



A new conceptual framework for business-consumer relationships

Business-
consumer
relationships

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Received June 2006
Revised July 2007
Accepted August 2007

Abstract

Purpose – The purpose of this paper is to investigate the complex of factors affecting the present and future of empowered consumer behaviour that has evolved in developed countries, and to apply the outcome to the construction of a conceptual framework for the contemporary business-consumer relationship.

Design/methodology/approach – Drawing on a wide literature, a large number of macro- and micro-environmental elements are woven into a unique and personal view of the business-consumer relationship in developed countries.

Findings – This research examines the gradual formation of a dynamic equilibrium between consumers' rising power and businesses' enhanced ability to affect consumers' perceptions. Furthermore, consumer "needs" are found to be increasingly manifested into "wants" which are intangible, of obscure value, affective in nature and vulnerable to marketing communications.

Research limitations/implications – The paper maintains an idiosyncratic approach to the subject, aiming to generate scholarly discussion and further research, not to offer definitive answers. Pointers are offered to further studies to test the validity of the proposed framework.

Practical implications – It is hoped that the new conceptual framework may help marketing strategists and planners to better understand patterns of consumption in developed countries, and their causes. Branding seems to hold strong promise as a means to manage the business-consumer relationship in the twenty-first century.

Originality/value – Though not quite a "Viewpoint", this paper contains much food for thought.

Keywords Consumer behaviour, Social environment, Channel relationships, Industrial countries

Paper type Conceptual paper

Introduction

Few tasks are more challenging than to successfully compete in the business arena of the developed countries. The extent and intensity of competition and the strict, complex legal and regulatory environments, together with the knowledgeable and demanding business and consumer markets, ensure that the organisations that succeed are truly worthy of the many and great benefits realised.

Embarking on business in developed countries demands an ability to handle a multitude of factors and forces simultaneously, plus the wisdom to acknowledge that all segments of any organisation form a chain that binds and supports it: one which is, however, only as strong as its weakest link.

Taking a "helicopter" view of the business-consume relationship, this paper will interweave the vital forces involved into the fabric of modern marketing theory. It will



deal with macro- and micro-environmental subjects only in the context of marketing, exploring their effect on consumer behaviour, and prioritising each according to its relative weight in relation to business. The analysis of this large and convoluted system will build to a tentative new framework for conceptualising the business-to-consumer relationship in a complex world. It will of course, be idiosyncratic, and by no means definitive. The aim is to generate scholarly discussion and further research.

A general assumption will be that the term “developed countries” defines those nations accepted as being the most advanced, not only economically but also in terms of the social and cultural development of national consumption behaviour. In the literature, they are characterised by:

- high-economic productivity and per-capita income and low inflation;
- high-labour costs and quality;
- regulation of working conditions and organisation of labour into powerful groups;
- relative freedom in business activity (Chan and Chui, 2004; Keegan and Schlegelmilch, 2001; Steiner and Steiner, 2000) despite legislation and self-regulation;
- high levels of education and administration;
- excellent transport and communication infrastructures;
- technological superiority;
- increasing emphasis on delivering services versus manufacturing and agricultural production (Paladino, 2005; Keegan and Schlegelmilch, 2001; Fitzsimmons and Fitzsimmons, 2001);
- emphasis on knowledge and information;
- general stability; and
- socio-cultural environment that supports personal and collective development and expression.

A world in transformation and the role of developed countries

Change in the marketing environment is the consequence of events caused by, among other things, historical forces or streams of related events such as the industrial revolution, the impact of dominant ideologies, inequalities in the human condition, science and technology, the rise of nation-states and great leaders ... and chance (Johnson and Stewart, 2005; Hong *et al.*, 2004; Steiner and Steiner, 2000).

This first decade of the third millennium finds the world changing at a once unimaginable pace, with organisations struggling to keep up and consequently experiencing severe difficulties in their longer-term planning. Globalisation is shrinking distance, even eradicating it, and bringing down physical and cultural frontiers. Technological advances, cultural diversity, economic integration, political change, and human social evolution are forcing the business world to add a new word to its dictionary: “globality” (Akhter *et al.*, 2003; Ball *et al.*, 2002).

The developed countries lie at the heart of these changes, being the historical main originators and driving forces behind the incessant reorganisation of our world and, equally importantly, our view of it. Their combined power, ability and influence – their “presence” on the world stage – have played a critical role in pulling or pushing almost

every nation into a pattern of change and integration. This intricate ballet has been choreographed, perhaps for the first time, not by an elite of powerful individuals or nations but by the spontaneous combination of investment, technology, information, politics and the media.

Current consumer behaviour in developed countries

Patterns of consumption are unquestionably and considerably different in developed countries, in ways identified to be explored next. “Consumer behaviour” is defined as the activities people undertake when obtaining, consuming, and disposing of products and services (Blackwell *et al.*, 2001). Its significance rests on the foundation of modern marketing philosophy, which recognises the consumer as being the focus of all marketing activity, and asserts that the successful business must be able to collect and use customer intelligence if it is to achieve its organisational, business and marketing objectives.

In developed countries, the influence of the consumer on business has been steadily increasing over the past few decades, crowning them as sovereign among the forces shaping the business environment (Kotler *et al.*, 2005; Blackwell *et al.*, 2001). The effect of this consumer self-determination and self-confidence is profound at every step of the consumer-decision process, in contrast to the situation in less developed countries (Teng *et al.*, 2007; Laroche *et al.*, 2003). To study and understand the processes by which consumers buy and consume goods and services is therefore frequently the key to business success.

Consumer motivation

At the heart of consumption in developed countries is the complex of personal, internal, psychological motivations that underpin buying behaviour, and those must first be understood. Maslow’s (1943, 1954) hierarchy of human needs is still one way to achieve this understanding, despite its origin more than half-a-century ago. Though, it has a number of weaknesses that diminish its reliability as a process of understanding motivation at the individual consumer level (Robbins, 2003), especially today, it can be usefully applied at the collective level. The differences between consumer behaviour in developed and less developed countries can be seen as a function of the average consumer’s position in the hierarchy of needs: stuck at the first two levels (physiological and safety needs) or moving upwards to the satisfaction of the higher-order needs (affiliation, esteem, self-actualisation). Although this progression is widely taken for granted today, and can theoretically explain collective consumer behaviour in almost any country, the literature suggests that there are forces in the external environment of developed countries that combine with individual motivation to exert parallel upward pressure. Thus, the momentum towards the satisfaction of higher needs is greater, for the same basic impetus, in a developed consumer society.

The characteristics that characterise such societies are those which push the average individual motivation to consume to disproportionately high levels on the scale, primarily through the effect of higher collective expectations on individual behaviour. This not only results in different motivators (Rayner and Easthope, 2001), but also in considerably more complex motivational processes, themselves resulting in quantitative and qualitative upgrades in the decision-making process of the average consumer in a developed country (Esch *et al.*, 2006; Yi and Baumgartner, 2004).

Choices and decisions

The standard consumer behaviour text book by Blackwell *et al.* (2001) introduces the popular and resilient Engel-Kollat-Blackwell model of consumer decision making, first devised in 1978, which sets out the sequence of mental and physical steps taken by consumers from the point of realisation that they want a certain product or service to the time when it becomes surplus to their requirements, and is disposed of.

The first step, need recognition, is triggered by a combination of individual and environmental influences, and is typically more straightforward in an advanced society when the needs in question are, in Maslow's scheme, "physiological" (food, water, shelter, and so on). The attention of consumers in developed countries normally focus on the satisfaction of other needs (Rayner and Easthope, 2001). Even when they do in fact relate food and water, satisfaction is usually aimed at a higher level, such as the esteem to be gained from buying and consuming exotic foods or "designer" mineral water. Consequently, "need recognition" although authentic in the sense that it requires the satisfaction of fundamental human requirements, can be artificially directed towards specific products or brands, primarily by marketing communications, thereby temporarily or even permanently changing tastes, preferences, attitudes and beliefs.

The factors facilitating this phenomenon in developed countries include: the high-average income level that not only delivers higher disposable income and greater buying power but also permits discretionary spending on objectively unnecessary products and services; the proliferation of marketing communication channels with high reach and impact, which stimulate and even create need recognition; a socially perceived correlation between consumption of goods and services and the quality of life; and a very real need for technologically innovative new products that make life easier (Solomon, 2004; Hawkins *et al.*, 2004; Schiffman and Kanuk, 2004; Blackwell *et al.*, 2001).

Following the recognition of the "need" the consumer enters the stage of search for information, the intensity of which will depend on the price to satisfy the need, perceived urgency, and subjective estimation of the value of satisfaction. The search may be internal, for information already stored in the memory, or external, for information to be gathered from peers, the media or the marketplace. The sources of information may be marketer-dominated, or not. In developed countries, though input from such ostensibly impartial sources as friends, family or opinion leaders is accorded considerable importance, there is comparatively more information to be gained through marketer-dominated channels. The imbalance is attributable to the steadily increasing number and variety of channels available, technological developments, a level of general education that results in greater and more sophisticated demand for information, which businesses gladly satisfy, and the existence of products and services that depend on intense interactive communication (Solomon, 2004; Hawkins *et al.*, 2004; Schiffman and Kanuk, 2004; Feldwick, 2002).

At the third level of the model, pre-purchase evaluation of alternatives, a number of significant characteristics differentiate consumers in developed countries from the rest. As already noted, they are more educated and enjoy easier access to valuable information through abundant channels, while intense competition in the marketplace permits direct comparison of prices that maximises the value obtained. Furthermore, a strict regulatory environment and the existence of vigilant consumer-protection organisations provide relative assurance against unsafe or fraudulent products

and services, reducing the need for a critical parameter. Finally, a characteristic of developed consumer societies is the relative value placed on brand names: the appreciation, trust and loyalty accorded to specific brands (Schiffman and Kanuk, 2004; Brassington and Pettitt, 2003; Feldwick, 2002; Kapferer, 1997).

At the next stage in the process, the consumer considers five central questions: whether to buy, when to buy, what to buy, where to buy it and how to pay. The answers of questing would-be purchasers in developed countries are of course, typically very different from those to be expected elsewhere in the world. Higher disposable income is a main factor again, but better infrastructure, stronger competition and more distribution channels offer many more options. “Where” is not simply a matter of convenience, but also of preference. Personal and social motives play a proportionally greater role in developed countries, where considerable value is placed on the shopping experience itself, and choices are made on the basis of physical surroundings, atmosphere, service and clientele. Furthermore, the internet, telemarketing and satellite channels have given consumers numerous opportunities for “virtual shopping” especially welcomed by busy people seeking convenience and speed. Finally, wealth and technology have diversified the method of payment considerably. The answer to “how” is seldom with cash, but rather by credit and debit cards, via the internet or by telephone (Reedy and Schullo, 2004; Solomon, 2004; Hawkins *et al.*, 2004).

The fifth level of the Engel-Kollat-Blackwell model brings the consumer beyond decisions and choices to the process of consumption. The focus is on when the product is consumed, where, how and in what quantity. The developed countries are characterised not only by the familiar fact that comparatively less consumption is related to immediate practical needs, and more to social and cultural needs, but also by the increased emphasis on the “consumption experience” (Watson and Spence, 2007; Blackwell *et al.*, 2001). The subsequent post-consumption evaluation stage reminds us that, although the needs and wants of consumers in industrialised countries are diverse, the fundamental question of satisfaction or dissatisfaction is a constant. This evaluation is clearly subjective and personal, reflecting the relative weighting of shopping and product experience, and social and aesthetic factors (Hawkins *et al.*, 2004; Schiffman and Kanuk, 2004; Blackwell *et al.*, 2001).

In developed countries, the final act of the consumption process, the “divestment” decision, will often be made for subjective reasons, not because the product has worn out or the service is no longer needed. Clothing and the dictates of fashion are a clear example. Furthermore, a major cultural shift to environmentalism, and the consequent pressure on consumers, businesses and governments to choose eco-friendly raw materials and recycle used materials, are having a profound effect on consumer behaviour during and after divestment (Fraj and Martinez, 2006; Blackwell *et al.*, 2001).

The time factor

A crucial constraint on consumer behaviour not invoked by the Engel-Kollat-Blackwell model is the availability of discretionary time. In developed countries, people working longer hours, despite their affluence, and fill their “spare” time with non-productive activities that are nevertheless formal and important to them. This pattern of work and leisure behaviour considerably decreases the time available for the kind of stepwise, structured decision-making implicit in the model, and introduces time-saving into the

process as a critical parameter. There is thus a paradox in consumption in developed countries: people enjoy discretionary income and considerable choice, but are short of discretionary time in which to exercise either.

This phenomenon has had easily visible repercussions in the business environment. Fast food, drive-through “restaurants” and banks, home delivery, supermarkets and hypermarkets, outsourcing of domestic tasks such as laundry and gardening, microwave ovens: these and many more are products and services that largely exist to reduce time-cost for consumers. Less familiar forms of behaviour with the same aim are quickly gaining ground in developed countries, such as “polychromic” use of time (Blackwell *et al.*, 2001): simultaneously eating and watching, working on a laptop in the train, and so on. Not surprisingly, this amplified value of time will in fact have a profound effect on each of the seven steps of the Engel-Kollat-Blackwell model, perhaps even changing their sequence. Time constraints alone are frequently enough to trigger fast progress through the need-recognition stage; searching for relevant information demands more input in less time; evaluation of alternatives and the purchase process itself set efficiency as a key decision parameter; and fundamental questions such as where, when and how are frequently replaced by “How long?”. Time-efficiency will of course, be a false economy if the outcome is rushed decision making.

Personality

We have seen that consumer behaviour is a result of a combination of factors. Some belong in the wider consumer environment, such as culture, social context and family, and others are specific to the individual, such as personality, values, attitudes and lifestyle. Theorists have approached these human attributes in many ways. With regard to values, for example, the essence of most measurement methods is to describe individuals according to specific traits and characteristics, and then to categorise them as being of a specific type on a tried-and-tested scale (Solomon, 2004; Schiffman and Kanuk, 2004; Blackwell *et al.*, 2001). Categorisation can be similarly carried out by reference to demographics, psychographics, lifestyle, and many other variables, and forms of consumer behaviour associated with each category.

Within developed countries, no specific collective trend can be discerned with regard to the influence of personality on consumer behaviour, but some commonalities can be, including attitudes and values with regard to social and personal freedom and dignity, respect for the natural and built environments, and the drive for achievement (McEachern *et al.*, 2007; Robbins, 2003; Laroche *et al.*, 2003; Laroche, 2002; Maniyiwa and Crawford, 2002; Mukherjee and Hoyer, 2001; Cronin *et al.*, 2000).

Age

One key demographic characteristic of developed countries is a low-birth rate and high-average life expectancy. The result is a changing age profile in the population, with the average rising fast. In concert with high-income levels, this means that target markets include a significant proportion of older, often high-income and time-affluent consumers. (The latter characteristic does not contradict the argument about time-poverty introduced earlier; the assumption is that the driven lifestyle will eventually be replaced by a more relaxed retirement.) Another consequence is the increasing importance of the young as a valuable segment, on account of their own purchasing power, and their influence on the purchase decisions of their parents and

other older members of the extended family. Teenage disposable income in developed countries is by no means a minor consideration for many marketing planners, such sectors as music, publishing, broadcasting, clothing and computer games (Rundle-Thiele, 2005; Blackwell *et al.*, 2001; Terpstra and Sarathy, 2000).

Cultural and social norms are equally important. Though each developed country will have its own, with distinctive associated habits and behaviour, there are commonly shared characteristics. Starting with values and beliefs that fundamentally shape culture and society in the world's main ethnic blocs, influences on local consumption will include family, religion, education, peers, media, and early lifetime experiences (Blackwell *et al.*, 2001). In developed countries, all of these have been changing fast.

Social institutions

From a standpoint in Mediterranean Europe, it is especially interesting to contemplate the diminishing role of the family in consumer socialisation. The generations tend to be spending less time together, single-parent households are becoming more common, both parents (if there are two) tend to be career-orientated, and children may spend more time either in school or in other formalised activities. In short, the family is becoming more isolated and "nuclear" with a consequent loss of heritage and continuity (Kotler *et al.*, 2005; Blackwell *et al.*, 2001). The consequences for consumer behaviour impinge directly on everyday life in ways already noted: ordering-in meals instead of cooking, sending out the laundry, babysitting, and so on. A secondary effect is a shift in the *locus* of influence on consumer behaviour from the family towards peer-groups and the media.

From the same standpoint in Mediterranean Europe, the decline of religious influence is equally intriguing. The causes are other fundamental cornerstones of cultural life. More and better education increase the probability that a society's universal truths and order will be questioned; freedom of speech and cultural diversity give rise to many alternatives to mainstream religions; liberalisation of economic activity can result in religious organisations turning into businesses and disorientating the faithful with their new ways and manners. This pattern is neither clear nor constant across the developed world, though it has been noted that religious influence on consumer behaviour is actually increasing in the USA in the early twenty-first century, for complex historical and political reasons (Solomon, 2004).

National cultures (as distinct from nationalism) seem also to be exercising diminishing influence in developed countries. The causes are globalisation, diversity, better teaching of history, media influences, pragmatism, even (at times) conscious direction by the nation-state, and no doubt many others. In the European Union, for example, despite the drive of member governments to protect their national identities, there is a parallel aim to bring the peoples of Europe closer together, two aims that clearly contradict one another to some degree. Cultural diversity within developed countries an national blocs has in fact increased the effect on consumer behaviour of nationality-based subcultures (Angelis *et al.*, 2005; Schiffman and Kanuk, 2004).

Education

A country's education system is an equally significant part of the social fabric. Its influence appears to be increasing, if anything, not only because more people are being

educated and to a higher level, but also because of the nature of education in developed countries, which is typically becoming more liberal. Educators promote diversity, focus on individual rather than collective national and religious values, provoke and reward critical thinking, and rely increasingly on technology such as the internet, which is largely beyond the control by the state or individuals. Education walks hand in hand with consumer empowerment and their self-development, both as individuals and as consumers (Henry, 2005; Vittell, 2003; Blackwell *et al.*, 2001). In many developed countries, there are additional subcultures to influence consumer behaviour, based on nationality, race and social stratification. They affect almost every aspect of everyday and business life, from the choice of music, food and clothes, to literature, media and education. Finally, reference groups significantly influence an individual's behaviour through socialisation, self-concept, comparison, conformity and role models (Kotler *et al.*, 2005; Laroche *et al.*, 2003; Maniyiwa and Crawford, 2002).

Corporate social responsibility

In the quest for a holistic understanding of consumer behaviour in developed countries, the social responsibility and ethics of the providers of the consumed goods and services is germane. Modern businesses often rely on a simple principle of practice, "societal marketing" (Kotler and Levy, 1969; Lazer, 1969): the idea that organisations should determine the needs, wants and interests of target markets and deliver the desired satisfactions more effectively and efficiently than competitors in a way that maintains or improves the consumers' and society's well-being (Kotler *et al.*, 2005).

However, an impartial reading of this position statement detects no difference from the "orthodox" marketing concept, except for that reference to the well-being of the individual consumer and society as a whole. The alleged originality and philosophical innovation would in any case have been necessitated by the changing demands of consumers and their overall behaviour. The consumers of today demand that businesses act in an ethically and socially responsible manner (Carrigan *et al.*, 2004; Fisher *et al.*, 2003). Businesses, in their turn, acknowledge the imperative and deliver accordingly, thus raising the level of acceptable business responsibility as perceived by consumers, who then raise the bar even higher, and drive a dynamically self-improving system. Thus, the regulatory environment in developed countries, though much stricter on businesses than elsewhere, is not in fact the driving force behind social responsibility, but simply a catalyst that reinforces the conviction of consumers as to what they are entitled to expect from businesses, and solidifies the minimum acceptable standards.

It should be noted that this closed loop of cause and effect is not exclusive to developed countries, but a number of external environmental conditions have contributed to its more effective application there. First, free competition is protected and there is therefore little control on consumer behaviour. Second, freedom of information renders it very difficult for companies to engineer a false reputation for social responsibility (Rucker and Petty, 2004; Sullivan and Strongman, 2003; Palmer and Ponsonby, 2002; Weiner, 2000). Third, strong economies allow consumers to be interested in issues other than those affecting their immediate personal situation. Fourth, higher standards of education allow them to learn that their own personal situation is dependent on the wider social conditions; if it is to improve, then those must in parallel.

Social responsibility and general business ethics have been developing, and will continue to build, a better and more transparent relationship between business and society. What is particularly noticeable in developed countries is the variation and power, control and influence of all elements of the marketing communications mix, and of the many communication channels that deliver corporate messages to target audiences. Technological advances increase the potentiality of communication, and enhance the marketing knowledge, experience and application required for success in a harsh competitive environment. Convergence and integration in the communication industries potentiate the impact on consumers.

In a developed world with few concerns about the immediate needs for survival, consumption appears to have become an end in itself. Through it, consumers find a voice, a means to promote their version of a better society, an abstract escape from the predetermined, and the building blocks of an identity for themselves. Choice belongs to the consumer and to the consumer alone, but context and content belongs to the businesses.

The impact of consumer behaviour on businesses

Having identified the various parameters of consumer behaviour in developed countries, it will be equally important to consider how businesses are presently affected by the outcomes. This will be done by extrapolating from the discussion in the previous sections.

Today's severely competitive business environment does not allow much room for manoeuvre between producer supply and consumer demand. This necessitates both a sound understanding of consumer wants and the wherewithal to satisfy them. It also renders it increasingly rare for businesses to offer truly good value through visibly higher quality, lower price, or the best combination of the two. Consequently, value is frequently offered in other ways, such as innovation (Mukherjee and Hoyer, 2001), extended products or services, better customer care, personal attention and increased convenience (Thøgersen and Ölander, 2002; Naumann *et al.*, 2001). Simply meeting customer expectations is generally not enough. Businesses have to surpass expectations to meet the prerequisites of quality (Gupta and Lehmann, 2002; Blackwell *et al.*, 2001; Naumann *et al.*, 2001; Foreman, 2000).

Another option for the creation of value is the building of a strong brand image that communicates it to the consumer. This process is often artificial, in the sense that it relies more on perceptions than on reality. In a developed world dominated by information multimedia, the perceptions in question become more critical parameter than objective reality (McCullough *et al.*, 2004; Palmer and Ponsonby, 2002; Naumann *et al.*, 2001). Realising this, businesses spend a large percentage of their income to shape perceptions (and therefore preferences) through all the varieties of marketing communications at their disposal. The result is that audiences are constantly exposed to commercial messages, and become cognitively saturated with information. This in turn reduces ability of producers to influence consumers, unless considerable extra effort is put into increasing the qualitative or quantitative intensity of their communication (Blackwell *et al.*, 2001), or both.

The new framework

The discussion so far has placed consumers and businesses in a unique situation, in which the balance of power in the relationship is in equilibrium, and the two parties

co-exist in a dynamic equilibrium of influence and interdependence. In developed countries, formal regulation and controls are simply a by-product of the coexistence of producers and consumers, even a merging into a single entity with a life of its own, which balances needs and solutions in a world led and shaped by developed countries. The question no longer is how businesses can use marketing intelligence to mould consumer behaviour, but rather how they can predict consumer behaviour and thereby sustain a working relationship with their partners in production and consumption.

In proposing any new conceptual framework, it is always tempting to predict the future, but crystal-ball gazing is fraught with difficulty. The existing literature is often contradictory, unenlightening and hardly useful. Some speak of technological wonders beyond our imagination that will change all business parameters in the not-so-long-term future; others foresee a two-, three- or four-speed world that will divide countries the “haves” and “have-nots”; some think that current globalisation trends presage a uniform world-society; some fret that scarcity of natural resources will sink humanity into regression, while yet others look to a future of alternative energy sources and endless prosperity.

Rather than joining in the game of prediction, let us concentrate on the single unquestionable fact that the only certainty one can rely on is uncertainty. The marketing environment is changing, at an increasing pace, which we can do little to control and which we are given no option to accept or reject. We have to accept that consumers and producers will continue to live through times of change, with occasional interruptions of stability. Successful business will therefore be the ones that accept that turbulence, living through, and for, it. Far from being a philosophical abstraction, this diagnosis raises a number of very practical business questions. If change is a constant, on what basis can marketing planning operate? If it is unpredictable, how can producers hope to foresee and ultimately satisfy consumers’ wants? If it is partly a consequence of increasing consumer empowerment, how can they hope to influence consumer behaviour to their own advantage?

In fact, the most fundamental question concerns the future *locus* of the power in the business-consumer relationship. A hasty answer might be that it is already with consumers, who dictate the rules of a game, with the help of the regulators. Some commentators partly contradict this argument (Nelson, 2002) and the success of many companies and organisations in swaying public perceptions (or at least those of targeted audiences) with regard to the quality of their product or service (or at least the intangible values) does demonstrate that conventional marketing is far from being in decline. Nevertheless, adaptation of the marketing philosophy has been a matter of necessity. Whether or not the many influences on the nature of the business-consumer relationship will tip the scales in the consumer’s favour, as they were for long tipped in the producer’s, is still a moot question.

Table I offers a tentative overview of the forces that alter the balance of power, from both the business and consumer perspectives. The outcomes are suggested, but it should be noted that important forces with no apparent effect on the balance of power are not considered.

With all due provisos concerning the validity of this framework and the many uncertainties identified in the foregoing discussion, the conclusion seems to be that three very distinct forces will be shaping the business-consumer relationship in the years to come: the gradual but definite shift in the balance of power towards the

Forces affecting the balance of power	Increasing the power of businesses	Increasing the power of Consumers	Most-likely overall effect on the balance of power
Advances in information technology	Better understanding of market forces and more efficient deployment of the marketing mix	Better choice, more information, ease of comparison	Moderate shift towards the consumer
Other technological advances	Efficiency and effectiveness of production and distribution	Demand for more, better and customised products	Neutral
Demographic change		Increase in average age of consumers means more experience of consumption and more resistance to marketing ploys	Minor shift towards the consumer
Economic changes	Growing services sector means more intangible "products" and more subjective perceptions of value, more susceptible to manipulation; increased consumer purchasing power in the hands of consumers results means a focus on products and services satisfying higher order needs, again more susceptible to manipulation; increased discretionary spending power among the young, who may be more vulnerable children and teenager segments who are more vulnerable to business tactics	Greater purchasing power in the hands of consumers means stronger bargaining power	Neutral
Changes in regulation and control		Favour the consumer	Shift towards the consumer, but many businesses already practise self-regulation stricter than the official requirement
Social and cultural change	Increasing consumer focus on socially-moderated needs means dependence on subjective evaluations of prestige (for instance), susceptible to manipulation by marketing; less deferential attitudes to business may work in favour of businesses with a good story to tell	Increased consumer sophistication means reduced susceptibility to fashion and marketing hyperbole	Minor shift towards business
More and better education	Boosts consumer self-confidence, which may paradoxically weaken defences against manipulation	Boosts consumer self-confidence and experience, which should strengthen defences against manipulation	Major shift towards the consumer

Table I.
Forces affecting the balance of power between businesses and consumers

consumer, the parallel shift towards products and services with an essentially subjective sense of value, and incessant change. On this tripod, we now mount our conceptualisation of the new business-consumer relationship in developed countries.

Our first prediction is that consumers will be in an even better position to demand what they want and to get it at their preferred ratio of quality versus price. Our second is that incessant change will require strategic marketing to focus on the construction of the relationship with the consumer, not so much by foresight as by reflex. The third is that, despite the changing balance of power, consumers' needs will be increasingly manifested as intangible wants, of obscure value, affective in nature, and of course, much more vulnerable to marketing strategies aimed at shifting power back towards the business end. A fourth is that business ethics and corporate social responsibility will be further integrated into the whole business ethos and corporate strategic planning. That said, it is equally likely that they will simultaneously follow an established the pattern of being mainly applied to the more obvious and tangible aspects of business policy, such as health and safety.

We further foresee that branding will establish itself as the most effective way to add value to products and services, through the creation of brand personalities and the building of associations with lifestyles and other anthropomorphic characteristics. Differentiation and added value are likely to be achieved by marketing campaigns directed at the generation of subjective perceptions rather than objective effects. "Personification through branding" will therefore be the strategy of choice for the future.

Finally, we think it most likely that the future business-consumer relationship will be a form of coexistence. We use the term not simply to describe a shared balance of power, but also resolution of the countervailing forces of "societal marketing" on the one hand and artificial creation of perceived value on the other. Figures 1 and 2 show schematically this view of the new business-consumer relationship in developed countries, at the micro and macro level.

Figure 1 shows the contemporary perspective on the business-consumer relationship, which it depicts as two separate and distinct parallel entities, in harmonious (and indeed harmonic) coexistence. The collaboration and cooperation it

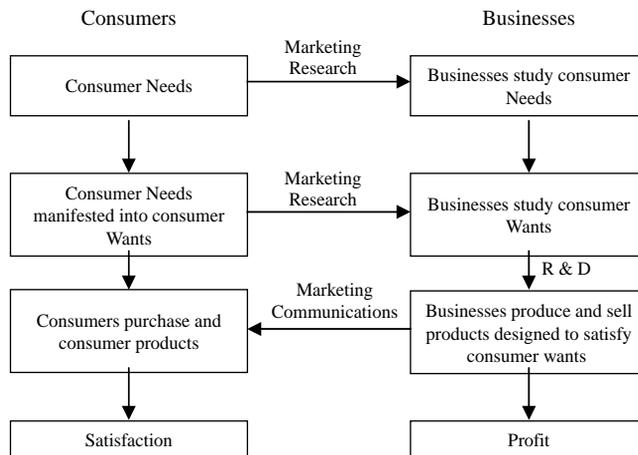


Figure 1.
Framework of the classical
business-consumer
relationship in developed
countries

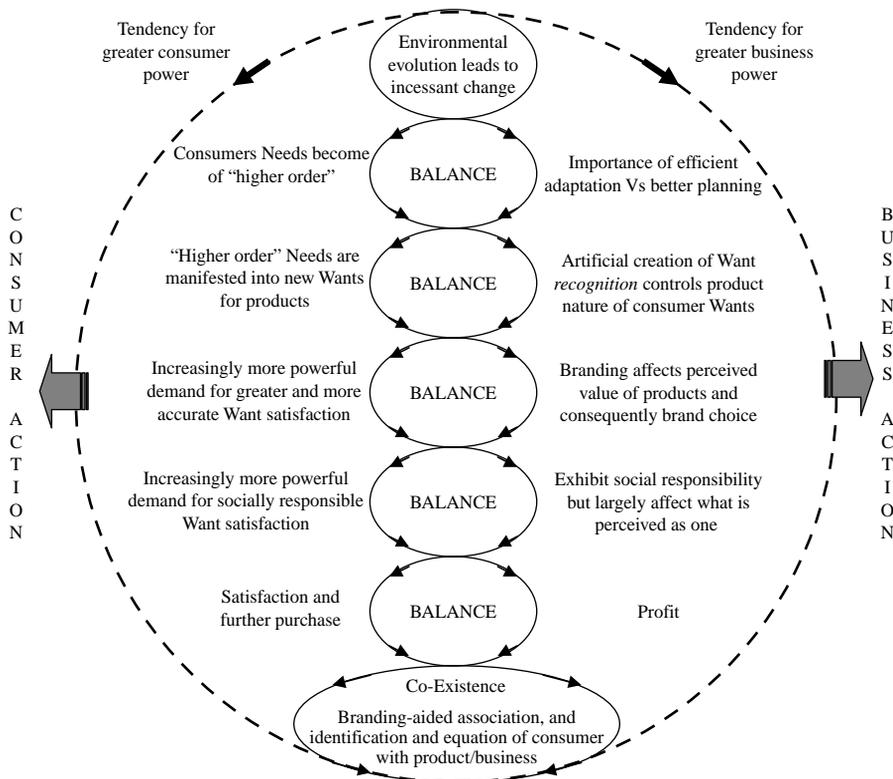


Figure 2.
New framework for the
business-consumer
relationship in developed
countries

implies are founded primarily on symbiosis necessitated by the realities of developed world in the twenty-first century. The relationship is relatively simple, guided by the fundamental principle of a producer satisfying the needs of buyers who in turn reward it through profit. Equality in the balance of power, when present, is simply a consequence of a temporary equilibrium in the forces involved. It is neither a prerequisite nor an aim. In fact, the observed pattern of the past few decades, as we have seen, is imbalance and a shift towards consumer empowerment (Solomon, 2004; Hawkins *et al.*, 2004; Schiffman and Kanuk, 2004; Blackwell *et al.*, 2001; Brassington and Pettitt, 2003; Jobber, 2004; Armstrong and Kotler, 2005; Kotler *et al.*, 2005).

Figure 2 shows a macro-framework of the new business-consumer relationship, minimising the independence of the two parties and incorporating the influence of the world beyond their respective walls. It encompasses the two entities in a system of co-existence and interdependence, prescribing that each will ensure the well-being of the other in the interests of its own existence. This situation does not result from planned actions by any authorities, but evolves naturally from twenty-first century environmental conditions in developed countries that interweave consumer behaviour with corporate strategy. The two act continuously as equal and opposite forces resulting in a centrifugal helix equilibrium, which achieves the balance and assures the durability of this new symbiosis. "Balance" is the vital spinal column in the skeleton of the relationship.

Catalexis

Ancient Greek is the language of philosophy, and we make no apology for using it, in this case to describe the coming together of many arguments into a composite outcome. It means more than the usual “conclusions” particularly in not carrying the implication that all is now clear. We are concerned here with how everything comes together for the time being.

Practical implications

The conceptual basis of the new framework does not preclude practical conclusions. First, it can help marketing planners to understand contemporary consumption behaviour and to know how to make use of that knowledge. Secondly, it pioneers a view of the business environment that asserts the futility of long-term predictions, and instead demands the concentration of business activity on dynamic intervention in the processes by which consumers perceive the world and frame their expectations. Third, it proposes the brand as the most effective and perhaps the most efficient vehicle for that purpose. Lastly, it emphasises the inappropriateness of separating “business” from “consumers” intellectually, since the two are to be comprehended not only with each other but through one another.

Societal implications

What must not be overlooked in all this is the implications of the new perspective on two significant stakeholders apart from the businesses within which marketing planners ply their trade: consumer protection agencies and non-profit organisations.

Regarding the former, it is proposed that they should move onward from defending the consumer interest only in terms of the more visible negative aspects of business activity, such as over-pricing, dubious products, deceptive promotions and so on. The conditions are ripe in developed countries for attention to be turned to more complex business practices that affect consumer behaviour at its root, shaping perceptions and ultimately limiting the capacity of consumers to resist. As long as the consumer is under the spell of branding and marketing communications, the relationship will not attain the ideal equilibrium.

The new framework is equally applicable to non-profit organisations. Essential though it is that they abide by their more social remit, their effectiveness in present-day developed countries depends equally on maintaining a focus on their customers’ perceptions, and embracing the alien techniques of branding and marketing communications wholeheartedly, as a means to build their own version of the business-consumer relationship.

Conceptual and research implications

The end point (the catalexis) of this paper has been the theoretical conceptualisation of a co-dependent relationship between producers and consumers of products and services. It has deliberately incorporated many macro- and micro-environmental elements into a unique framework, but the outcome is by no means presented as definitive or complete. Rather, it is offered as a starting point for a new and distinctive analysis, as a stimulus to intellectual discussion, as road map for further research. In this spirit, some final thoughts and reflections follow.

The true value of this research, and especially the extent of its practical implications for marketing planners, can only be validated through further research and rigorous testing. The largely predictive nature of the framework may, however, require the passage of time and the contemplation of its implications before progression to the empirical testing.

Though relatively generic, both the framework and its implications cannot be freely applied to any business or all consumers. They have been constructed from observation of evolutionary patterns in business and consumer behaviour, as described by contemporary researchers. The framework deliberately focuses on the most developed and least conservative markets and consumers, though these are not necessarily found only in the developed countries as we have defined them here. We do not suggest that developed countries are homogeneous, or experience the same external environmental forces, but the body of research does indicate patterns of consumer and business behaviour in relation to similar operating environments, which probably can be generalised.

In terms of the products and services on offer, the basis of the distinction made is value. The more intangible and more subjective this attribute is, the greater the fitness of the framework. Consequently, it is possible that it will “work” for one business within an industry but not for another in the same industry, or for one segment within a market but not for another. The ultimate differentiating factors are not the traditional elements of business, product and consumer, but their respective perceptions of the other’s value.

Business strategy has always depended, in part at least, on a marketing planner’s view of the business-consumer relationship. We suggest that it is time for planners to look at it anew.

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