

subsequently, Vodafone brands. This timing ensured that employees would be well prepared to deal with all their encounters with customers following the public launch of the interim and later Vodafone brands. The internal marketing campaign used a vast array of training and communication methods such as workshops, training seminars, presentations, intranet, flyers, letters, newsletters, competitions and many others. Vodafone's global internal marketing campaign 'Vision and Values' was well planned, had already been successful in other markets and was equally successful in Ireland. Its role in winning the support and commitment of the former Eircell employee was a key success factor in the rebranding strategy.

Stage Three – Interim/Dual Branding

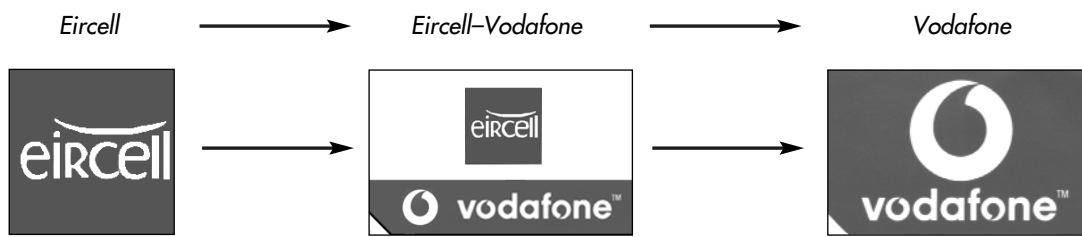
The interim brand, Eircell Vodafone, was officially announced on 1 October 2001 and was used until the launch of Vodafone on 22 February 2002. Prior to launching the interim brand, it was tested for clarity and acceptance. This five-month campaign was the means of introducing the Vodafone brand to customers, prior to full migration. The interim brand name was introduced to allow the company's publics become familiar with the Vodafone identity. Although the Eircell brand was still visible, more subtle elements of the Vodafone brand were now included in all communications. For instance, the Vodafone photography style was being used in all communications. This imagery represented 'real people in real lives'. The SIM card shape is a key identity cue for the Vodafone brand and was a constant element in the migration from Eircell to Vodafone (see Figure 2).

Stage Four – Pre-launch

The pre-launch stage of the brand migration was implemented at the end of January 2002. It was a through-the-line marketing communications campaign that lasted until two weeks before launch in February 2002. The message at this stage was 'red is the new purple, Vodafone is the new name for Eircell'. This campaign explicitly communicated that the Eircell brand would disappear in the near future. Although there was substantive change within Eircell, the communication downplayed the rebranding, by implying that only the name was changing and the name was just a small part of the brand and company. As Irishness was a strong Eircell brand value, the communication emphasised that the company was still focused on Irish people, but with a name change. Without the pre-campaign brand analysis, Vodafone would not have known the strength of this attribute and the importance of retaining this value.

Stage Five – Launch Day

The final stage in the rebranding campaign was the launch day which finally and officially launched the Vodafone brand in Ireland. It was a completely integrated campaign involving above-the-line advertising, and below-the-line promotion including concept stores, building wraps and an exciting and publicity oriented launch parade. The launch day included the opening of three concept stores and the rebranding of the 42 nationwide Eircell stores, building wraps of prominent Dublin buildings, and wraps on taxis operating in Dublin, Cork, Galway and Limerick. The highlight of the day was the launch parade in Dublin city, which started from Dublin airport and finished in the centre of the city.

Figure 2 Migration from Eircell Logo to Vodafone Logo on the SIM Card

Included were Vodafone freebies, street carnivals and appearances by celebrities. All traces of the Eircell brand had been removed. There had been meticulous planning to ensure that all elements of Eircell – voicemail messages, corporate identity material, point of sale material; anything with the Eircell name or colours internally and externally – were removed prior to launch day.

Corporate Rebranding Framework

Vodafone's corporate rebranding strategy was successful and achieved the objectives set for both its external and internal campaigns. The approaches used have been integrated into the corporate rebranding framework shown in Figure 3. The framework draws on three marketing domains: (i) market analysis, including market auditing; (ii) marketing planning; and (iii) integrated marketing communications planning. The framework is divided into three sequential but overlapping sections, analysis, planning and evaluation.

Analysis

All aspects of marketing planning should be anchored in, and be developed from, a situation or market analysis. In general that should examine quantitative and qualitative issues such as: market size and potential; market attitudes and preferences; and competitor strengths and weaknesses. Specifically brand audits should provide the market's perspective on the brands involved in rebranding, showing their strengths and weaknesses and those of competing brands. Earlier it was recounted how Vodafone found very positive attitudes to the Eircell brand which significantly influenced Vodafone's marketing and communications planning.

Collecting such market information requires the application of standard marketing research and auditing methods comprehensively dealt with in standard literature on these topics (see for example Parasuraman et al., 2004; Domegan and Fleming, 2003). However, internal marketing should also commence by researching management's and employees' attitudes in the legacy brand company. The same marketing research techniques used for external research can be used to learn about management's and employees' perceptions, attitudes,

fears and aspirations. Berry recommended using a marketing research approach and what he termed 'deep sensing' to discover employees' attitudes and outlooks (Berry, 1988).

Planning: Communicating to Internal Customers

Having discovered the attitudes of internal customers, a company must now develop both communications and training programmes to (a) gain the support and commitment of employees and (b) train employees in the acquiring company's policies and procedures. Planning the internal communications programme should follow the general guidelines suggested for planning integrated external communications (e.g. Shimp, 2003; Pickton and Broderick, 1999).

As was stated earlier, Vodafone used a variety of internal communications methods, including its global internal communications campaign 'Vision and Values' to win employees' commitment to the Vodafone brand. It would be interesting to research whether Barnes's (1989) imaginative ideas on developing an internal marketing mix, and current research on service theatre (Daly et al., 2004) would be useful planning approaches to achieve internal communications and training objectives.

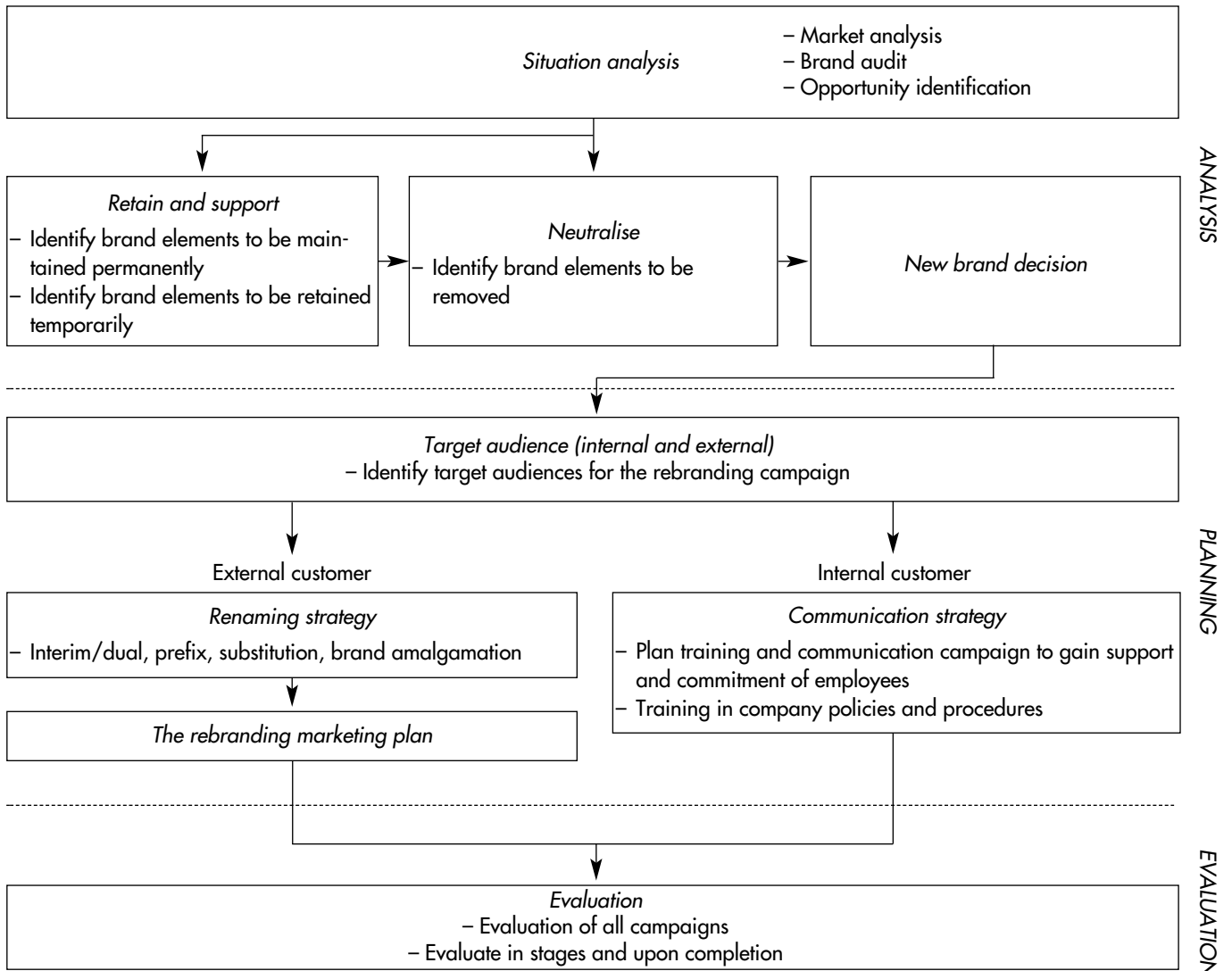
Planning: Renaming Strategy

One of the four approaches to renaming, interim/dual, prefix, substitution or brand amalgamation, is recommended. The brand audit should help management decide which of the four to use. However, the authors' research indicates that renaming can be an emotional issue for customer, management and employee. Indeed, on occasion boardroom sentimentality has ensured that legacy brands have been retained as part of the new brand, as on some occasions to do otherwise would have been a deal breaker for the acquisition.

Planning: The Rebranding Marketing Plan

To terminate a well-established and well regarded brand, and so a valuable asset, is a serious decision. The authors' research illustrates that companies that successfully rebrand plan the process very carefully. The authors label this important stage 'the rebranding marketing plan'. It follows well laid out principles of marketing planning, from situation analysis,

Figure 3 Corporate Rebranding Framework



self-analysis, assumptions and scenarios, through planning and implementation, to resources and budgets.

It is axiomatic that each element of the mix be planned for the rebranding project. For example, decisions must be made about product benefits, product range, pricing, integrated communications, and all other elements of the mix. There is clearly a close link between participants and the internal training programme. Many authors suggest that particularly in people processing services, employees play a pivotal role in customer satisfaction and in the achievement of corporate objectives (Grove et al., 2003; Lovelock and Jip, 1996). It is vital that participant roles are clearly defined and that they are trained to achieve both technical and functional quality (Gronroos, 1990).

Evaluation

Evaluation is the last and ongoing element of the

framework. Many opportunities to refine the campaign will have been missed if evaluation is not carried out throughout the planning process. Such staged evaluation allows any aspect of a plan to be altered as the need for such change becomes evident. In addition, a review or overall evaluation should be held at the end to take a more holistic view of the planning process.

Conclusion

Brands are much more than simply a name or a logo. They represent values and promises, attitudes and feelings about brands and products. They are recognised as major assets which may have taken years of investment to establish. Rebranding, that is changing such an asset, should not be undertaken without careful planning. Kotler (2003) probably means rebranding when he includes enhancing brands as a distinctive skill of professional marketers and goes as far as saying that ‘branding is the art and cornerstone of marketing’.

Rebranding may be presented on a simple continuum from minor changes, such as restyling, to complete renaming. It is the latter change that is the focus of this paper. Changing corporate brand names, with all their associated values and promises, is a critical element of rebranding. Four approaches to renaming – interim/dual, prefix, substitution and brand amalgamation – were discussed. The Eircell to Vodafone name change used the interim/dual approach supported by a carefully developed rebranding strategy. The integrated communications element of that strategy, importantly aimed at both its external and internal customers, has been outlined. It was a key success

factor in Vodafone's rebranding strategy.

The Vodafone experience, backed up by research with management, employees and customers of a number of companies involved in corporate rebranding, has enabled the authors to develop a corporate rebranding framework. Key elements of the framework, such as situation analysis, renaming strategy, communications and training strategies, and the rebranding marketing plan are based on established marketing theories and principles. It is a logical sequential framework that will assist better management of the increasing phenomenon of corporate rebranding.

Authors

Aidan Daly is head of the department of marketing at the National University of Ireland, Galway. Prior to that he held senior marketing management positions in the FMCG sector. His research interests include services marketing, the applicability of dramaturgy to customer service delivery, and the marketing of services internationally. He has presented papers at leading academic conferences including the American Marketing Association (AMA) frontiers in services conferences.

Deirdre Moloney recently graduated with a masters in business studies in marketing from the National University of Ireland, Galway. Her research dissertation investigated rebranding and she now works in account management with Young and Rubicam Brands Agency, Harrison Troughton Wunderman.

References

- Barlow, J. and Stewart P. (2004), *Branded Customer Service*, Berrett-Koehler Publishers, San Francisco.
- Barnes, J.G. (1989), 'The role of internal marketing: if the staff won't buy it, why should the customer?' *Irish Marketing Review*, vol. 4, no. 2.
- Berry, L. (1988), 'Revitalising brands', *Journal of Consumer Marketing*, vol. 5, no. 3, pp. 15–20.
- Daly, A. (2004), 'Let's improvise!' in *Service Excellence In Management Conference: Interdisciplinary Contributions, QUIS9*, pp. 7–15, Karlstad University Press, Sweden.
- Daly, A., R. Fisk, S. Grove and M. Dorsch (2004), 'The role of improvisation in service delivery: theory & practice', *AMA Frontiers in Services Marketing Conference*, Miami.
- Domegan, C. and Fleming, D. (2003), *Market Research in Ireland: Theory & Practice*, Gill & Macmillan, Dublin, 2nd edn.
- Gronroos, C. (1990), *Service Management & Marketing*, Lexington Books, Lanham, MD.
- Grove, S.J., R.P. Fisk and J. Joby (2003), 'The future of services marketing: forecasts from ten services experts', *Journal of Services Marketing*, vol. 17, no. 2, pp. 107–21.
- Kapferer, J.N. (1992), *Strategic Brand Management*, Kogan Page, London.
- Kotler, P. (2003), *Marketing Management*, 11th edn., Pearson Education Int., Upper Saddle River, NJ.
- Lovelock, C.H. and Jip, G.S. (1996), 'Developing global strategies for service businesses', *California Management Review*, vol. 38, no. 2, pp. 64–86.
- Muzellec, L., M. Doogan and M. Lambkin (2003), 'Corporate rebranding – an exploratory review', *Irish Marketing Review*, vol. 16, no. 2, pp. 31–40.
- Parasuraman, A., D. Grewal and R. Krishnan (2004), *Marketing Research*, Houghton Mifflin, Boston.
- Pickton, D. and Broderick, A. (1999), *Integrated Marketing Communications*, Financial Times Management, New York.
- Rust, R.T., K.N. Lemon and D. Narayandas (2005), *Customer Equity Management*, Pearson Prentice Hall, Upper Saddle River, NJ.
- Shimp, T.A. (2003), *Advertising, Promotion and Supplemental Aspects of Integrated Marketing Communications*, Thomson Learning, Belmont, CA.
- Stuart, H. and L. Muzellec (2004), 'Corporate makeovers: can a hyena be rebranded?', *Brand Management*, vol. 11, no. 6, pp. 472–82.
- Van Looy, B., P. Gemmel and R. Van Dierdonck (2003), *Services Management – An Integrated Approach*, 2nd edn., Prentice Hall, Englewood Cliffs, NJ.

A SNAPSHOT OF PUBLIC OPINION ON BIOTECHNOLOGY AND GM FOODS AT THE TURN OF THE TWENTY-FIRST CENTURY

Elaine O'Connor, Gwilym Williams, Cathal Cowan, John O'Connell & Maurice P. Boland

Studying public attitudes to biotechnology, especially genetically modified (GM) foods, has represented a fertile area of research since the early 1990s. Despite this, arguably limited progress has been made in elucidating the complex decision-making processes of consumers – or their perception of relative risk – regarding these products. On a more fundamental level, there has been a natural tendency to focus on the results of surveys rather than the methodologies used (and their inherent limitations), aspects which must be considered in order to assess the credibility of the data.

With a view to initiating an introspective viewpoint into this area of study, this review article analyses surveys on biotechnology conducted within Ireland over the time period 1991 to 2002. Such studies consistently show a low level of understanding about biotechnology among Irish consumers, and a suspicion towards GM foods, which has prompted many commentators to call for more public education in this area.

However, there is also a need to analyse the language and syntax of questions used within surveys to date, and to interpret media reportage of the results of such studies in the light of these factors. Overall, there is a need to identify a common language to lower the understanding hurdle which modern biotechnology represents to the lay person, supplemented by visualisation techniques that allow the citizen to relate to biotechnology as a potential consumer.

Introduction

Amplified and engrained within the public consciousness by copious media coverage, the results of European-wide public opinion research on biotechnology have shown a remarkable consistency to date. This new 'orthodoxy' is now well established: applications concerning human health are generally accepted, while those focusing on such areas as novel plants—foods or genetic modification (GM) of animals are eschewed to varying degrees. This is highly problematic for a branch of science that depends heavily on basic academic freedom, and requires a high level of financial support (and confidence) from investors, both private and public. The situation for GM foods has an added layer of complexity, one in which the opinions of consumers and voters can literally stall a technology in its tracks, and this provides a cautionary precedent for innovations yet to be developed. Allied with this phenomenon, the steady rise of 'all things natural' (from organic produce to herbal remedies) continues to represent a strong opportunity for marketers,

seemingly the antithesis of modern technological approaches.

Quite coincidentally, the arrival of 'new biotechnology' in the 1970s (and critically the ability to modify genes) was accompanied by giant strides in information technology and the media. For example, earlier ground-breaking biotechnology breakthroughs, such as the development of a polio vaccine, did not receive the same level of media coverage (or scrutiny) as they would today. Information is more accessible, news travels faster and is replicated via multiple channels almost simultaneously; critically, information (accurate and otherwise) has a longer residence time via Internet sites. Between the message and the messenger lies a new societal awareness that is influenced by a complex set of precepts, and which researchers are endeavoring to understand via public opinion research.

The future of biotechnology and the public reaction to its multitude of innovations are now inextricably

Table 1 Consumer Surveys Conducted in Ireland

YEAR OF SURVEY	YEAR OF PUBLICATION	COMMISSIONED BY	PERFORMED BY	SAMPLE SIZE	METHODOLOGY
1990	1991	BioResearch Ireland	Lansdowne Market Research	1,003	Personal interviews
1991	1991	EU Commission DGXII	Lansdowne Market Research	1,003	Face-to-face interviews
1993	1993	EU Commission DGXII	Lansdowne Market Research	1,001	Face-to-face interviews
1995	1997	Food Marketing Institute, Washington DC	Unknown		Telephone interviews
1996	1997	EU Commission DGXII	Lansdowne Market Research	1,003	Face-to-face interviews
1999	1999	Genetic Concern	Lansdowne Market Research	1,397	Face-to-face interviews
1999	1999	Amarach Consulting	Market Research Company (unidentified)	524	Face-to-face interviews
1999	1999	Forfás	Behaviour and Attitudes	1,200	Face-to-face interviews
1999	1999	National University of Ireland, Galway	National University of Ireland, Galway	30	Face-to-face interviews
1999/2000	2002	National University of Ireland, Galway and California Polytechnic State University, USA	National University of Ireland, Galway	197	Face-to-face interviews
1999	2000	EU Commission DGXII	Lansdowne Market Research	1,002	Face-to-face interviews
2000	2001	University College Cork	University College Cork	200	Postal questionnaires
2001	2001	Forfás	Market Research Bureau of Ireland	1,000	Telephone interviews
2001	2002	EU Commission DGXII	Lansdowne Market Research	1,006	Face-to-face interviews
2002	2002	Food Safety Authority	Millward Brown IMS	800	Telephone interviews

linked, heightening the need to understand more fully the drivers of public perception and to identify the evolving attitudes to this field. However, investigating public attitudes to even simple products can be fraught with pitfalls. Many 'simple' consumer products do not succeed because opinion research fails to uncover small but crucial facets of the consumer psyche that dictate whether such a product will find true acceptance. Spectacular examples have been 'new' Coca-Cola® and Guinness Light®. Conversely, certain current trends, such as paying an outrageous premium for bottled 'designer' water, are innately difficult to rationalise.

However, there are also signs of new market trends afoot. Technological terms which are absolutely meaningless to the public, such as 'stanol esters' and 'complex carbohydrates', are being used successfully to market products such as cholesterol-reducing dairy spreads and breakfast cereals, respectively. Building on this observation, a recent study by the

authors has examined Irish public receptivity to second generation GM products that feature tangible, health-promoting consumer benefits (O'Connor et al., in press); the results indicate that while the GM tag is still a concern to many, a discernible niche market already exists for such innovation.

A long established precedent for the use of scientific technological terms in marketing was set by women's cosmetics, where marketers have long been lauding the benefits of such terms as 'ceramide' and 'glycans' as putative appearance-enhancing aids; in the face of the modern pressure for natural products, perhaps the clearest case of the 'end justifying the means'!

As an adjunct to the need to perform increasingly insightful analysis of public opinion on biotechnology, it is of interest to carry out an integrative evaluation of the surveys performed to date within a limited time span and geographic region. The situation in Ireland, measured from the early 1990s to

Table 2 Summary Findings of Eurobarometer Surveys Conducted in Ireland between 1991 and 2002

- Knowledge of science and technology in general is low, as is knowledge and awareness of biotechnology
- The term 'biotechnology' is perceived more favourably than 'genetic engineering', albeit only slightly
- Television is the primary source of information on new developments, including biotechnology
- Consumer and environmental organisations, and also the medical profession, are the most widely trusted sources of information about biotechnology
- Generally speaking, medical applications are more favourably received
- Biotechnology applied to food production is not particularly well received in Ireland

the beginning of the new century, provides such an opportunity. The nuances revealed by such a process may provide new insights into the formation and development of public opinion towards new technologies, and this will be vital to such areas as nanotechnology in the future.

Surveys of Public Opinion on Biotechnology in Ireland Eurobarometer, 1991–2002

To the authors' knowledge, in the period between 1990 and 2002, 16 surveys of consumer attitudes to biotechnology were carried out in Ireland, with sample size ranging from 30 to 1,400 persons (Table 1). This series included six Eurobarometer (EB) studies, a series of surveys conducted within the EU member states at the request of the European Commission Directorate General for Education and Culture. The standard EB format was established in 1973, with each survey consisting of approximately 1,000 face-to-face interviews per member state (except Germany, 2000; Luxembourg, 600; UK, 1,300). Reports are published twice yearly (see http://europa.eu.int/comm/public_opinion/index_en.htm). EB surveys have arguably therefore provided the most consistent record of Irish consumer attitudes to biotechnology, deploying a fairly constant methodology, and providing a convenient baseline against which to compare other surveys.

EB 35.1 (conducted in 1991) acted as a template for all subsequent studies, featuring questions relating to such broad areas as the reputation and knowledge/understanding of biotechnology, and the public's attitudes and opinions regarding the diverse applications of this science. Defining the information resources used by the European citizen to derive their knowledge about this field, and determining the most trusted, have also formed a major thrust of the EB instrument. The main consistent findings of Irish EB studies conducted between 1991 and 2002 are outlined in Table 2.

Throughout the 1990s, questions relating to biotechnology and other technology areas continued to mature within EB, eventually deriving a rough indication of EU 'public optimism' towards such innovation. Perhaps unsurprisingly, general European attitudes to areas familiar to the public from day to day life, such as telecommunications and computers, were relatively stable during the first half of this decade, while optimism in biotechnology followed a slow decrease from 50 per cent in 1991 to 41 per cent in 1999. This trend had reversed by 2002 (43 per cent optimists and 17 per cent pessimists). A similar pattern was observed in Ireland, with a public optimism dip in 1999 coinciding with arguably the peak of the debate on GM foods: in this year alone, five studies examining consumer attitudes towards these foods were conducted in Ireland (Table 1).

EBs have consistently shown that a clear discrimination in the public mind exists between biotechnology when applied to medicine and that applied to the agri-food sector. Illustrative of this, in an economy based heavily on agriculture, EB recorded a resistance in Ireland to the genetic modification of animals, even if such techniques might also benefit society.

Towards the end of the 1990s, EB began to divide respondents into separate classes based on their answers to questions about biotechnology. The 'engaged' class are defined as members of the public who appear more aware, knowledgeable and behaviourally involved in this subject. These are more likely to be male, white-collar workers, who are younger than 55 years, and are urban dwellers often educated to university level. They tend to cite 'usefulness' as their most important criterion for judging GM innovation. Contrasting with this, the less engaged cohort tend to be female and have a lower level of education; though not statistically significant, perceived 'moral acceptability' is slightly elevated among this class.

Countries with higher percentages of the engaged public include Denmark, Luxembourg and Finland, while those with lower percentages include Ireland, along with Spain, Portugal and Belgium. A feature of early EBs was the high percentage of 'do not know' answers recorded in Ireland when asked for knowledge about biotechnology, and this may partially explain the lower levels of engagement (Midden et al., 2002). Among the less engaged class, perceived risk was the dominant factor (45 per cent) in their appraisal of GM foods, while for 32 per cent this was the key issue regarding the formation of attitudes to therapeutic cloning.

Later EBs also began to build on the fact that GM crops were gaining wide coverage in the European media. For example, a purchase decision question regarding a hypothetical GM food was incorporated into EB 58.0, and this also extended to consumption of food in the restaurant situation; putative beneficial attributes tested included lower price, the use of less pesticide residue in production, superior taste and lower fat content. In general, the majority of European respondents rejected GM foods in such scenarios, with Greece and Ireland to the fore in this regard; in the latter case, more than 50 per cent of the poll rejected all of the six benefits proffered. Among acceptors (Finland, Austria and the UK), the most persuasive reasons for buying GM foods appeared to be the perceived health benefit of lower pesticide residues, closely followed by a more friendly environmental foot-print; lower price was found to be the weakest incentive for purchase.

Interestingly, it was noted that among the cohort that were more accepting of GM foods, those from Ireland, Portugal and the UK had the highest mean number of acceptable reasons for making a purchase; Luxembourg, Austria, Greece, Italy and France had the lowest. Therefore, the opinion of the European public is somewhat split on the subject of GM foods and their relative benefits. It must be noted that an acknowledged limitation of this type of questioning is that respondents are more likely to express 'citizen' rather than 'consumer' preferences (Gaskell et al., 2003).

Questionnaire design is therefore a critical aspect of public opinion research in this field, and it is apparent from successive EB studies that this is one of the areas which represents a major hurdle. An example from Eurobarometer 46.1 (1997) is illustrative of the

dilemma, where one of the key questions asked respondents whether they agreed or disagreed with the following statement: 'current regulations are sufficient to protect people from any risks linked to modern biotechnology'. This question assumes that the European public is aware of biotechnology regulations (unlikely), while the use of the term, 'any risks' is equally inappropriate, as no law or regulation can protect a person from any or all risks. It is therefore unsurprising that 38 per cent of Irish respondents answered 'do not know' to this particular question.

Question ambiguity has also dogged the EB studies. For example, EB 52.1 (2000) asked respondents if they agreed or disagreed with the following statement: 'Even if it means doing without some of its advantages, GM food should be introduced in a more progressive manner'. The European Commission's own report on the results of this study acknowledged that there was ambiguity in the interpretation of the position of those who disagreed with this statement; such a response could mean either, 'no, GM food should be introduced more rapidly', or 'no, GM food should not be introduced'. Limitations notwithstanding, EB provides an important benchmark for assessing European public opinion regarding biotechnology. We will now discuss the various smaller studies that have been performed in Ireland with a view to highlighting micro-trends during the period 1995 to 2003.

Remaining Surveys of Public Opinion in Ireland, 1995–2002

The Food Marketing Institute (FMI, Washington, DC) conducted a major international survey of consumers across 16 European countries in 1995, benchmarking this against similar research carried out in the US and Japan in the same year. Most European countries (including 50 per cent of Irish respondents) were found to demonstrate a willingness to purchase a new variety of GM produce (potato or tomato) which was modified to be resistant to insect damage. Only German and Austrian consumers demonstrated a clear opposition to plant biotechnology. When asked to rate 15 different potential food safety risks, there was considerable variation in opinion as to whether genetic engineering (GE) represented a 'serious health risk'. One-third to one-half (Ireland: 48 per cent) of all respondents rated the risk as 'serious', with Germany, Austria, Sweden and Portugal being the most concerned. In the

majority of countries, GE was viewed as slightly more risky than artificial colouring, nitrites, cholesterol, and fat content. However, this was a relative risk for most European consumers, and they perceived other risks to be more serious.

A nationwide survey involving 1,397 face-to-face interviews with members of the public was commissioned by the non-governmental Irish organisation, Genetic Concern, in early 1999 (coincidentally employing the same agency which has carried out a number of EB surveys). This study was specifically aimed at determining Irish consumer opinion on food safety issues, and also their knowledge of the GE of food. Thirty-one per cent of respondents expressed being 'very concerned' about the safety of the food they eat nowadays, with 36 per cent registering 'fair concern'. This feeling was found to be highest among women and also those with children. When asked to state their food safety anxieties via an open-ended question, BSE in beef and also the bacterial pathogen, *Salmonella*, emerged as the primary fears. Genetic engineering was mentioned as an issue by only 11 per cent of the poll, which gave it a ranking of seventh out of the eight main food safety considerations identified. Similarly, presenting respondents with a list of food safety issues and asking them to rank their degree of concern with each, indicated that the general freshness of food and the use of chemical sprays were the major topics of attention. Genetic engineering came last in the list of eight food safety concerns, with married women being most concerned (68 per cent) and single men least concerned (52 per cent). This result echoed that recorded in Europe by the FMI in 1995.

The low position of GE in the consciousness of respondents may have been due to unfamiliarity with the subject matter; the majority claimed to know either 'nothing' (37 per cent) or 'very little' (42 per cent) about GE, and this ignorance was almost uniformly spread among all the age groups tested. The results also correlated with those of EB 46.1 (1997), which found that greater knowledge of GE does not necessarily lead to greater acceptance of the products of the technology.

Finally, respondents were asked if they felt that 'grocery products which have ingredients that have been modified genetically should always be clearly labelled to identify them from other products which do not'. A clear majority (89 per cent), comprising those who

'strongly agreed' (70 per cent) and those who 'slightly agreed' (19 per cent), demanded clear labelling of foods with GM ingredients; only 2 per cent disagreed with the need for labelling. Ninety-six per cent of those who registered concern about GE agreed with the need for labelling, but this was also high for those who expressed little concern about the technology (75 per cent).

Amarach Consulting carried out an omnibus survey between May and June 1999 which incorporated some questions on GM foods (524 face-to-face interviews). Forty-three per cent stated that they were 'somewhat concerned' about the safety of these foods (39 per cent, 'very concerned'; 18 per cent, 'unconcerned'); half of all homemakers, who are the main grocery purchasers, stated that they were very concerned about the safety of GM foods. When asked how often their concern for the safety of GM foods influences the purchase of products, 33 per cent indicated 'most of the time – but sometimes it's impossible to tell if something is GM'. Twenty-seven per cent replied 'always – I try to ensure that nothing I buy is genetically modified', and an equal percentage remarked 'some of the time – if I have time I will read the label – but there are often times when it's too difficult'. Only 12 per cent of respondents indicated that concern about GM foods did not affect their food choice, and this group primarily comprised male respondents (70 per cent).

A minor study in 1999 (Ryan, 1999; 30 face-to-face interviews within a single city) attempted to allow respondents greater freedom to express a free-form opinion. Using this methodology, participants were unwilling to purchase GM foods, even with benefits such as low fat or nutritious content, and they expressed doubts regarding safety. Lack of information to allow an informed choice to be made was a key finding from this survey.

A major public survey into attitudes on science and technology (S&T) was commissioned by the Irish state policy and planning body, Forfás, in September 2000 (1,200 face-to-face interviews). The sample was quota-controlled in terms of gender, age, social class, region and area of residence to match known demographic variables of the population. Drawing on earlier work carried out in 1996 and 1998, the study attempted to compare attitudes across a range of socio-economic groups on a temporal basis. A number of the findings reinforce those obtained in

EB surveys from this period: knowledge of S&T developments was found to be low, with only about four in ten adults holding the view that they were 'very' (8 per cent) or 'fairly well' (33 per cent) informed about such developments. Echoing results from EB 52.1 (2000), medical doctors emerged as the profession with the highest level of respect (54 per cent), followed by teachers (45 per cent) and dentists–scientists (36 per cent).

When presented with a list of 11 S&T developments and asked to nominate and rank in order of importance so as to 'benefit all', respondents chose cancer research (94 per cent), transplant surgery (90 per cent), and biotechnology (food safety perspective; 77 per cent); at 38 per cent, GM foods ranked seventh on this list. In common with EB surveys from this period, Irish consumers differed in their acceptance of biotechnology applications, despite professing to be uninformed on this area. However, this study found that women were more likely to see benefits in biotechnology relative to their male counterparts, and also indicated a potential receptivity to products offering a strong consumer benefit (for example, improved food safety).

A study aimed at comparing consumer attitudes to GM foods between the public in the USA (California; $n = 680$, October 1999 and January 2000) and Ireland (Galway; $n = 197$; November 1999 and February 2000) used two subgroups (McGarry Wolf and Domegan, 2002): those familiar/unfamiliar with GM foods, and those likely/unlikely to purchase these products.

Forty-three per cent of participants in each country indicated that they were 'very' or 'somewhat' familiar with GM food; 56 per cent of respondents were either 'not very' or 'not at all' familiar. Results indicated that Irish consumers in the 'familiar' sub-group had gleaned their awareness of the GM food concept from more diverse information sources than their US counterparts. They also appeared more interested in GM food, and were more likely to have engaged in discussions on this topic with family, friends and colleagues. The majority of respondents familiar with the concept were able to identify tomatoes and maize as crops that are grown domestically or internationally using GM methods; indeed, Irish consumers appeared to be more knowledgeable in this regard. 'Familiar' respondents in each country were more likely to have read nutrition and ingre-

redient labels and also to have purchased organic food in the past year; in Ireland, such a consumer was likely to be aged between 25 and 44, to hold employment and be more highly educated. Their US contemporaries were more likely to be college graduates or those with a higher household income.

Most Irish (95 per cent) and American (81 per cent) consumers were in favour of government imposition of mandatory labelling of GM food products, with the Irish result in line with other studies at this time (EB 46.1, 1997; Ryan, 1999; Genetic Concern, 1999). There was a positive correlation between familiarity and a desire for mandatory labelling in both countries. A majority (73 per cent) of respondents in the USA willing to purchase GM food considered mandatory labelling to be important.

A minority of consumers in each country were found to be willing to purchase a GM food product, but Irish consumers demonstrated more reluctance than their US contemporaries (>50 per cent, compared with 25 per cent US citizens). In Ireland, those willing to purchase such foods were on average more highly educated, while their American equivalents were more likely to be male, either single, separated or divorced, and from a single income household. Irish respondents who had made a purchase of organic food within the previous year were found to be more likely to purchase GM food, but this was not the case for American consumers.

A small scale study to determine Irish consumer attitudes and perceived risk to the use of gene technology in food production was performed in June 2000 (200 postal questionnaires; Vilei and McCarthy, 2001). All respondents professed some awareness of the concept of gene technology in food production, but levels varied considerably (23 per cent heard 'a lot' about gene technology; 64 per cent, 'a fair amount'; 14 per cent, 'very little'). Fifty-seven per cent of the poll believed that GM food products were being sold in Irish stores (did not know, 35 per cent; believed not sold, 8 per cent); indeed, 55 per cent were able to name a commodity that they believed was on sale (soya, 56 per cent; maize/wheat products, 38 per cent; fruits and vegetables, 38 per cent).

McGarry Wolf and Domegan (2002) also recorded a similar observation. In general, acceptance of gene technology among Irish consumers was found to be low, in line with EB surveys from this period. Sixty-

six per cent of the respondents had a negative view of GM food products (unsure, 23 per cent; positive view, 11 per cent).

Using a seven-point scale (1 = extremely unlikely, 7 = extremely likely), the willingness of respondents to purchase GM food products possessing a variety of benefits was examined. The association of a health benefit with a GM food was the strongest motivator for a purchase decision, surpassing a benefit to the environment, longer shelf-life or less costly produce. Willingness to buy GM food products increased with the provision of specific, clearly stated benefits. Female respondents (82 per cent) were more unlikely to buy GM food products than males (69 per cent).

Chi-square tests using the 18–34 year-old and 35+ cohorts indicated that a greater percentage of the former (18 per cent) were willing to buy GM food products which had no stated benefits, compared with older respondents (7 per cent). Extending this analysis to examine the effects of a variety of benefits found similar results: respondents aged 35 and older were generally less likely to buy GM food products.

To put these results into context, respondents were presented with three ‘true or false’ statements about GE to test their underlying knowledge of this topic (a ‘do not know’ option was also provided). The results suggested that consumers’ knowledge in general is quite limited. Only 22 per cent of respondents could answer all three questions correctly. Most (80 per cent) were aware that not ‘all processed foods are made using GM products’. Only 49 per cent knew that they ‘ate DNA everyday’ (a third question related to knowledge of gene technology regulation in food production). A chi-square test was conducted to establish if more knowledgeable consumers (i.e. those answering two or three questions correctly) expressed a more positive attitude towards gene technology in food production, but no relationship was found. Additionally, there was no apparent relationship between education level and willingness to buy GM food products which offered various benefits.

In August 2001, the Irish Agri-Awareness Trust commissioned a study (400 face-to-face interviews) to examine the perception of the general public in Ireland regarding agriculture and the food industry

(spanning safety issues, disease scares and GM foods; Finnegan and Phelan, 2001). The majority of respondents (67 per cent) expressed major concern about a possible risk from GM foods (25 per cent, minor concern; 8 per cent, no concern); underlying reasons for this were not explored. This contrasted with the views regarding BSE (41.5 per cent, major concern; 45 per cent, minor concern; 11.5 per cent, no concern).

In September 2001, a survey was commissioned by Forfás, the national industrial development agency, with the aim of establishing the level of knowledge about biotechnology within Ireland, and also aspects that were of specific interest to the public (1,000 telephone interviews; www.biotechinfo.ie). About seven in ten respondents were found to have no knowledge of the term, ‘biotechnology’, while among those who had, roughly six in ten did not know what it meant. Twelve per cent of the poll related it to genetically modified organisms (GMOs) or GM food, and a further 2 per cent to cloning. Only one in five people perceived it as being a ‘good’ thing (seven in twenty, ‘good and bad’; seven in twenty, ‘bad’; one in ten, unsure).

The primary concerns to emerge were related to the possibility of biotechnology interfering with nature (28 per cent), followed by human health worries (17 per cent) and general ethical concerns (11 per cent). Seven per cent of respondents were concerned with issues relating to cloning, and a similar percentage mentioned the use of embryos; one in four Irish people claimed to have no concerns. Females and the middle-aged (35–54 age group) expressed more concern about human health and ethics. Members of the farming community, while worried about human health, were more anxious about the effects of biotechnology on nature and the environment. An earlier study (Hogg et al., 2000) revealed a similar concern among Irish farmers.

The Food Safety Authority of Ireland (FSAI) commissioned two wide-ranging surveys in 2002 (April to May) to investigate consumer and industry attitudes to food safety (800 quantitative telephone interviews and 10 qualitative focus groups). Participants appeared to be primarily worried about drug abuse (80 per cent) and least concerned about education (42 per cent); food safety ranked fourth in the list, with 53 per cent of respondents expressing some degree of concern about the safety of the

food that they eat (females and those in the 15–19 and 35–64 age brackets were to the fore in this regard). Out of a list of nine food-related issues, respondents cited pesticide and herbicide residues as their primary concern (70 per cent), followed by BSE/mad cow disease (67 per cent) and food poisoning (65 per cent). Sixty-two per cent of participants were anxious about GM foods (ranked joint fifth with food irradiation and additives). GM foods were not mentioned as a food safety issue in the qualitative research phase, nor were they an issue in terms of respondent opinion on the catering sector: hygiene/handling of food (59 per cent), proper cooking (16 per cent), origin (16 per cent) and preparation (15 per cent) were more pressing anxieties. Possible adverse long-term health effects of food consumed nowadays rated highly with 53 per cent of participants; the latter issues included cancer (32 per cent concerned), unknown long-term effects of GMOs and mass production (24 per cent), heart disease (15 per cent) and obesity (13 per cent). It is not possible to discern from the results whether the public were concerned about the effects of GM foods *per se*, or the notion of GM foods representing intensive food production practices.

A key finding of this study was that 83 per cent of those interviewed professed to pay attention to the labels on the food they buy (45 per cent, 'a lot' of attention; 38 per cent, 'a little'). Females, those in the 25–49 year age bracket, parents and grocery purchasers paid the most attention to labels. Thirty-six per cent of respondents spontaneously volunteered that they look for the 'best before' date on the food label, while 31 per cent check for additives and 25 per cent for fat content. Respondents did not mention that they specifically check a label for the presence of GM ingredients and when prompted with a list of food label data, 90 per cent confirmed that the 'best before' date was the key parameter. Half of those surveyed were of the opinion that food labels contained the right amount of information (31 per cent, too little information), and the same percentage that the data was clear.

The 'Candidate Countries (CC) Eurobarometer' was conducted in November 2002, among the 13 candidate countries of the European Union (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey). Comparisons were made regarding attitudes in these countries and the existing EU-15 member states (Eurobarometer 55.2,

Europa, 2001). Attitudes regarding GM foods are similar in the two parts of Europe. For example, people want to retain the right to choose between natural produce and foodstuffs based on GMOs (CC-13, 85 per cent, EU-15, 95 per cent). Consumers in the candidate countries appear cautious of the technology. 80 per cent of all teenagers and adults in these countries await more information before consuming GM food (EU-15: 86 per cent). A similar proportion feel that such food should only be introduced if it is scientifically proven not to be a health hazard (CC-13: 79 per cent, EU-15: 86 per cent). Currently, around seven in ten Europeans (68 per cent in CC-13 and 71 per cent in EU-15 countries) 'do not want this type of food', or at least would not if they could identify it (Candidate Countries Eurobarometer, 2003).

Recent Surveys of Public Opinion on Biotechnology in Countries Outside the European Union

The United States

Although sometimes portrayed by certain commentators as a non-contentious market, the picture for GM foods in the US is not entirely clear. Opinion studies in the mid-to-late 1990s consistently demonstrated that between two-thirds and three-quarters of US consumers supported biotechnology and were willing to accept GM-enhanced food (Hoban, 1998; Gaskell et al., 1999). However, more recent studies have indicated a decline in acceptance (Priest, 2000; Moon and Balasubramanian, 2001; Bruhn, 2003; Hallman and Aquino, 2003). Indeed, Bruhn (2003) reports that the number of US consumers holding a positive view about biotechnology has decreased in the past five years, but perhaps a more fundamental issue remains the lack of knowledge among US consumers regarding the food they consume (Marks and Kalaitzandonakes, 2001; The Pew Initiative on Food and Biotechnology, 2001; Hallman and Aquino, 2003). Surprisingly, only about half of Americans (52 per cent) were aware in 2003 that GM foods were for sale in supermarkets, up from 44 per cent in 2001 (Hallman and Aquino, 2003).

Asia

General positivity to GM innovation, tempered by a growing discrimination in risk-benefit appraisal, is also characteristic of Japan, with an overall significant decrease in the acceptance of such applications across the board (Macer and Chen Ng, 2000). Support for pest-resistant crops dropped from 52 per

cent in 1997 to 33 per cent in 2000, while that for GM food fell from 45 per cent to 31 per cent in the same period. Certain studies (Hoban, 1997, 1999) suggest that Japanese consumers resemble those in the US in terms of acceptance of GM foods. The study by Bertolini et al. (2003) further illustrates this, as American and Japanese consumers both indicated a higher purchase probability for GM food than Italian consumers.

In general, Asia appears positive about food biotechnology. Sixty-six per cent of respondents from a survey conducted across China, Indonesia and the Philippines ($n = 600$) anticipated benefits from biotechnology within the next five years (Asian Food Information Centre, AFIC, 2003); the majority had no reservations about consuming GM foods (64 per cent), indicating that they would either 'definitely' (30 per cent) or 'probably' (58 per cent) try GM corn snacks.

Chinese consumers appear particularly receptive to GM foods (Zhong et al., 2002). Indeed, one study suggested that Beijing consumers on average were willing to pay a 38 per cent premium for GM rice over the non-modified product, and a 16 per cent premium for GM soybean oil (Li et al., 2002), which the study authors attributed to positive government-controlled media coverage. China remains the world's fourth largest producer of biotech crops.

Canada, Australia and New Zealand

As a model that contains elements of European and North American socio-economic policies, the situation in Canada provides some insight into this issue. In 1999, an Environics International opinion poll conducted in the US, Canada, Europe and China (cited in Veeman, 2001) suggested that Canadian consumers were somewhat more wary of GM foods than their US contemporaries. Europeans appeared most concerned, with 47 per cent of German participants indicating that they were 'very concerned', followed by 37 per cent of Canadians, 28 per cent of Americans and 23 per cent of Chinese participants. A series of EB-style surveys have also been carried out in Canada and the US (in 1997, 2000 and 2003), all confirming that Canadians tend to occupy the 'middle ground' between their European and US counterparts in terms of optimism about biotechnology applications.

Australian and New Zealand consumers also resemble their European and Irish counterparts in their

attitudes to GM technology. Roughly 50 per cent of Australians view the risks of GM foods as outweighing the benefits (Biotechnology Australia, June 2003) while more New Zealanders disagree that there are definite benefits associated with the genetic engineering of food (37 per cent) than agree (28 per cent; Scully, 2003).

Discussion and Conclusions

Reflecting the general situation for Europe, surveys of public opinion about biotechnology in Ireland during the 1990s indicated a low level of understanding about the technology. A measurable hierarchy of acceptability regarding different biotechnology innovations has been discernible, with GM foods being regarded with suspicion. Surveying the public about 'self-worth' indicators is notoriously difficult, with answers to questions relating to personal income, ability or knowledge often skewed in favour of the (perceived) ideal, rather than the true picture; this is especially true in face to face or telephone interviewing techniques, favoured by the majority of surveys reviewed within this paper. On this basis, the consistent observation that knowledge and awareness of biotechnology are low among Irish (and European) survey respondents is significant. Taken at face value, it implies that the technology is still quite alien to everyday life – there is little or no social pressure to understand biotechnology – and this situation discriminates it from areas such as information technology or the Internet.

At the time of writing, the EU (and Ireland) continues to be an unfavourable market environment for GM foods, despite the strenuous information-communication efforts of biotechnology companies, EU governments, and the EU Commission. Clearly, no single explanation can account for the greater resistance to food biotechnology in Europe compared to the US. We may safely conjecture that it is not a knowledge or understanding of biotechnology that assures acceptance in the US, while merely educating the European public on this area would be unlikely to reverse public opinion. Eurobarometer 58.0 (2002) indicated that less than 50 per cent of Europeans had confidence in their own government or industry (Gaskell et al., 2003). In contrast, the 1999 US EB-style poll reported that 90 per cent and 84 per cent respectively of American respondents would trust statements from the US Department of Agriculture (USDA) or Food and Drug Administration (FDA; Gaskell et al., 1999). The

work of Baker and Mazzocco (2002) further indicated that a government certification programme might actually boost the already high confidence of American consumers towards GM products.

Surveys of opinion on GM foods continue to prove extremely newsworthy, with key results often abstracted as 'sound-bites' by the media, arguably without adequate contextualisation. In recent years, widespread reportage of studies on the voting preferences of the public, in advance of political elections, have come to be recognised as a powerful influence on poll outcomes. One may therefore reasonably expect that this is also a significant influence in the area of GM foods.

Probably the most serious limitation of the majority of surveys performed to date is that they have not tested the public's knowledge of biotechnology *per se*, but rather their awareness (and word associations) of the term, 'biotechnology'; the same is true of 'genetic engineering', used in many early surveys until it came to be viewed as pejorative language, with a possible association of scientific arrogance. Perhaps the area of language represents the most fundamental barrier to ascertaining the true public opinion on biotechnology; the researcher is either forced to supply some explanatory background information within the question or as briefing notes, thereby risking the introduction of bias, or alternatively, assume that the audience has some fundamental grasp of the subject. Therefore, many surveys have been in the difficult position of recording a low knowledge of biotechnology among the target audience, but yet asking questions (and receiving answers) that demand some form of understanding. Additionally, the majority of surveys have simply confirmed that there is a high level of ignorance among consumers regarding GM innovation. Therefore, from a decade or so of intense study, we

have limited insight into the future projected reaction of the public to emerging areas, such as stem cell technology or nanotechnology.

Such problems have been compounded by the fact that relatively little attention has been given by the media to possible limitations of survey research deployed in such work (Gaskell et al., 2003). A survey frames issues within a particular context and respondents are restricted to answering the questions within the response alternatives provided. These responses are further processed and interpreted by the study sponsor according to their perceptions as to what is relatively important. Many Irish studies have encouraged participants to reply in their role as 'citizens', rather than potential consumers of the technologies, contrasting with a number of international studies that have presented the survey audience with specific examples of GM foods, and examined their intention to purchase these products (Frewer et al., 1996; Moon and Balasubramanian, 2001; Noussair et al., 2001; Grunert et al., 2001; Koivisto Hursti et al., 2002).

The above limitations notwithstanding, more than ever there is an intense need to understand the public perceptions of science and technology, with such work ideally supporting the development of a three-way dialogue between citizens, government and industry. Analysis of a decade of survey work in the area of GM foods within this review has highlighted broad areas of public consensus, and also aspects that represent current weaknesses in survey methodology. Foremost amongst the latter is the need to identify a common language to lower the understanding hurdle that modern biotechnology represents to the layperson, supplemented by visualisation techniques that allow the citizen to relate to biotechnology as a stakeholder or potential consumer.

Authors

Elaine O' Connor is a former Walsh Fellow in food marketing with Teagasc, the National Food Centre, and recently obtained a masters in agricultural science from University College Dublin. She is currently working as a research executive with the Irish Health Services Accreditation Board.

Gwilym Williams is a lecturer in biotechnology and bioethics at the Dublin Institute of Technology. He has previously held positions in Enterprise Ireland, Trinity College Dublin and Proteus Molecular Design plc, and has published internationally in the areas of biotechnology and biobusiness.

Cathal Cowan is head of the food marketing research group at the National Food Centre of Teagasc in Dublin. He has extensive experience in carrying out food marketing research projects, including projects financed by the European Union and National Research programmes. He collaborates with several universities and research centres in Ireland and other European countries, and recently co-ordinated a major national study on food-related lifestyles which segmented consumers in both Ireland and Britain on the basis of such lifestyles.

John O'Connell is a senior lecturer and researcher in agribusiness and food marketing in University College Dublin. His research covers an extensive area, notably the analysis of Ireland's meat industries and exports and general food processing sector performance.

Maurice P. Boland is dean of the Faculty of Agri-Food and the Environment at University College Dublin. He has wide experience of research in animal reproduction, has presented conference papers in many countries, and undertakes extensive international collaborations.

References

- Asian Food Information Centre (2003), 'Consumer perceptions of food biotechnology in Asia', public report on the Asian Food Information Centre 2002 Consumer Survey. Prepared February 2003. Available on the World Wide Web: <http://www.afic.org>.
- Baker, G.A. and M.A. Mazzocco (2002), 'Consumer response to GMO foods: branding versus government certification', paper presented at the WCC-72 Annual Meeting, Las Vegas, NA, 23-25 June. Available on the World Wide Web: <http://www.agecon.lib.umn.edu/cgi-bin>.
- Behavior and Attitudes Ltd (2000), 'General public report on attitudes to science and technology', Behavior and Attitudes Ltd Marketing Research, 26 Burlington Road, Dublin 4.
- Bertolini, P., M. McGarry Wolf, I. Shikama and A. Berger (2003), 'Attitudes towards food and biotechnology in the US, Japan, and Italy', paper presented to the 7th International Conference on Public Goods and Public Policy for Agricultural Biotechnology, Ravello, Italy, 29 June-3 July, International Consortium on Agricultural Biotechnology Research.
- Biotechnology Australia (press release 17/06/03), 'Slight rise in concern about GM foods and crops'. Available on the World Wide Web: <http://www.biotechnology.gov.au>.
- Bruhn, C. (2003), 'Approaches to build consumer knowledge in rDNA technology', *Food Science and Technology*, vol. 17, pp. 20-2.
- Candidate Countries Eurobarometer (2003), 'Public opinion in the countries applying for European Union membership', CC-EB 2002.3 on Science and Technology by the Gallup Organization, Hungary, DG Research. Available on the World Wide Web: http://www.europa.eu.int/comm/public_opinion.
- Eurobarometer 35.1 (1991), 'Opinions of Europeans on biotechnology in 1991', Commission of the European Communities, INRA, European Co-ordination Office, Brussels. Available on the World Wide Web: http://www.europa.eu.int/comm/public_opinion.
- Eurobarometer 39.1 (1993), 'Biotechnology and genetic engineering - What Europeans think about it in 1993', Commission of the European Community. Available on the World Wide Web: http://www.europa.eu.int/comm/public_opinion.
- Eurobarometer 46.1 (1997), 'The Europeans and modern biotechnology', Commission of the European Community. Available on the World Wide Web: http://www.europa.eu.int/comm/public_opinion.
- Eurobarometer 52.1 (2000), 'The Europeans and biotechnology', report by INRA (Europe)-ECOSA. Available on the World Wide Web: http://www.europa.eu.int/comm/public_opinion.
- Eurobarometer 55.2 (2001), 'Europeans, science and technology', Commission of the European Union, INRA, European Co-Ordination Office, Brussels. Available on the World Wide Web: http://www.europa.eu.int/comm/public_opinion.
- Finnegan, A. and J. Phelan (2001), 'Perceptions of agriculture - general public survey', Available at <http://www.agriaware.ie>.
- Food Safety Authority of Ireland (2002), 'The labelling of food in Ireland 2002', Available on the World Wide Web: <http://www.fsai.ie>.
- Food Safety Authority of Ireland (2003), 'Draft report on consumer attitudes to food safety in Ireland', September 2003. Food Safety Authority of Ireland, Abbey Court, Lower Abbey Street, Dublin 1.
- Frewer, L.J., C. Howard and R. Shepherd (1996), 'The influence of realistic product exposure on attitudes towards genetic engineering of food', *Food Quality and Preference*, vol. 7, pp. 61-7.
- Gaskell, G., N. Allum and S. Stares (2003), 'Europeans and biotechnology in 2002', Eurobarometer 58.0 (2nd edn., 21 March 2003). A report to the EC Directorate General for Research from the project 'Life sciences in European society', QLG7-CT-1999-00286. Available on the World Wide Web: http://www.europa.eu.int/comm/public_opinion.
- Gaskell, G., M.W. Bauer, J. Durant and N.C. Allum (1999), 'Worlds apart? The reception of genetically modified foods in Europe and the US', *Science*, vol. 285, pp. 384-7.
- Grunert, K.G., L. Lähteenmaki, N.A. Nielsen, J.B. Poulsen, O. Ueland and A. Åstrom (2001), 'Consumer perceptions of food products involving genetic modification—results from a qualitative study in four Nordic countries', *Food Quality and Preference*, vol. 12, pp. 527-42.

- Hallman, W.K. and H.L. Aquino (2003), 'Consumer perceptions of genetically modified food', Paper prepared for presentation at the American Agricultural Economics Association Annual Meeting, Montreal, Canada, 27-30 July. Available on the World Wide Web: <http://agecon.lib.umn.edu/cgi-bin>.
- Hoban, T.J. (1997), 'Consumer acceptance of biotechnology: an international perspective', *Nature Biotechnology*, vol. 15, pp. 232-4.
- Hoban, T.J. (1998), 'Trends in consumer attitudes about agricultural biotechnology', *AgBioForum*, vol. 1, pp. 3-7. Available on World Wide Web: <http://www.agbioforum.org>.
- Hoban, T.J. (1999), 'Consumer acceptance of biotechnology in the United States and Japan', *Food Technology*, vol. 53, pp. 50-3.
- Hogg, O., A. Markey, O. Doyle and G.A. Williams (2000), 'Attitudes and awareness of GM technology among farmers in Ireland', *Agro-Food-Industry Hi-Tech*, vol. 11, pp. 20-1.
- Koivisto Hursti, U.-K., M.K. Magnusson and A. Algers (2002), 'Swedish consumers' opinions about gene technology', *British Food Journal*, vol. 104, pp. 860-72.
- Lansdowne Market Research (1999), 'Report on survey on consumer attitudes to genetic engineering and food safety conducted throughout Ireland by Lansdowne Market Research for Genetic Concern Jan 4th to 14th 1999', Lansdowne Market Research, 49 St Stephen's Green, Dublin 2.
- Li, Q., K.R. Curtis, J.J. McCluskey and T.I. Wahl (2002), 'Consumer attitudes toward genetically modified foods in Beijing, China', *AgBioForum*, vol. 5, pp. 145-52. Available on the World Wide Web: <http://www.agbioforum.org>.
- Macer, D. and M.A. Chen Ng (2000), 'Changing attitudes to biotechnology in Japan', *Nature Biotechnology*, vol. 18, pp. 945-7.
- Marks, L.A. and N. Kalaitzandonakes (2001), 'Mass media communication about agrobiotechnology', *AgBioForum*, vol. 4, pp. 199-208. Available on the World Wide Web: <http://www.agbioforum.org>.
- McGarry Wolf, M. and C. Domegan (2002), 'A comparison of consumer attitudes towards GM food in Ireland and the United States: a case study over time', in V. Santaniello, R.E. Evenson and D. Zilberman (eds.), *Market Development for Genetically Modified Foods*, pp. 25-37, CABI Publishing, Cambridge, MA.
- Midden, C., D. Boy, E. Einsiedel, B. Fjæstad, M. Liakopoulos, J.D. Miller, S. Öhman, S. and W. Wagner (2002), *The Structure of Public Perception, Biotechnology – the Making of a Global Controversy*, pp. 203-23, ed. by M.W. Bauer and G. Gaskell, Cambridge University Press in association with the Science Museum, London.
- Moon, W. and S.V. Balasubramanian (2001), 'Public perceptions and willingness to pay a premium for non-GM foods in the US and the UK', *AgBioForum*, vol. 4, pp. 221-31. Available on the World Wide Web: www.agbioforum.org.
- Noussair, C., S. Robin and B. Ruffieux (2001), 'Do consumers not care about biotech foods or do they just not read the labels?', paper no. 1142, Feb., Krannert Graduate School of Management, Purdue University, West Lafayette, IN. Available on the World Wide Web: <http://www.mgmt.purdue.edu/faculty>.
- O'Connor, E., C. Cowan, G.A. Williams, J. O'Connell and M.P. Boland (in press), 'Second generation GM foods: perspectives on likely future acceptance by Irish consumers', *British Food Journal*, forthcoming.
- The Pew Initiative on Food and Biotechnology (2001), 'Summary of findings, Public sentiment about Genetically Modified Food', prepared by the Mellman Group and Public Opinion Strategies, for the Pew Initiative on Food and Biotechnology, March. Available on the World Wide Web: <http://www.pewagbiotech.org>.
- Priest, S. (2000), 'US public opinion divided over biotechnology?' *Nature Biotechnology*, vol. 18, pp. 939-42.
- Ryan, D. (1999), 'A comparison of professional and lay attitudes to genetically modified food production', minor thesis, MA in Health Promotion, National University of Ireland, Galway.
- Scully, J. (2003), 'Genetic engineering and perceived levels of risk', *British Food Journal*, vol. 105, pp. 59-77.
- Veeman, M. (2001), 'Consumers, public perceptions and biotechnology', Staff Paper 01-01, Department of Rural Economy, Faculty of Agriculture, Forestry and Home Economics, University of Alberta, Edmonton, Canada. Available on the World Wide Web: <http://www.re.ualberta.ca>.
- Vilei, S. and M. McCarthy (2001), 'Consumer acceptance and understanding of genetically modified food products', Agribusiness Discussion Paper No. 33, March, Department of Food Business and Development, National University of Ireland, Cork.
- Zhong, F., M.A. Marchant, Y. Ding and K. Lu (2002), 'GM foods: a Nanjing case study of Chinese consumers' awareness and potential attitudes', *AgBioForum*, vol. 5, pp. 136-44.

AN INVESTIGATION INTO THE NON-USAGE OF QUALITATIVE SOFTWARE IN THE MARKETING RESEARCH INDUSTRY

Elena Bezborodova & Billy Bennett

How can qualitative software methods move enquiry in marketing beyond the 'handcraft production' of qualitative research? This study investigates the problems associated with using computer aided qualitative data analysis software in commercial marketing research. It finds a limited usage and a general reluctance to use qualitative data analysis (QDA) software. QDA software is mostly employed by research companies that embrace mixed research designs, and is radically opposed by social researchers involved in traditional qualitative analysis.

QDA software is perceived as being linked with quantitative thinking, involving coding as the main element of data analysis. Long and steep learning curves, and the necessity to achieve a high level of QDA software familiarisation in order to use it successfully, are among the major barriers for researchers in the commercial sector – researchers who work under continuous time pressure and have highly focused and specific objectives.

Introduction

Traditionally, usage of computer packages was associated with a quantitative approach, where well-structured and measured data are subjected to statistical analysis. The theoretical foundation of computerised qualitative data analysis is heavily influenced by this approach; it is based on constant data refinement through coding and retrieval procedures, with the coding process serving as a fundamental part of qualitative data analysis. The nature of qualitative research, the complexity of data input, the lack of a definite and well-developed structure for the research process, and the high degree of art in the analysis are the main reasons for ongoing debates about the use of computers in qualitative research. This study examined the problems associated with computerised data analysis which led to limited software usage in qualitative research and the main reasons for reluctance to use qualitative data analysis software.

The Marketing Research Industry

Marketing research provides scope for most social science qualitative research methods and increasingly qualitative methods are employed in both commercial and academic research designs (Winn and Keller, 2001; Hill and McGowan, 1999; Fielding, 2000). There are, however, some unique features of the commercial marketing research industry, including the nature of projects, the research environment and objectives (Ereaut, 2002). Commercial researchers,

although striving to be unbiased in their analysis, act as agents of the client and focus on maximising the usefulness of the outcomes for the client. Commercial projects are usually short-term and small-scale. They are conducted over a few weeks under a fixed time-scale and well-formulated objectives. Methodological transparency requirements are quite low in commercial projects due to their short-term nature and the lack of clients' interest in recording the analysis process itself. The marketing research industry is viewed as an experience-based business, in which skills are acquired through apprenticeship and long practice.

Qualitative Research Software

Before the 1980s the only computerised analysis dealing with textual data was quantitative content analysis of text (Conrad and Reinharz, 1984; Drass, 1989; Shelly and Sibert, 1985). The tools for qualitative analysis at that time included mainly scissors, glue and multi-coloured pen. Although, at the early stages of the development of software packages, much of the literature enthusiastically recommended computer usage for qualitative data analysis, researchers were rather reluctant to use computers, fearing that computers might be harmful to qualitative investigation. Later, software packages became the subject of a long discussion as to whether or not they could facilitate the creative process of qualitative analysis and how qualitative software 'can move studies beyond the "handcraft production" of qualitative research' (Miles

and Huberman, 1994, pp. 43–4). The main influence in developing qualitative software came from the grounded theory approach (Glaser and Strauss, 1967), with the coding process as a core element of the analysis. This ‘unnecessarily close equation of grounded theory, coding, and software’ has been a subject of a strong criticism (Charmaz, 2000, p. 8). Moreover, the qualitative approach as naturalistic, interpretive and holistic in nature is often perceived to be beyond codification and computerisation. The main argument against Computer Aided Qualitative Data Analysis Software (CAQDAS) use is that ‘no computer software has yet, or ever will, replace the brain of the skilled qualitative practitioner’ (Gordon and Langmaid, 1998, p. 138). It has been argued, however, that ‘fears about CAQDAS do originate from those who have not worked with it very much if at all’ (Barry, 1998, p. 4).

Research Objectives and Methodology

This research was designed as a three-phase study, representing both qualitative and quantitative approaches. The overall aim of the study was to evaluate software usage in qualitative marketing research. Data used in the study were collected from a variety of sources, including articles employing qualitative methodologies published in leading marketing research journals, a survey of Irish marketing research companies, and online and face-to-face interviews with CAQDAS professionals. The variety of data helped to ensure validity of findings (by means of data source triangulation) and to enrich the research outcomes (by implementing the multipoint view approach) so as to allow for comprehensive problem evaluation from different perspectives.

The first phase of the research aimed to assess methodological principles applied in marketing research projects, published in 18 leading marketing journals over a ten year period. The overall research objective of the second phase was to evaluate usage of qualitative techniques and computer applications in the Irish marketing research industry, to provide for triangulation of the first phase results and to investigate companies’ attitudes towards, and experiences in, software usage. The final phase of the study went on to explore some of the issues raised in the survey of Irish marketing research companies through a series of depth interviews with CAQDAS professionals. This study reports on the latter two phases of the research, namely the survey and follow-up interviews relating to the mar-

keting research industry in Ireland. Among the research variables investigated were:

- A range of research techniques (analytical and data collection) and project types ranked by the frequency of their usage in the companies’ practice.
- Subject areas.
- Level of qualitative research and software experience.
- Degree of awareness of qualitative software.
- Length of software usage, name of software application (used or known).
- Degree of satisfaction.
- Advantages and limitations of software usage ranked by their importance for the respondents.
- Perceived and actual purposes of qualitative research software usage.
- Approaches towards methodological convergence.

A total of 88 questionnaires were mailed to Irish marketing research companies, and a response rate of 52 per cent was attained.

Research Findings

Findings indicated that the main value of QDA software, as perceived by software-using companies, was in process systematisation and data management facilitation. The purpose of software use was primarily data coding and retrieval. In employing QDA software marketing researchers were driven by the following: a desire to handle complex data and to systematise the process; a perception of doing more scientific and systematic analysis; previous experience with quantitative software; specific objectives targeting software use; and growing popularity and recognition of multi-method research designs and of QDA software. Data complexity seemed to encourage researchers in dealing with software before they felt the necessity for data systematisation. For experienced researchers, data complexity was mostly associated with varied rather than voluminous data and normally emerged as a result of data triangulation in project design.

It was noted that although QDA software affects the research process, it is ‘not a great disadvantage, neither is it any significant advantage’. The real danger perceived by software-experienced companies was

Table 1 Conflicts Between the Nature of Commercial Marketing Research and Characteristics of Qualitative Software

<i>NATURE OF COMMERCIAL MARKETING RESEARCH</i>	<i>CHARACTERISTICS OF QUALITATIVE SOFTWARE</i>
<ul style="list-style-type: none"> • Highly dynamic, time pressured environment. • Short-term nature of projects. • Specific requirements of projects and a low possibility of using the same data set in other projects. • Low emphasis on software education and training (historically). • A perception of QDA software as being linked with quantitative thinking and its 'avoidance on principle' by qualitative researchers; traditional reluctance of qualitative researchers towards software use. • Wider usage of the 'immersion' style in qualitative marketing research. 	<ul style="list-style-type: none"> • Long and steep software learning curves. • The necessity to achieve a complete understanding of QDA software in order to use it effectively. • High cost of the software (combined with relative market immaturity). • Complexity of QDA software and qualitative analysis; lack of user friendliness. • Positioning QDA software as a tool for coding and retrieval. • Software ability to facilitate primarily the editing (detailed) style in qualitative analysis

in conducting a computerised study using inexperienced researchers, who may be tempted to skip over the process and perform 'quick and dirty' research. Qualitative research and software experience were found to be of high importance for successful usage of QDA software. This idea flowed out of the following findings:

- A negative attitude on the part of inexperienced and poorly informed researchers towards software use.
- A high level of satisfaction with QDA software, expressed by experienced researchers.
- The greatest problem in software usage was the concern arising from an inexperienced researcher performing low-quality research, which from the client's perspective looked sophisticated.
- A long and steep learning curve and the expressed importance of good training and support for researchers in software choice.
- Generally qualitative research experience is obtained prior to software usage (the average researcher only started using QDA software after ten years' research experience).
- Dissimilarities in software perceptions between experienced and inexperienced program users.
- Conscious assessment of the advantages and limitations of software made by experienced software users.

It was noted that effective use of software could be achieved only when the user reached a high degree of software familiarisation through experience and training, termed by Gilbert (2002) a 'meta-cognitive shift'. At this stage the researcher might even doubt the possibility of proper analysis without software.

Findings confirmed limited usage of QDA software in the commercial arena. Of the 46 Irish marketing research firms that responded to the survey, only seven had ever used software for analysis of qualitative data. It was revealed that the unwillingness to perform qualitative analysis by means of QDA software resulted from the following: poor awareness of software among commercial researchers; consideration of QDA software as a means of 'quantification'; paradigm intolerance; the nature of qualitative research and reliance on the 'best computer in the world' (human brain) in the analysis; lack of QDA software training; the nature of the commercial research environment; and a poor reflection in QDA software of the requirements of commercial researchers (for example, inadequate manuals and lack of user-friendliness on the part of QDA software).

The study revealed that qualitative software packages were employed only occasionally, and primarily for specific purposes (such as international comparative studies, moving from the qualitative to quantitative phase of research, or capturing a focus group atmosphere). A comparison of all qualitative projects with projects undertaken by QDA software revealed a shift towards a higher degree of methodological convergence in the software-assisted projects. The projects employing QDA software used a wider spectrum of qualitative data analysis techniques. Although there is no direct connection between the grounded theory approach and QDA software, it was found that CAQDAS primarily facilitates an editing research style, focusing on data categorisation and the exploration of patterns, representing 'grounded theory'-like analysis. However, the holistic or interpretive style in qualitative research, providing for intuitive exploration, seemed to be a more popular analytical approach in marketing

research. The nature of the marketing research industry and commercial projects and the characteristics of the research software have become major sources of conflict, making commercial researchers reluctant to employ QDA software. The conflicts identified in Table 1 were particularly noteworthy.

Conclusion

This study found a limited usage and general reluctance towards using qualitative data analysis software. At the core of this is the perceived link between QDA software and quantitative thinking; qualitative data analysis undertaken with the aid of a computer was perceived as being 'quantitative like'. Furthermore, the long and steep learning curves implicit in QDA and the necessity to achieve a high level of QDA software familiarisation conflict with the time pressures of the commercial marketing research environment. Overall, the findings suggested that the main reasons for the reluctance to use QDA software are its unsuit-

ability for commercial marketing research and poor reflection of the requirements of commercial researchers in QDA software.

The evidence from this research is of low uptake of QDA software; despite this, researchers claimed they remained open-minded and ready to be convinced otherwise. The challenge, therefore, for software developers is to create packages that reflect the unique needs of the marketing research industry. In addition, the findings reported here point to the necessity for more user-friendly packages and manuals. There is clearly some way to go to overcome the perceived quantitiveness of QDA software and for the marketing research industry to reap the rewards promised by QDA software. Further research is recommended in order to uncover methodological understanding of new approaches in research design and software usage, specifically ways of using computers for less structured qualitative exploration.

Authors

Elena Bezborodova began her career as a social researcher before taking up an academic post in the school of business studies at a Technological University in Southern Russia. Since 1999 she has been living in Ireland and completed a master of business studies (research) at Letterkenny Institute of Technology in 2003.

Billy Bennett is a lecturer in marketing at the school of business studies in Letterkenny Institute of Technology. He is a graduate of Dublin Institute of Technology and Trinity College Dublin. His main research interests lie in the areas of marketing research, entrepreneurial marketing, and small business training and development.

References

Barry, C.A. (1998), 'Choosing qualitative data analysis software: Atlas/ti and Nudist compared', *Sociological Research Online*, vol. 3, no. 3.

Charmaz, K. (2000), 'Grounded theory: objectivist and constructivist methods', in N. Denzin and Y. Lincoln (eds.), *The Handbook of Qualitative Research*, vol. 2, Sage, Thousand Oaks, CA.

Conrad, P. and S. Reinharz (1984), 'Computers and qualitative data: editors' introductory essay', *Qualitative Sociology*, vol. 7, pp. 3-15.

Drass, K. (1989), 'Text-analysis and text-analysis software: a

comparison of assumptions', in G. Blank, J.L. McCartney and E. Brent, *New Technology in Sociology: Practical Applications in Research and Work*, Transaction, New Brunswick, NJ.

Ereaut, Gill (2002), *Qualitative Market Research: Principle and Practice*, seven volume set, Sage, Thousand Oaks, CA.

Fielding, N. (2000), 'The shared fate of two innovations in qualitative methodology: the relationship of qualitative software and secondary analysis of archived qualitative data', *Forum Qualitative Sozialforschung/Forum: Qualitative Social Research*, vol. 1, no. 3, Dec.

Gilbert, L. (2002), 'Closeness and distance with NUD*IST', *The QSR Newsletter*, no. 18, July.

Glaser, B.G. and A.L. Strauss (1967), *Discovery of Grounded Theory*, Aldine, Chicago.

Gordon, W. and R. Langmaid (1998), *Qualitative Market Research: A Practitioner's and Buyer's Guide*, Gower, London.

Hill, J. and P. McGowan (1999), 'A qualitative approach to developing small firm marketing planning competencies', *Qualitative Market Research*, vol. 3, no. 2.

Miles, M.B. and A.M. Huberman (1994), *Qualitative Data Analysis: An Expanded Sourcebook*, Sage, London and Thousand Oaks, CA.

Shelly, A. and E. Sibert (1985), *The Qualog User's Manual*, School of Computer and Information Science, Syracuse University, Syracuse, NY.

Winn, M. and R. Keller (2001), 'A modeling methodology for multiobjective multistakeholder decisions: implications for research', *Journal of Management Inquiry*, June, vol. 10, no. 2.

Review Essay

BRANDING AND THIRD WORLD DEVELOPMENT: DOES ANHOLT'S BRAND NEW JUSTICE MAKE SENSE?

John Fanning

The central premise of Simon Anholt's recent book¹ is that branding could hold the key to the economic problems of the less developed countries. This may raise eyebrows from world development agencies to Bono and Geldof, but Anholt makes a reasonably convincing case in a book that is constantly thought-provoking but sometimes leaves the reader, or at least this reader, a little perplexed. The problem is that there are three central themes which, although interlinked, are not always sufficiently well integrated in the way the book is organised.

The three themes are: first, the possibility that if poorer countries of the world were able to think in terms of developing brands instead of exporting their produce for the richer countries of the world to brand them for them and therefore garner most of the resulting profits, they would be much better off; the second is about how this transformation could come about; and the third is about the importance of national brand images for the future prosperity of nations.

The first and most substantive premise is about how branding could offer a solution to the economic problems of the less developed countries. The argument is straightforward enough: at present underdeveloped countries export too much raw primary produce, leaving the processing and marketing to be added in wealthier countries. If this process could be reversed, with the finished product being completed in the underdeveloped country, there would be a number of economic benefits including more employment and significantly improved export earnings.

Anholt makes an eloquent plea for the poorer countries of the world to be given a fairer deal and exposes some of the ruthless exploitation of these countries by wealthy nations that while loudly preaching the virtues of free trade on the one hand, load the tariff dice unfairly with the other. He quotes the example of the US, where the average tariff applied to the top 15 Brazilian exports was over 45 per cent compared to the equivalent tariff in Brazil of 14 per cent on the

top 15 US exports. In passing he also notes that the increasing power of the emerging global grocery chains, for example, Wal-Mart and Carrefour, means that they could in theory bankrupt an underdeveloped country by switching suppliers of a commodity product. However, Anholt's branding proposal suffers a little because although branding could play a useful role, it is simplistic to assume that it could work on its own. To be fair, Anholt doesn't specifically state this, but by not discussing the proposal in the context of the considerable volume of literature that already exists about Third World development he runs the risk of his worthwhile ideas being ignored by the very people who are in a position to do something about them. In particular, John Kay's recent book² on the subject in which he discusses why some nations remain chronically poor is worth considering, in particular Kay's key point that the real reason why some countries are rich and some are poor is deeply embedded social, legal and political structures stretching back for many years in the former and not in the latter.

The middle section of the book is taken up with a long list of existing brands from underdeveloped countries that are starting to make their mark in the markets of the developed world. One of the most interesting examples is a brand of perfume, Urvashi, developed by an Indian entrepreneur which is the highest priced brand in upmarket retail outlets in Paris. It is easy to understand how valuable this is for the Indian economy. The more common practice would be for the raw materials required for the perfume to be sourced in India, or wherever, with the branding and marketing being carried out by some global business owned and based in the West. A very interesting point made on a number of occasions is the advantage accruing to national morale when a brand from an underdeveloped country manages to succeed in bigger markets. He quotes a Jamaican newspaper columnist writing after the island gained independence in 1962: 'the real date of independence

1. Anholt, Simon (2003), *Brand New Justice: The Upside of Global Branding*, Butterworth-Heinemann, Oxford.

2. Kay, J. (2004), *Culture and Prosperity: The Truth about Markets – How Some Nations are Rich but Most Remain Poor*, Penguin Books, Harmondsworth.

should have been 1926 when we established our self-respect and self-confidence through the production of a beer (Red Stripe) far beyond the capacity of mere colonial dependents’.

There is little doubt in my mind that Anholt’s central thesis is valid: ‘as it stands poorer countries are enmeshed in various patterns of behaviour which keep them poor and one of these is selling unbranded goods to richer nations at low margins’. There is an echo here of the oft repeated complaint made in Ireland in the 1950s and ’60s that we were exporting our most valuable raw material ‘on the hoof’ and thereby losing out on the wealth that we could create by processing and branding at home. In the event our beef industry did develop in a way that provided greater wealth in terms of employment and export revenue, but in spite of numerous efforts to create a more consumer branded presence, including the famous outdoor poster with the butcher’s table in the middle of a field over the legend ‘Great Grass makes Irish Beef Great’, we still haven’t created a credible international Irish beef brand.

The second theme of the book is how poorer countries can become more successful at producing more branded goods. There are no easy answers to this one but Anholt has two surprising suggestions. For a start he argues for a degree of direct government intervention, which is unusual in this day and age given how unfashionable any level of interference is in the divine workings of the ‘free’ markets. The author quotes examples from Japan, Taiwan and Korea, all very successful economies with successful world brands, and countries where there has been a high level of government intervention: ‘All three countries produce world beating brand names in valuable and profitable sectors – none of this has happened by accident, economists often assume that such miracles are primarily the results of free trade whereas development capitalists put it down to industrial policy and systematic state intervention’. In Korea the government is going so far as building a ‘Brand Academy’ to train 500 specialists every year in brand management. Anholt’s second suggestion is more controversial: ‘part of the reason why the central idea of Brand New Justice appeals to me is because it represents an opportunity for my own industry to do itself some credit and undo some of the harm that it has done during the last century’. The explanation for this is that the author has become a little disillusioned with his profes-

sion, believing that it has been a major contributor to the increasing materialism and obsessive commercialism of today’s western society where we are, he claims in a neat phrase, ‘dying of consumption’. This is an interesting philosophical point which we may well be hearing much more of, and it ties in very much with what our own ombudsman has been saying recently about ‘tip-toeing back to the churches’. However, Anholt’s practical proposal arising from these musings is that the brand management profession in the West should develop its own version of Voluntary Service Overseas to offer help to underdeveloped countries in creating and managing their own brands. I can see huge practical difficulties in implementing this proposal, but if these could be overcome it could have considerable appeal both to potential volunteers and to potential recipients. The author mentions that the obvious way to start an initiative like this would be for some of the global branded goods companies to offer the service in developing countries. He also mentions the growing fair-trade movement and the success of Cafédirect in the UK. I would have thought that this represented the most practical and hopeful sign of progress in this area, but the author doesn’t really integrate this development into his wider argument. Cafédirect is now the UK’s third largest roast and ground coffee brand, sales have grown on average by 20 per cent in the past seven years and a public share offering last year was oversubscribed.³ An even more radical development closer to home is the new line in ethical couture being introduced by Ali Hewson, wife of the above-mentioned Bono. This new fashion label with its own brand name, Edun, is based on making beautiful clothing in developing countries with the intention of providing sustainable employment and providing trade potential. Factories have been set up in Peru and Tunisia with a further one planned for Lesotho.⁴

The third and final theme of the book is the whole question of the branding of nations themselves. To some extent this is the most interesting area for Irish readers because the image of Ireland is such an important issue for us. It is also a subject that the

3. Barr, S. (2005) ‘Taking real responsibility: Cafédirect’, *Admap*, Jan.

4. Mitchell, S. (2005), ‘Ethical couture’, *Sunday Business Post*, 6 March.

author has written about in the past and on a professional level he is a consultant to a number of governments, working with them to develop their countries' brand image.

The brand image of countries has traditionally been discussed only in terms of the 'made in' factor, in other words, how country of origin affects brand choice. There is a huge volume of literature on this subject and the main conclusions are that country of origin is often a significant factor in purchasing decisions.

We have been interested in the subject in McConnells for some time, and in the 1970s when we were working with the IDA in creating the 'Young Europeans' campaign we found it useful for planning purposes to consider Ireland as a brand. This was fairly revolutionary at the time, and even now, when many countries are actively considering brand campaigns, the word 'brand' still causes offence when applied to countries: 'The concept of the nation as a brand seems to excite visceral animosity in some people – but it is not the concept itself they detest so much as the word brand which appears for some people to have trifling and superficial implications unworthy of the national idea'.

But whatever nomenclature is used, the fact of the matter is that the brand image of a country is too important to dismiss because it can have a significant effect on a country's economic prospects: it will affect capacity to attract overseas investment and therefore jobs; it can affect the number of people who are prepared to visit the country and therefore tourist revenue; and it can affect the number of people who are prepared to buy goods from the country and therefore export revenue. So whether we like it or not, or whether we call it brand image or reputation, it's a big issue. Anholt writes well on the subject and he believes that governments should take the initiative and manage their brand image in a more systematic manner.

He discusses a number of countries in this respect, including America, Japan and Scotland. He quite rightly regards America as one of the strongest if not the strongest brand of all, which has had a very clear identity over the years and a core proposition built around the single-minded concept of freedom. This has been built over the years by a range of positive attributes, a definitive youth lifestyle, sporting

prowess, technological supremacy and above all what Anholt calls 'the world's best advertising agency: Hollywood', which has been producing one and a half-hour commercials for over a century that people all over the world actually pay and queue up to view. He does go on to say that the image is probably not as powerful now: 'we may have passed the peak of Brand America's international appeal, the world's love affair with America isn't exactly over but it is a love affair that is no longer blind and unquestioning'. In dealing with the obvious difficulty of managing and in particular attempting to change the image of a country compared to a commercial brand, he refers to Japan, which did manage to undergo a radical transformation in its image in the 1970s and '80s from a country primarily associated with cheap, low-quality imitation products to a high-tech innovative successful brand image. Ireland rates only a single cursory mention but he discusses Scotland in some detail, and makes the intriguing suggestion that the nineteenth-century writer Sir Walter Scott was the main originator of the Scottish brand image: 'Scott almost single-handedly defined the image of modern Scotland right down to the tartan, the brand's corporate identity, the kilts, the bagpipes and the dialect'. A similar point⁵ has been made about Ireland with reference to another writer, W.B. Yeats, whose conscious attempt to re-define the image of Ireland in the late nineteenth and early twentieth century is still relevant today.

Anholt goes on to discuss the difficult issue of managing the image of a country. As we have seen, even raising the subject of the brand image of a country can be very controversial. If this little hurdle can be overcome, the task of defining the existing brand image is fairly straightforward; after all, if you have convinced even the most recalcitrant civil servant that the country's brand image could be important they will be eager to know what the existing brand image looks like. Although everything in this area should be treated with caution, the author mentions the story of a well-known UK adman charged with finding out what the public thought about New Zealand and having to report back that they didn't! This will of course have changed a little now as New Zealand tries to cash in on its post-Tolkien image. 'Countries today are branded goods to be mer-

5. Fanning, J. (2004), 'W.B. Yeats: Nobel laureate, brand guru', Irish Academy of Management Annual Conference papers.

chandise around the world – New Zealand has re-launched itself as Tolkien's Middle Earth and the national airline's Boeing 747s are painted with warlocks.' Once we know what the current brand image is there will also be considerable interest in discussing what it could be using the panoply of planning tools now available for this type of work. It's only when how the brand image of a country is going to be managed comes up that the subject becomes really controversial. The valid point is made that in the commercial world the most successful brand managers often have to adopt a fairly heavy-handed approach in order to achieve their brand objectives. This is obviously not going to work in a democratic society, so if you are able to persuade the political establishment to take the issue seriously some form of official process needs to be put in place to oversee the implementation of the management process. Anholt suggests that the first rule of branding a country is to be acutely conscious of the limits of what can and can't, and should be, achieved. Making changes to a country's brand image is a much more difficult task than carrying out a similar exercise in the commercial world: the nation's brand is like a supertanker that takes five miles to change course and eight miles to stop. 'In many cases all the "manager" of the nation brand can realistically hope to do is to identify and isolate the positive existing perceptions of the country and calculate how to enhance whatever contributes to these in the country's external communications while downplaying anything that doesn't.' Anholt doesn't shirk the most potentially lethal minefield of all in this area: the degree of involvement of the wider population. Technically a nation brand is a service brand, and it is now widely accepted that the staff of any service company are a critical component in the delivery of service brand communications and, through their attitudes and behaviour, a critical element in the formation of an overall brand image. Ideally, therefore, the entire population should be fully aware of the development of the nation's brand

image and of their own role in forming that image: 'when the entire population is galvanised into becoming the mouthpiece of a country's values and qualities then you have an advertising medium which is actually equal to the enormous task of communicating something so complex to so many'. Depending on what the recommended or agreed image is, this suggestion could have some horrendous consequences, with the entire population of Ireland behaving like out-of-work actors in a nationwide Bunratty-type theme park.

This book raises a range of issues that go way beyond the immediate concerns of brand owners and managers and their marketing communication advisers. The core hypothesis that greater emphasis on branding could mean greater prosperity for the more underdeveloped countries of the world is valid, but if it is to go any further it will need to be put in context with the more detailed analysis of Third World economic problems, and case histories like the Irish beef industry.

The idea of transferring brand expertise from the developed world to the underdeveloped world is equally valid but would ideally be best achieved by multinational branded goods companies taking the initiative in conjunction with local entrepreneurs or development agencies, or both. The branding of nations is to some extent a separate issue, although there is some overlap. It is a critical issue for this country. We have benefited from an extraordinarily favourable image over many years, which was initially constructed by a determined and talented group of artists and intellectuals at the end of the nineteenth and the beginning of the twentieth century. Given the dramatic changes that have taken place in Ireland in the past decade it may now be time to take a fresh look at our image and how it can best be exploited and managed in the future. This book provides a useful starting point for such a debate.

Author

John Fanning is chairman of McConnell's Advertising Service Ltd., Ireland's largest indigenously-owned advertising agency. He has had a distinguished career in advertising services

for over 35 years, and has written many articles for journals and conference forums. He is a past chairman of The Marketing Institute and The Marketing Society.

IRISH MARKETING REVIEW

Volume 17 Number 1 & 2

CONTENTS

ARTICLES

- 3 **Power and Disciplining: Bringing Foucault to Marketing**
Edward Kasabov
... this study of negative consumption and of consumers, dissatisfied in the context of a service provision, explores issues of control, power and normalisation on the part of organisations towards their consumers.
- 13 **The Determinants and Consequences of Consumer Trust in E-Retailing: A Conceptual Model**
Caroline Bramall, Klaus Schoefer & Sally McKechnie
... presents a testable model describing the relationship between the determinants and consequences of consumer trust in e-retailing.
- 23 **Managing Customer Retention in the Health and Fitness Industry: A Case of Neglect**
Teresa Hurley
... findings indicate the need for a change in company culture and strategy, with greater emphasis by senior management on member retention as opposed to new member acquisition.
- 30 **Managing Corporate Rebranding**
Aidan Daly & Deirdre Moloney
... presents a case history of Vodafone's external and internal communications strategy when rebranding Eircell to Vodafone, and proposes a corporate rebranding framework.
- 37 **A Snapshot of Public Opinion on Biotechnology and GM Foods at the Turn of the Twenty-First Century**
Elaine O'Connor, Gwilym Williams, Cathal Cowan, John O'Connell & Maurice P. Boland
... analyses the results of surveys – as well as the survey methodologies – in order to assess the credibility of the data on consumer attitudes to biotechnology and genetically modified (GM) foods.
- 49 **An Investigation into the Non-Usage of Qualitative Software in the Marketing Research Industry**
Elena Bezborodova and Billy Bennett
... long and steep learning curves, and the necessity to achieve a high level of qualitative data analysis (QDA) software familiarisation, are among the major barriers for researchers in the commercial sector.
- 53 **Review Essay**
Branding and Third World Development: Does Anholt's Brand New Justice Make Sense?
John Fanning
... considers the realism of the central premise of Simon Anholt's recent book that branding could hold the key to the economic problems of less developed countries.