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Minority Consumers' Experiences of Marketplace Discrimination in Services: a Conceptual Model of Antecedents and Customer Outcomes

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Marketplace discrimination is common in commercial transactions in the US and other western countries. Previous research has largely focused on discrimination experienced by members of ethnic minorities and their coping strategies. However, discrimination can be attributed also to age, gender, physical ability, and sexual orientation. Drawing on Social Identification Theory, marketplace discrimination is conceptualized as an outcome of service employees distinguishing between customers in terms of in-group and out-group members, whereby the latter are perceived more negatively. The aim of this research is to develop a conceptual model that links perceived marketplace discrimination to potential determinants as well as customer outcomes. Based on a review of the literature and depth interviews, specific research propositions are developed that offer insight into the types of discrimination members of different minority groups experience and of their coping strategies. All participants claim to have experienced marketplace discrimination and many use subsequent coping strategies.

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ABSTRACT

Marketplace discrimination is common in commercial transactions, and is mainly experienced by members of ethnic minorities. However, discrimination can be attributed also to age, gender, physical ability, and sexual orientation. Drawing on Social Identification Theory, marketplace discrimination is conceptualized as an outcome of service employees distinguishing between customers in terms of in-group and out-group members, whereby the latter are perceived more negatively. The aim of this research is to develop a conceptual model that links perceived marketplace discrimination to potential determinants as well as customer outcomes. Based on a review of the literature and depth interviews, specific research propositions are developed that offer insight into the types of discrimination members of different minority groups experience and of their coping strategies.

INTRODUCTION

The probability of discrimination in any given service encounter is roughly one to five percent (Siegelman 1998). However, the important question of how consumers perceive and cope with the internal strains produced by discrimination remains an under-investigated topic in service marketing. This study has several goals. First, drawing on Social Identification Theory, we attempt to explain why marketplace discrimination occurs in service-delivery contexts. Second, potential antecedents of discrimination are discussed. Third, we examine which disadvantaged groups experience marketplace discrimination and pay particular attention to consumers with limited physical ability and gay and lesbian consumers. Fourth, based on the review of the literature and the qualitative survey a conceptual model (see Figure 1) is proposed that integrates determinants and consequences of marketplace discrimination, and key propositions are suggested.

BACKGROUND

By drawing on Social Identification Theory (Tajfel and Turner 1986) it is possible to explain *why* marketplace discrimination happens. Identification, which can have a powerful influence on behavior, is viewed as the perceived belongingness to a group of which the person is a member, and with which a person identifies. Social identity consists of salient group classifications, usually based on such observable traits as gender, race or demographic categories (Bhattacharya et al. 1995), but can also include factors such as religion, physical ability, and sexual orientation. Social Identity Theory generally suggests that individuals are alert to out-group members and will evaluate in-group members (people perceived as members of the same category as self) with an in-group bias and more positively than out-group members of a different category (Deshpandé et al. 1986). When processing group-related information, people tend to classify others on the basis of their similarities or dissimilarities with the evaluator (i.e., service employee) and thus create an in-group and an out-group when serving customers. Similarly to research on customer outcomes, *antecedents* of marketplace discrimination have received limited attention. It is likely that two basic types of determinants can cause discrimination, employee- and firm related determinants. Two types of variables appear relevant in regards to employee-induced customer discrimination, employee attitudes/tolerance and demographics.

Firm-related determinants include; an employee's customer orientation and job satisfaction as well as the existence of service scripts. We suggest the following key antecedents-related propositions.

- P1. The more positive attitudes a service employee has toward minority consumers and the more tolerant he/she is, the less likely will he/she engage in discriminatory behavior.
- P2. Service employees' level education is negatively related to customers' perceived discrimination.
- P3. Service employees' age is positively related to customers' perceived discrimination.
- P4. Service employees' gender is related to customers' perceived discrimination, such that female employees are less likely to engage in discriminatory behavior.
- P5. Service employees' customer orientation is negatively related to customers' perceived discrimination.
- P6. Service employees' job satisfaction is negatively related to customers' perceived discrimination.
- P7. The restrictiveness of service scripts will have a negative impact on customers' perceived discrimination.

METHOD

Data for the present study were collected through forty depth interviews with consumers from disadvantaged groups (ethnic/immigrants, women, senior consumers, consumers with disabilities, and gay and lesbian consumers). The interviews were conducted from the perspectives of the participants, i.e., had a phenomenological focus (Thompson et al. 1989). During the interview informants were encouraged to talk about as many negative service experiences, that they had experienced first-hand, as they wished. The researchers asked informants to talk about what they thought was intentional and unintentional discrimination. A topic list and interview guideline was created which outlined a broad agenda to be followed during the interview.

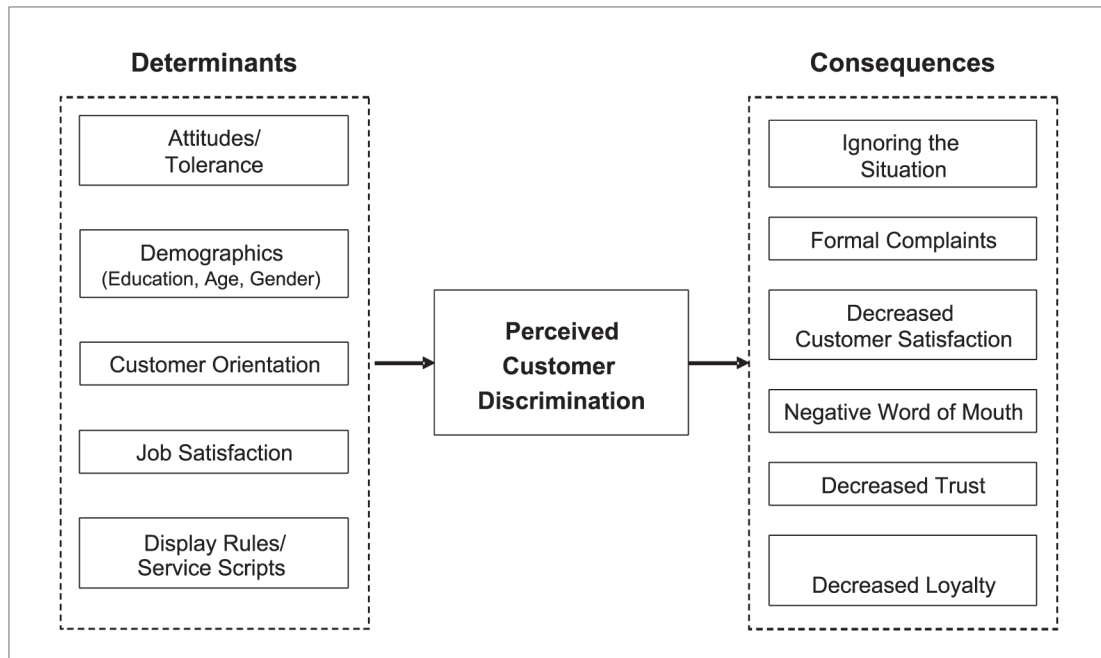
FINDINGS AND DISCUSSION

All informants stated that they experienced discrimination at least occasionally. During the interviews informants were also instructed to talk only about coping strategies in relation to perceived discrimination. The individuals interviewed all employed a variety of coping mechanisms. The most common responses were; 1) Ignoring the situation, 2) Formally complain, 3) Decreased satisfaction, 4) Engage in negative word-of-mouth, 5) Decreased trust, and 6) Decreased loyalty.

Through this research, we demonstrate that several disadvantaged groups experience marketplace discrimination in service establishments. Using Social Identification Theory, we argue that service employees perpetrate marketplace discrimination against consumers from minority groups because they view them as dissimilar, and implicitly inferior, to themselves. By exploring potential determinants and identifying consequences of marketplace discrimination through depth interviews we can propose a conceptual model which is shown in Figure 1.

Our conceptual model and the propositions derived from it support the notion that perceived discrimination is a relevant phenomenon. Disadvantaged or minority customers, who experi-

FIGURE 1
Conceptual Model



ence marketplace discrimination, will become frustrated and dissatisfied, and take their business to other service firms. An implication of our findings is that service firms need to find means which allow them to identify marketplace discrimination in their organization and to rectify the problem. Service firms could use mystery shopping to find out how well their employees comply with company procedures, ethics policies, and whether they display discriminatory behavior toward minority consumers.

Future research could investigate if our findings can be confirmed across different service types. When we interviewed informants we did not ask them to talk about their experiences in a specific service context. Using a service taxonomy, marketplace discrimination could be examined in low, medium, and high interaction services. This would allow researchers to detect context-specific discrimination. Finally, this study examined only one side of the service employee-customer dyad. All of the findings are based on the self-reported perceptions of the customers. Ideally, service employees would have been questioned to ascertain that their (discriminatory) behavior was deliberate.

REFERENCES

References are available from the authors upon request.