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Consumer Sentiment Toward Marketing in Austria and Some Exploratory Cross-National Comparisons

1. Abstract

This paper focuses on the measurement of consumer sentiment toward marketing, which has been of interest to academic and commercial researchers for many years. The study's overall purpose is to assess the transferability and meaningfulness of Gaski and Etzel's (1986) Index of Consumer Sentiment toward Marketing (ICSM) in another - the Austrian - marketing environment where there is a typically low marketing intensity. In a further step, Austrian findings are compared with data from the U.S. (Gaski and Etzel 1986), Hong Kong (Wee and Chan 1989) and Australia (Chan, Yau and Chan 1990) in an exploratory way. Reliability and validity tests on the measurement instrument confirm its transferability to another national context without losing quality. In substance, Austrian consumers tend to view retailing efforts more positively, whereas they perceive product quality and the general price level more negatively and are particularly ill-disposed toward advertising. International comparison evidenced that increased marketing intensity hampers perceptions of product quality and pricing policies. From an international marketing perspective, the instrument seems also suitable for measuring consumer sentiment toward marketing in different countries. Information of such type could be used to assess the marketing environment not only in a home market but also in certain markets abroad, and thus, could find application in international marketing decision-making like country selection, marketing budgeting and advertising planning.

Keywords: Consumer Sentiment; Psychometric Measurement; Cross-National Consumer Research

2. Theoretical Introduction

The consideration of cognitive determinants of individual behavior such as attitudes and expectations in the analysis of macroeconomic consumption functions has become customary, particularly since the work of George Katona (esp. 1951 and 1960). Among private institutions U.S. institutions concerned with these kinds of investigations are the market research firm Yankelovich, Skelly and White Inc. (,,Monitor") and the University of Michigan Research Center which examines individuals' perceptions of the economic climate (,,index of consumer sentiment", "consumer confidence index"). Also, the Bureau of the Censuses examined purchasing intentions in its,,Survey of Consumer Buying Expectations", yet discontinued it as a result of the outstanding quality of privately conducted surveys (McNeil 1974, Gaski and Etzel 1986).

Further studies how to measure the public's general perception of the prevailing market situation may be found in the marketing and consumer behavior literature. Some contributions are concerned with the level of consumers' satisfaction with the economy (e.g., Hustad and Pessimier 1973, Lundstrom and Lamont 1976). Others relate to consumers' attitudes toward producers (e.g. Barksdale and Darden 1972, Barksdale, Darden and Perreault 1976, Barksdale and Perreault 1980). Based on these studies, Gaski and Etzel (1986) developed the ,,Index of Consumer Sentiment Toward Marketing". Their intention was to create an index that could continually measure consumers' perceptions of the marketing establishment and the resulting satisfaction. The term ,,marketing establishment" refers to the system of determinants which describes the marketing process in a specific national market.

A core issue is the influence of the national marketing establishment on consumer satisfaction with marketing. As it is impossible to incorporate all significant aspects of the ,,marketing landscape" into analysis,
a focus has been placed on marketing intensity as a viable indicator. It is important to note, however, that the relationship between marketing intensity and consumer sentiments toward marketing is characterized by additional factors such as the structure of market supply, legal conditions (consumer protection laws, producer liability), media structure etc.

The observation that public opinion for some time has been unfavourably disposed toward marketing practitioners and institutions (e.g. Barksdale and Perreault 1980) led Gaski and Etzel to propose the following reasons for the regular publication and application of their index:

- marketing managers would get sensitized to consumer perceptions of their activities
- the index would help to identify scopes of public relations activities for marketing departments
- public opinion toward marketing would be constantly assessed and monitored
- the index would contribute to building a positive public image of marketing by demonstrating that marketing cares about the general public enough to ask for its opinion.

The „Index of Consumer Sentiment Toward Marketing“ (ICSM) is deemed of considerable importance in a variety of ways: it not only serves the purposes mentioned above, but also has high potential as an information instrument with respect to international marketing or exporting. That is, the ICSM can provide knowledge on the marketing establishment in foreign markets from the consumers' point of view. Its information can be used in combination with „hard“ objective data on international market selection and operation (e.g. Kelly and Philippatos 1982) in order to give a contrasting, qualitative picture of consumer perceptions and sentiments (Keown, Jacobs, Layton and Kim 1990, Varadarajan and Thirunarayana 1990).

The Gaski/Etzel study (1986) was selected for replication here, because the instrument developed there is straightforward, robust, and therefore suited for application in different national markets. A cross-national application of the „Index of Consumer Sentiment Toward Marketing“ can also contribute to theory development and testing in comparative marketing. For instance, to analyze cross-national differences in consumer sentiment, a reactance-theory-approach can be used. This theory is based on the principle that, if a person perceives a threat of limitation to his/her freedom, he/she shows a motivation, so-called reactance, to rally against the perceived limitations (Brehm 1966). Within this framework, it could be hypothesized that a more competitive environment, therefore higher marketing intensity and consequently more intense and aggressive contact with the customer, lead to negative consumer sentiments toward marketing. The opposite will occur in markets with a lower level of marketing intensity.

The goal of this paper is twofold:

1) The Gaski and Etzel-Index shall be used in the Austrian context to find out whether it is transferable and meaningful in another marketing environment where there is a typically low marketing intensity.

2) Following the reactance-theory-approach, the Austrian findings shall be compared with data from the U.S. (Gaski and Etzel 1986), Hong Kong (Wee and Chan 1989) and Australia (Chan, Yau and Chan 1990) in an exploratory way.

3. Methodology

4. Research Instrument

The ICSM was measured through four subscales geared toward each major element of the marketing mix (product, price, advertising and retailing). Each subscale contains seven items, evaluating consumer sentiments on a five-stage rating scale. To compute a respondent's ICSM, the total values of the individual ICSM subscales were summed and weighted, using as weighting factor the respondent's general perceptions of how important marketing instruments are.

The measured value for each person was calculated as follows:

\[
\text{Measured Value} = \sum_{i=1}^{n} \left( w_i \sum_{j=1}^{m} x_i \text{Index} \right)
\]

\(x_i\) Index .... scale item response \(i\) in category \(j\)

\(w_{ij}\) ............. importance weight for the marketing mix category \(j\)

\(m\) ................. number of items per category \((m = 5)\)

\(n\) ................. number of categories \((n = 4)\)