MAKING PURCHASES WITHIN AND OUTSIDE OF EMBEDDED MARKETS: HIGH LIFETIME VALUE CUSTOMERS IN THE PARISIAN MARKETPLACE

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ABSTRACT

This cross-cultural, ethnographic study closely examines the purchase experiences of two American academics during extended stays in France. The study discusses how and why insiders experience exceptional levels of satisfaction and how and why outsiders experience exceptional levels of dissatisfaction when making purchases in embedded markets. Analyzing the economics of customer service in France and the United States, the paper suggests that the commercial culture of France has been more attuned than that of the United States to identifying and giving exceptional service to customers who have especially high lifetime value for a business.

> *The problem is that while the French language is richly brocaded with concepts, customer service is not one of them.... Thus in the big anonymous department stores and supermarkets, the plight of the customer is desperate. Stay away from them unless your French is good and you're lusting for a challenge. (Platt 1998, p. 72)*

INTRODUCTION

Wednesday, September 23, 11:00 a.m. I have just arrived at the audio/visual section of the FNAC department store near the Montparnasse tower in Paris. The VCR I recently purchased here, which is still under warranty, does not work, and I am waiting to try to exchange it. Having failed in this endeavor once already, I brought Madame B. with me, a Parisian with experience dealing with FNAC, for my second attempt at replacing my defective VCR. We purposefully chose a time when the store was not busy. When the sales clerk finally acknowledges that we are there, I patiently explain my problem. I speak French fluently, but with an American accent. The clerk treats me indifferently, tells me the VCR works just fine (even though it does not work fine!), and says that there is nothing he can do for me... At this point, Madame B. steps in and aggressively asks the clerk why he is not honoring the warranty. Surprised, he aggressively responds that he would, if the VCR were actually broken. We demonstrate that it *is* broken. The clerk tells us there is still nothing he can do. At this point, Madame B. demands that he replace the VCR. He responds heatedly to her, and both of them completely ignore me. She pleads my case, saying I am an American professor with four children, and I need the VCR to entertain them with English videos since they don't speak French. The clerk tells her that is not his problem. The exchange continues to be heated. Five minutes into this exchange, after much verbal jousting, the clerk gives up and exchanges the VCR. We leave, Madame B. exhilarated at her victory and me drained by the experience. I vow never to spend another franc at FNAC.

This paper focuses on the cultural dimensions of customer satisfaction in the French marketplace. We begin with a brief overview of cross-cultural customer satisfaction studies, paying close attention to those that examine broad, cross-cultural constructs. We then discuss the methodology of the study. We analyze some cultural characteristics of the French market that lead to very different notions of customer satisfaction. Finally, we conclude with a discussion of embedded markets and a discussion of what American businesses can learn from their French counterparts.

The setting of this paper is two consecutive semesters abroad in Paris. The first two authors each spent a semester directing the study abroad program for a mid-Atlantic university. During

their respective semesters, they each interacted extensively with Parisian businesses while spending large amounts of money. The major contribution of this ethnographic study is to demonstrate how cultural factors and assumptions combine to produce a customer satisfaction dynamic in Paris that differs markedly from the one in the United States. Implications for customer satisfaction in the French and American markets are also discussed.

CROSS-CULTURAL CUSTOMER SATISFACTION

Only recently have consumer satisfaction, dissatisfaction, and complaining behavior researchers branched out to cross-cultural studies. Various studies have compared American consumers with consumers in Canada (Day et al. 1981; Friedman 1974), the United Kingdom (Friedman 1974); Mexico (Villarreal-Camacho 1983), China (Chiu, Tsang, and Yang 1988), Puerto Rico (Hernandez et al. 1991), Taiwan (Huang 1994), and Asia (Raven and Foxman 1994; Foxman, Raven, and Stem 1990). Unsurprisingly, there are differences in satisfaction, dissatisfaction, and complaining behavior between the peoples of the United States and these other countries. Other studies have examined consumer satisfaction, dissatisfaction, and complaining behavior in a specific country without making an explicit comparison to the United States. For example, Kaynak, Kucukemiroglu and Odabasi (1992) discussed complaint handling in Turkey; Lee and Thorelli (1989) studied satisfaction with the bus system in the People's Republic of China; and Evrard (1991) examined satisfaction with public transportation systems in Paris.

Occasionally, these studies have teased out cultural constructs that have a clear application to a particular culture but are also relevant, sometimes more subtly, in cultures other than the one studied. For example, Foxman, Raven, and Stem (1990) point out that certain personality variables such as fatalism and locus of control may be culturally linked. Fatalism and locus of control are very much like the "nature" value orientation proposed by Kluckhohn and Strodtbeck (1961), which has been widely applied in cross-cultural studies. Chiu, Tsang, and Yang (1988) suggest that "face," or personal honor in a social situation, inhibits consumer complaining in China. Consumers may lose face if they complain, and companies may lose face if they admit they made a mistake. Consequently, people do not complain or acknowledge complaints even if they are dissatisfied or in the wrong. Hall and Hall (1987) have demonstrated that face is also integral to another Asian culture, Japan. More surprisingly, Platt (1998) has shown that face is also important in the French market. Thus, the concept of face is applicable well beyond the Chinese market.

Cultural Constructs

In this study, broad cultural concepts such as face and the nature value orientation are used along with the socioeconomic concept of embedded markets to explain why the French react very differently than Americans do to issues of customer satisfaction. While discussing differences between the French and Americans, we develop a conceptual framework that also illuminates the customer satisfaction dynamic in other cultures where the same broad cultural variables come into play.

METHODOLOGY

Ethnography

Data for this study were gathered while directing a semester abroad experience in Paris, France--the first author during Fall semester, 1998, and the second author during the Spring 1999 semester. Both authors are self-described "francophiles" who speak French fluently and who have a love for and appreciation of the French culture. The authors took notes throughout the semester, exchanged extensive e-mail messages with each other, and took hundreds of photographs of the experience. In the process, each author spent about one million French francs (roughly $160,000, depending on the exchange rate) in commercial transactions with French nationals, mostly in Paris, on behalf of the university, in addition to several thousand francs from their own personal funds. The notes cover many aspects of the semester abroad, including purchase experiences for both the program and personal expenses. In addition, each had to produce formal, written reports about their experiences and

left a financial paper trail for auditing purposes. After their respective semesters, the notes, reports, e-mail, photos, and memories of the experiences they shared constituted a large body of data on the cross-cultural experience of consumer satisfaction in France.

While this is a multi-method study, our primary research methodology was participant observation (Hammersly and Atkinson 1983; Stoller 1989). We also used autodriving (Heisley and Levy 1991) when necessary to tease out insights.

After the research was complete, we submitted the finished draft to a native Parisian, who is an expert in retailing, for comments. This external auditor (Belk, Wallendorf, and Sherry 1989; Hirschman 1986) has worked for many years in fashion retailing in Paris, and has also spent two years studying retailing in the United States. She provided extensive comments on the draft, which we then incorporated into the text. An example of her comments is contained in Exhibit 1.

Exhibit 1
Example of External Auditor Comments

Labor cost and flexibility

Employers can fire an employee with unsatisfactory performances in France, the process, however is legally tedious and takes longer. France companies cannot be as flexible as Americans.

The strong employment and social protection laws make the labor cost very expensive in France. The aim of the French companies is thus to reduce the manpower, not to keep employment.

That reduces the number of people employed for the same margin compared to the USA. Toys R Us uses 30% less manpower in French stores. Service cannot be the same.

The low labor cost in the USA gives the American stores the ability to provide a good service with a lot of manpower and the employment protection, the flexibility to reduce staffing as soon as the economic situation weakens.

Research Setting

Most of the data were collected in and around Paris as the first two authors administered their respective semester in Paris programs. On several occasions, they led field trips outside of Paris to destinations in France such as Versailles, Normandy, Brittany, the Loire Valley, and Arras. In addition, both authors made several trips on their own to other destinations in France such as Strasbourg and the French Riviera. These purchase settings also provided a small amount of data for this study. In no instance did purchase experiences outside of Paris contradict findings from purchases within Paris.

Data Analysis

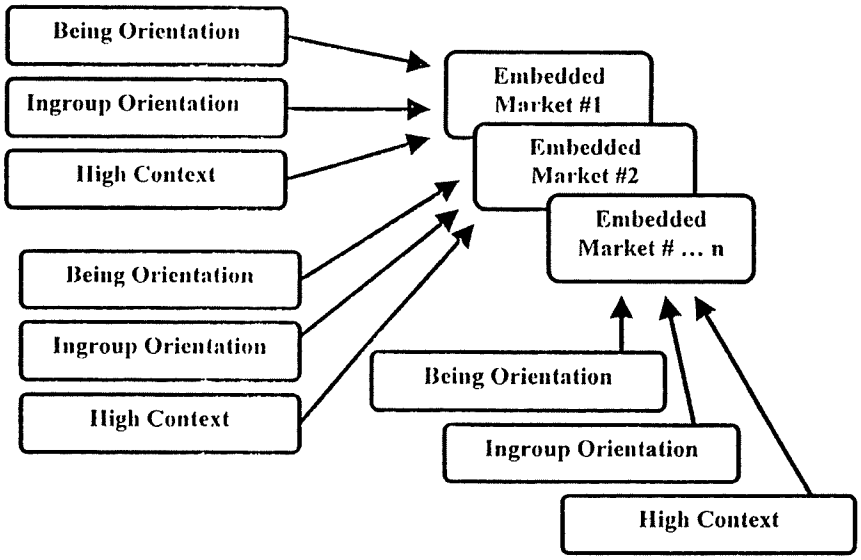
Data analysis in the study was interpretive (Hudson and Ozanne 1988) and hermeneutical. Hermeneutical analysis views society as a "text" (Ricoeur 1981; Scholes 1982) and analyzes cultural artifacts, in this case the notes, photos, e-mail messages, reports, etc., as an embodiment of cultural values, beliefs, and actions. The conclusions in this study were formulated through iterative readings of this "text." These readings produced evolving categories that expanded and contracted, were solidified and modified as the research progressed. Several readings were necessary to adequately identify and extensively exemplify specific themes, weaving from those themes a coherent composite interpretation. The product of this iterative reading of the data was insight (Holt 1991; Thompson 1990) into consumer complaining behavior and the role of embedded markets in shaping that behavior.

These research methods are increasingly common in consumer research (Hudson and Ozanne 1988), and many recent consumer studies (e.g., Applbaum and Jordt 1996; Price, Arnould, and Tierney 1995) as well as consumer satisfaction studies (e.g., Swan and Trawick 1997; Wright, Larsen, and Higgs 1995) employ these methods.

MODELING THE SATISFACTION DYNAMIC IN FRANCE

Valuable as it has proven to be in explaining consumer behavior in the United States and elsewhere, the widely cited expectancy/ disconfirmation model of consumer satisfaction (Oliver 1980; Bearden and Teel 1983) embodies several cultural assumptions that have limited applicability in France. For example, it assumes

Figure 1



Satisfaction will be higher for purchases made *within* rather than *between* embedded markets

that customer satisfaction is an overriding goal of both consumers and the businesses that cater to them, something that is generally true in the United States but that is not true in France. Theodore Levitt (1975) has succinctly expressed the American point of view in his classic suggestion that a business exists or should exist to serve a customer. But as Platt (1998) has pointed out, this view is not widely held in France. The primary goal of French businesses, according to Platt, is to provide employment, not to make money or serve customers. Also, because employment costs in France are higher, there are often fewer employees to address customer concerns. So in France, the concerns of customers and shareholders tend to be less important to a business than the concerns of employees. The expectancy/disconfirmation model also assumes that complaining is a natural byproduct of dissatisfaction, but as we mentioned previously, in a society where face is very important, willingness to complain and to respond to complaints may be limited (Chiu, Tsang, and Yang 1988; Platt 1998).

Taking these and other issues into account, we derive from our data a model (Figure 1) of the precursors of customer satisfaction in the French market. We will demonstrate how the three factors identified in this model combine to explain the dynamics of customer satisfaction in France. The three variables and their sub-variables overlap, but it is useful to consider them separately as we seek a holistic understanding of customer satisfaction in France.

This model will be applied in a discussion of the following passages and others quoted below.

> Last night at the host family reception, I had quite a discussion with a number of the host families. Several of them are extremely upset at Mrs. H., our American host family coordinator. Apparently, Mrs. H. sent out a survey to the host families that contained questions that upset some of these families quite a bit. I listened to Mesdames S., Y., B., and Monsieur V. rail against Mrs. H. for forty-five minutes. Madame Y. even brought the survey and went over each item. She showed me how Mrs. H. violated several aspects of French etiquette with each question. I pointed out to her that Mrs. H. had lived in Paris for 25 years, but Madame Y. told me it didn't matter. Mrs. H. wasn't French, and was thus incapable of understanding the intricacies of French culture. Further, she told me she thought Mrs. H. didn't have any children, or at least didn't raise them in

France. Otherwise, she would have known not to ask certain questions. She suggested we get rid of Mrs. H. and hire a French person, who would be better qualified to interact with and select host families for the program. She was adamant on this point, and Mesdames S. and B. and Monsieur V. all agreed with her. I pointed out that using a survey was a standard way of gauging customer satisfaction, and that it did not seem out of line to use such an instrument. I also pointed out that others did not complain, and that they in fact liked Mrs. H. Madame Y. then suggested that since I was also American, I couldn't fully appreciate what she was saying. She assured me that a French man or woman would have never sent out the survey, and that they would have done a much better job than Mrs. H.

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I [second author] asked those few offended by the questionnaire the same types of questions as [the first author] did and received comments back along the same lines: Mrs. H is not French or French enough to do the job. One night at dinner, I jokingly referred to them as "provocateurs"...

It is my contention that these "families" would rather have a French SDF [abbreviated French for *sans domicile fixe* or "homeless" person] working for the program than an American with a Ph.D.

* * * * *

This evening in the restaurant, the waiter suggested I did not know how to eat properly because I did not order wine with my meal (I do not drink) and because I asked for my meat to be cooked *à point* (medium). He also corrected the one grammar error I made. At the end of the evening, he wished me a pleasant evening and said I shouldn't return until I learned to eat and talk like a true Parisian. Needless to say, this did not sit well with me. We had come here to relax and enjoy ourselves as a reward for a particularly hard week.

Being vs. Doing

In their humorous book *The Xenophobe's Guide to the French*, Yapp and Syrett (1996) implicitly appeal to a distinction between *being* and *doing* to describe how the French see others. The French, they suggest, believe that if you are not born French, then it does not matter who you are—you *are* not French, and your plight is, therefore, by definition, very unfortunate. Nothing you can *do* will alter your status. In a more serious book, Sartre (1943) explicitly developed this distinction, and drawing upon Sartre, Belk (1988) has applied it to explain consumer behavior. Conceived in terms of *being*, one's essence is deeply given, not in the sense that it is determined by something outside the self but in the sense that it is profoundly rooted in a social and linguistic inheritance that is constitutive of *being*. Conceived as *doing*, on the other hand, one's essence is determined by what one does or achieves, not by birth or other antecedent existential givens. Related to the *being* view is the concept of *personalization*, which means that what you can properly do (and what others can properly do to you) depends on who you are. *Doing*, conversely, is associated with *depersonalization*, which means that it is not important to know who the person is, only what she or he can do (Usunier 1996).

A focus on *being* rather than *doing* may be a sensible heuristic in relatively high context cultures such as those in France and Japan. When cultural codes are many, subtle, and widely supported, it is difficult for those who are not part of the culture to avoid giving offense by violating the tacit codes. Consciously *doing* the right thing may not be enough for one to behave properly in such cultures; *being* French or Japanese may generally be required if one is to really know the cultural code and avoid repeated violations of behavioral norms.

The passages quoted at the beginning of this section clearly exemplify the importance of *being* for the French. The host families who are critical of Mrs. H. were offended by the survey she administered to them. But in the discussion, it became clear that they were not bothered so much by the survey *per se* as by Mrs. H's inherent inability to do the right thing by the French, not

being French herself. Though she has lived in France for 25 years, that is what she has *done*, not who she *is*. No period of residence, no educational credential can ever compensate for the lack of French *being*, just as no behavior can ever deprive authentic French of this credential. The French hosts ultimately attribute the author's unwillingness to agree with their critique of Mrs. H to his also not being French. And they may be right, for being an American, he is more inclined than they to evaluate people by what they do rather than by who they are.

Likewise, when the first author visited the restaurant, the waiter judged him to be deficient in his *being*. Not being French, he was perceived to be incapable of properly eating and appreciating fine French food and of properly speaking the French language. So while the author enjoyed a very good meal--a self-gift to reward a week of hard work (a clear example of the *doing* perspective)--his enjoyment was marred by the impertinent comments of the chauvinistic waiter. And the waiter's evening was also marred by his encounter with what he perceived to be an inauthentic diner.

The dissatisfaction experienced by both the customer and the service provider in this encounter may be explained, partially, by tacit cultural norms identified by a French auditor of the study. The French see wine drinking as a kind of social obligation when one dines out. Eating establishments receive much of their margin from wine sales, so a diner who does not drink is not an asset. The expectation that one will drink is so strong that ordering a meal without the correct type of wine may be considered an insult to both the chef and the waiter. It calls for a sincere apology that the author, unknowingly, did not offer. Unlike the author and other foreigners, Parisian patrons are likely to be aware of these cultural norms. They understand that French waiters are generally poorly paid and receive only a small portion of the tip, that they, the customers, have relatively little economic power over waiters and must, therefore, be comparatively deferential. Being an American, the author's dissatisfaction in this encounter was heightened by customer service expectations formed in a relatively low context culture where norms are fewer, more explicit, and less rigidly enforced and where customers do have economic power over waiters and, consequently, generally receive deferential attention from them.

Affinity Groups

We turn now to *affinity groups*, a concept that is related to Usunier's (1996, p. 39) concepts of space and territoriality. Usunier defines space as:

> the three-dimensional expanse in which all materialistic objects are located. Let us consider that it is mainly occupied by people; more precisely, groups of people and their properties. Spaces can be physical such as a town, a county, or a country. Space can also be abstract, that is a grouping of people based on common characteristics such as education, religion, or professional associations. Space is the basis for the organizing principle of *territoriality* ... People are by nature territorial: they must define who has ownership and control over certain spaces. (Emphasis in the original)

Usunier's *space*, both in its physical manifestation and in the abstract sense of solidarity that grows out of shared proximity and shared cultural perspectives, casts considerable light upon our relationships, commercial and noncommercial, with the French. Described strictly in terms of their social relation, people who share Usunier's real and conceptual space could be labeled as an *affinity group*. For the French, membership in the affinity group tends to be decisive not only in personal relationships (where affinity also plays an important role in the United States) but also in commercial relationships (where it generally has much less importance in the United States). Mrs. H was not part of the affinity group to which all of the host families belonged. She was a transgressor upon their literal and conceptual space. Consequently, they were disinclined to see her interventions as benign. She was not qualified to "properly" place U.S. students with French families or to carry out her other duties that involved interactions with the French.

Ingroup vs. Outgroup

I bought a dryer and a color television for the

apartment today at Darty. While Darty has a reputation for good service after the sale, the service prior to the sale was terrible. The clerk would not take no for an answer when I refused to purchase the extended warranty for the products. I explained to him that the warranty didn't matter to me since I was here only temporarily and that, in a few months, I would be back in the States. Still he persisted. When I told him that warranties were just a marketing gimmick designed to separate me from a few more francs, he began a tirade on how the French don't use marketing gimmicks, only Americans, and that I was out of line in suggesting this. I was dumbfounded. Here I was about to spend 10,000 francs, and the clerk was getting mad at me! He only backed down when I said, *Ecoutez-bien, Monsieur. JE NE VEUX PAS DU TOUT DE GARANTIE! Me comprenez-vous?* (Listen closely, sir. I absolutely do not want the warranty! Do you understand me?). I hated to be rude, but he wasn't listening. He muttered something unintelligible, filled out the paperwork in silence, then threw the papers at me and walked away in a huff without saying another word. I had to ask someone else where to go to pay for and pick up the goods.

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Over dinner one night soon after my arrival in Paris I mentioned to Madame S, one of the people in Paris who lodge our students, that I needed to replace the carpeting in the apartment the university rents in Vanves, just outside the Paris city limits. I mentioned several of the larger carpet stores in Paris, but she said no, I will have a friend of mine call you. The following Monday I received a call from Monsieur L. that indicated he would come out to the apartment and give me an estimate for carpeting and installation. We set up an appointment for the next day and he arrived virtually on time. Monsieur L operates a small company that does general work around the house. Despite being interrupted every few minutes by the ubiquitous cell phone, he proceeded to take measurements and announced he would return the next day with carpet books and samples. True to his word, he returned Wednesday with samples and we agreed on carpeting and tile for the apartment. He told me he could begin work the *very next week* [nothing ever gets done that quickly in France!] and he and his co-worker arrived the following Monday, began pulling up the old carpet and by the weekend had installed new carpeting and tiling in the apartment. I had given Mr. L a key to the apartment and had no concern at all about not being there while he was at work. Madame S had told be he was 100 per cent responsible - his wife had been her housekeeper for over ten years. Finally, when the carpet installation was just about complete I asked M. L about some electrical work that I felt needed to be done. He told me he could rewire the drier and simplify the overcrowded sockets in the living room for an additional 1000 francs - but only if I paid in cash. Mr. L left me several business cards and encouraged me to call again if/when I needed painting and other work done in the apartment.

Triandis (1983) has developed a sociological distinction between the *ingroup* and the *outgroup*. An ingroup consists of people who are deemed to be loyal, trustworthy, of the same lineage, language, religion, professional society, etc. People not affiliated on one of these or some other important dimensions are viewed as outsiders, as the "outgroup." The ingroup/outgroup distinction functions in all societies, but it plays a much bigger role in some societies than in others. Cultures with a high ingroup orientation view strangers, outsiders, with suspicion and distrust. France clearly has a high ingroup orientation (Triandis 1983; Usunier 1996). As Platt (1998, pp. 63 and 72-73) pointed out,

> Interacting with French strangers in stores, shops, post offices, and banks is different. The counter separates them from you: you become Them. These Parisians tend to be hypersensitive and supercombustible. They've been compared to a hand grenade with the pin ready to come out at any moment. Which

> means they can be merciless to oafs whose intentions may be the best, but who don't get the codes right... A supermarket or department store director [manager] and his employees are in the same loyalty club. Relationships are for keeps in France. So the director always stands by his employee, who he knows and needs, against you, the customer, who is irrelevant... You, the customer, can shriek in fury all you want, the director will not hurry you off to a quiet corner and coddle you and commiserate with you. He will tell you his employee is right and you can stuff it.

In the first scenario described above, the author was clearly a stranger, Them, the outgroup. As such, he was subject to the whims of the clerk who dealt with him. (He was also unaware that sales clerks in France are often paid by commissions on extended warranties rather than on appliance sales.) The contrast with the second scenario is striking. In this second case, the second author had been referred to the carpet installer by a trusted friend, a member of the ingroup. The referral from Madame S, whom the carpet installer knows very well, admits the author, at least provisionally, to the ingroup. In deference to his friendship with Madame S, the installer treated the author well. The result of this transaction was entirely different from that with the Darty clerk: the author was completely satisfied, even delighted, with the transaction.

When the ingroup and *being* orientations are strong, an outsider may never be considered fully integrated into the ingroup (Usunier 1996). If this is the case, one must behave as a friendly but realistic outsider who is sensitive to the workings of the ingroup while recognizing that one can never be part of it. While membership in the group will never be fully extended to such a person, he or she may draw nearer to the group, gain peripheral membership, and receive better treatment from group members.

In France, customers, especially foreign customers, of large department stores and supermarkets, are by definition outsiders. Commercial transactions and issues of customer satisfaction and dissatisfaction must be examined and understood in light of this "outsider" status. Thus, while the behavior of the Darty clerk and the waiter is almost unimaginable in a low context culture such as the United Sates which has a *doing* perspective and a relatively weak ingroup orientation, it is not surprising in France.

High vs. Low Context

> Today we said goodbye to the ladies in the bakery. We have been buying our bread from them every day for the last five months (except for Mondays, when they were closed), and they have talked with us quite a bit. The older blonde woman (funny, I don't even know their names!) in particular took an interest in us. She liked serving my four children, and over the course of the semester has learned a lot about us. She always wanted to talk to us about the kids, how their schooling was going, who was visiting, about my job, etc. She always greeted us with a smile, and proudly told us that she had been serving bread to the Americans who lived in the apartment across from the bakery for 10 years now. She described several families, some I knew, some I didn't, but all of whom worked for [my university]. She always took delight in giving us the best *patisseries* [pastries] when we ordered them, and wrapped them in wrapping paper. When we ordered our *bûche de Noël* [Christmas Yule log], she made sure I knew she sold us one of her very best. We will miss these ladies, almost as much as the French bread and *patisseries*.
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> I met the bus driver, Monsieur L. for the first time during our trip to Normandy and Brittany. He was a very likeable fellow, and got along great with the students. In fact, he went out to dinner with several of them. During the many hours on the bus, I got to know more about him. It turns out that [my university] was his first major customer. He had been working as a driver for another company, and decided to go out on his own. [My university] hired him five years ago and was his first major client. During those lean years, he could always count on [my

university] to provide business. Now his business has grown dramatically, and he has more work than he can handle. He has purchased two additional buses and hired another full-time driver, and has plans to hire a third in the near future. Yet he is the one who always drives [my university's] students on their trips. He told me he has never met a student he didn't like, and all of the FMIRs [faculty members in residence] have been extremely *sympa* [congenial, likeable]. He started telling me stories about previous FMIRs, some of whom I knew, others of whom I didn't, and he was delighted to be able to make a common connection with me.

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Tonight we had dinner with A and F, two of my former students, who are French, and who work in the Paris region. We talked about many things... F told me that when the group of students from [a partner French university] were in the states, they could not believe you could actually buy and return something to a big retailer, no questions asked. F told me this was unthinkable in France, that the department store did not trust customers to act fairly, and the customers did not trust the department store. F is a manager at [a large French sports retailer], and he assured me that French customers tried to cheat him all the time, and that he was suspicious of everything they did when trying to return goods. He told me that in Latin countries, like France, Italy, and Spain, there is an adversarial relationship between the retailer and its customers. Neither trusts the other. As a manager, he assured me he has caught many customers trying to put something over on him. He said he thought Americans were more honest in their dealings with retailers, and told me the following story. When the above mentioned group of students came to the U.S., three of them bought TVs and stereos from the local Wal-Mart for their dorm rooms. Every two months, they returned the TVs and stereos, got their money back, and then bought another TV and stereo on the same day. At the end of the semester, they returned the products and pocketed the money. Thus they had full use of the goods for a whole year without paying for it. That, F told me, is how Latin consumers operate. That, according to F, is why retailers are so wary of them.

Before engaging in commercial transactions with foreigners or other strangers, people in many cultures require information about them. They have to put the strangers in "context," that is, know something *about* the customers so they know how to react *toward* them. Hall (1976) refers to this information as *context*. Context is the information that must surround an event or a transaction, and context is intricately bound up in the meaning of that event or transaction. It is possible to order cultures along a continuum from low to high context. The United States is relatively low in context, France relatively high (Hall 1976; Platt 1998; Usunier 1996). In high context cultures, customers and merchants must be familiar with and know each other, even if they have no other social interactions. A long-term relationship must be established, which engenders trust and loyalty. Without this relationship, no trust or loyalty exists. This pattern exists in France. In instances where the local merchants knew the faculty of our university, they treated them well and provided excellent, even exceptional, customer service. The first author, having his wife and four children with him in France, shopped daily at the bakery across from his apartment and spent between 50 and 100 francs on each visit, a considerable sum over four months. He and his family were thus able to develop a relationship with the personnel at the bakery and receive special attention from them.

Retail scale is one factor that makes consumer shopping experiences in the French retail system high context, as our external auditor notes:

> Retail mass market vs. *petit commerce*. Even if Paris is a huge market and welcomes millions of visitors every year, it is not a mass market, at least in the U.S. sense of the term. The retail distribution is mostly made up of specialized stores and boutiques instead of large chain stores. Large chain stores do exist, but they are the exception, not the rule. The Parisian market is based on numerous

> "Mom and Pop" shops. As you correctly observed, it is easier for a small shop owner to assess customer profitability and make retention decisions on the spot.

The importance of context and scale was apparent in our dealings with Monsieur L, another small business owner, who also took a deep interest in the authors' university. He asked one of them for a baseball cap with the name of the university on it so he could wear it when meeting and driving the different student groups each semester. Because he was so devoted to the interests of his long-standing client, the FMIRs felt well served and entirely satisfied in their commercial interactions with him. As these encounters indicate, building a high context relationship with local merchants gains one partial or full admission to the ingroup. Service providers and customers who have built a relationship feel a sense of mutual obligation. Where no relationship exists, both are inclined to ignore the interests of the other party, even exhibiting blatant opportunism as did the visiting students who scammed Wal-Mart.

One reason high-context relationships and ingroup membership are so important in France may be the view the French have of strangers. "Stranger means danger in French," says Platt (1998, p. 30). Having experienced a long history of wars, invasions, and plagues spread by strangers, the French have developed a strong aversion to strangers. They have come to think of human nature as being basically evil. And as Kluckhohn and Strodtbeck (1961) pointed out years ago, cultures that view human nature as being basically evil will be wary of strangers. Consistent with these views, friendships in France take a long time to develop because of initial distrust between people, who begin their relationships "like dogs barking at each other before socializing" (Usunier 1996, p. 68). However, the friendships that do develop over time in these high-context, high suspicion cultures tend to be deeper and longer lasting that those formed in low-context cultures (Hall 1976). The same is true for commercial relationships.

DISCUSSION

Coming as they do from a commercial culture in which customer satisfaction is an almost universal business obsession and in which the phrase "the customer is always right" is a cliché, the authors were frequently struck by the very different orientation of most French business people. Platt (1998, p. 72) was similarly struck when she experienced an unforgettable example of the contrast between the two commercial cultures while trying to enter a store and make a purchase in Paris.

> A young clerk in a white smock was standing on a stepladder, blocking the customer's turnstile entrance. He was trying to hang a poster advertising yogurt on a chain from the ceiling. He had trouble with it. A second clerk joined him, on another stepladder. I was in a hurry, but, a battered customer aware of my lack of rights, I waited in silence. Other docile, silent Parisians behind me in the line were conceivably also in a hurry. I waited about seven exasperating minutes before I couldn't bear it any longer.
>
> Finally, I said to the first clerk very quietly, very politely, "Do you think you could come down—just for a moment—and let us through?"
>
> "No," he said, rather rudely. "Can't you see I'm busy?"
>
> "But—I'm in a hurry!" I said, astonished.
>
> "You'll have to wait!"
>
> "But the customer," I blurted out. "Doesn't the customer mean anything here?"
>
> And then he said—he actually said, "The customer comes last here!"

Once again, such a statement is inconceivable in the commercial culture of the United States, and it leads to an obvious question: how do French businesses survive this behavior? Surely, an American business that displayed such contempt

for its customers would soon be left without a clientele. Competitors would move in without delay to take away customers who would, in any case, be aggressively seeking an alternative vendor.

Should American businesses view France as a seriously under served market? Building upon points we made earlier in the paper and introducing one new concept--embedded markets--we conclude with a discussion of the reasons why French businesses may be much better positioned to compete than they at first glance appear to be and why they may, indeed, have something to teach businesses in the United States.

The key thing to note about French businesses is that they are protected from outside competition by their location in French space, using the term space in both Usunier's (1996) literal and his figurative senses. To operate in France, one must literally enter French space, and to do so is to face many of the same constraints that have helped make French businesses what they are. Of great importance is Platt's previously mentioned observation that the primary goal of French businesses is to provide employment, not to make money or serve customers. This emphasis on employment leads, our Parisian auditor notes, to an attitude toward work that is very different from that typically found in the U.S. and manifested in Platt's response to the employee hanging signs. In French culture, people at work deserve respect and should not be disturbed, even if what they are doing inconveniences a customer. The work is an end in itself, not merely a means to the end of customer satisfaction. This focus on employment and on work as an end in itself reflects a history of state ownership and heavy labor market regulation, a history that has made many French businesses more responsive to the hierarchical state's concern for social stability than to the marketplace and its emphasis on shareholder profit and customer service. New businesses perceived by the state to be insufficiently concerned with social goals can expect insurmountable obstructionism from powerful bureaucrats. And employees hired in this production oriented labor market are likely, no matter what their training, to claim the same prerogatives and exhibit the same employee ingroup attitudes that are apparent in the negative commercial encounters we have reported in this paper. While employers can fire employees for unsatisfactory performance, the process is mired in red tape and takes much longer than it does in the U.S., so French companies simply cannot be as aggressive or flexible as U.S. companies in their labor relations. Moreover, should a business succeed in establishing a strong customer orientation among employees, it might discover that exceptional customer service is unprofitable in a mass market where consumer opportunism is rampant. (In its interactions with the French students, Wal-Mart's generous customer service policies clearly caused it to lose money.)

But this is not the whole story, for businesses in France also operate in French space in Usunier's (1996) more figurative sense of space as a horizon of shared experiences, assumptions, and relationships. Within this more abstract French space, customer service and consumer satisfaction frequently attain levels substantially higher than those typical in the United States. The carpet laying and tour bus transactions mentioned above are examples as is the following instance of business socializing:

> Tonight, [my wife] and I had dinner with Monsieur and Madame R. The entire evening was awe-inspiring. Monsieur R. smokes a lot, and I wasn't looking forward to spending an evening in a smoke-filled room. However, these fears were soon dispelled as we approached their apartment. They lived just off of the Avenue des Champs Elysées, in an apartment that cost five million dollars if it cost a cent. It was *huge*, and very ornately furnished, with lots of *authentic* paintings hanging on the walls. I literally dropped my jaw, as the crab Sebastian does in the Disney's movie *The Little Mermaid*, when I saw the furnishings... The dinner was spectacular. The table was set better than any table I have ever seen before, with real china and real silver and lots of plates and glasses. There were plates and glasses galore! The plates were stacked one on top of another. We started out with the appetizer on the small plate, the salad on a slightly larger plate, the *entrée* on an even larger plate, and, on the biggest plate of all, dessert. Madame R. cooked perhaps the best meal I have ever

> eaten... As a host and hostess, they were extremely gracious. They assigned us seats, and always served my wife first... We were treated like royalty... After dinner, we moved into yet another huge room for drinks and talk... Monsieur and Madame R. really "wowed" both of us tonight, which is surprising, because they don't really know us. I may have spoken to Monsieur R. for a grand total of one hour prior to tonight... We have never experienced anything like that. Sure, we have eaten in expensive restaurants, but this was someone's home. I doubt if we will ever have another dinner like that again any time soon. Monsieur R. has been teaching for [my university] for a long time now, and really enjoys entertaining the visiting faculty. I could see them react with delight at our astonishment at their apartment and meal. They were enjoying the evening as much as we were.

In this episode, the author was very pleasantly surprised by the quality of the entertainment put on by his business acquaintance. Since he didn't know Monsieur R very well, he didn't anticipate any special consideration. But Monsieur R views him as an integral part of a critical affinity network. The evening's entertainment is part of the Frenchman's ongoing effort to preserve and extend his relationship with the author's university, an institution that is important to Monsieur R. The author receives consideration that is far beyond what his minimal acquaintance would warrant because he is Monsieur R's current link to a long-standing, institutional affinity network, not just a passing individual acquaintance.

This passage and those we have previously cited indicate that the most satisfying commercial transactions in France occur within embedded markets. Frenzen and Davis (1990; cf. Frenzen and Nakamoto 1993) use the term "embedded markets" to specify markets in which social relations alter market operations, making factors like mutual trust and obligation as important or more important than the purely economic attributes of price and quality. In an embedded market, members of an affinity group build strong bonds of trust and, through mutual favors, a pool of social capital (Blau 1964; Coleman 1988; Wright, Larsen, and Higgs 1996) on which each can draw to ease the rigors of the pure market. The Parisian marketplace we have described consists of a series of embedded markets where social capital is just as important as money and where, consequently, transactions can be difficult and unsatisfying for members of an outgroup but deeply satisfying for ingroup members. The critical point is that ingroup members can be served so assiduously precisely because resources of time and attention need not be expended on outgroup members. This focus on the most valuable customers is all the more important because high employment costs limit staffs and, hence, the customer service capacities of French retailers.

We mentioned earlier that American businesses may have something to learn from the French. Because of the nature of the French retail distribution system, it is arguable that French businesses have been doing for a long time something that American retail businesses are just beginning to do: segmenting markets into customers with high and low lifetime value and concentrating the bulk of the service effort on the customers with high lifetime value. In the United States, customer service policies seem to reflect a mistaken presumption that each customer has a high value to the business. Thus, each customer must receive a high standard of customer service. Built into this policy is the likelihood that the businesses' most opportunistic and worst customers will free ride on revenues generated by the best customers. And the best customers will receive good but not exceptional attention because customer service resources are exhausted in a broad quest for excellence.

In France, on the other hand, customer service practices reflect a presumption that only a few customers have exceptional lifetime value for the business. *En masse*, customers are generally treated with indifference or suspicion. They are not worthy of particular deference because they have not proven their worth. But over time, customers who have exceptional value to the business are identified and become part of the businesses' affinity network. As they become part of an embedded market, they receive truly exceptional service. If free riding occurs, it is they, the most valued customers, who receive attention at the expense of outgroup interlopers

who must settle for what they can get. As American retailers and other businesses master the use of marketing databases and acquire the ability to track customer value, it is likely that they will begin to focus more assiduous attention on customers who have high lifetime value at the expense of customers who have low or negative value to the business. And as they move in this direction, they will increasingly come to resemble their French counterparts.

The buying experiences reported in this paper have been predominantly negative. This is not surprising. Though the first two authors spent large amounts of money in Paris, they did so as foreigners, as outsiders, who made most of their purchases *across* rather than *within* embedded markets. Since they were in France only temporarily, they had little chance to acquire personal status within affinity networks. Such status as they did have was in their capacity as representatives of their university. As one would expect in light of our analysis, their positive commercial experiences also tended to occur within the institutional affinity network that has been established over the years by their university. As university functionaries, they had high lifetime value for some of the businesses with which they dealt. Their purely personal purchases, on the other hand, were generally unsatisfying because there were no social bonds or obligations impelling commercial partners to take their best interests into account. Consequently, their experiences produced disbelief, incredulity, anger, rage, and, ultimately, cynicism, resignation, and then insight.

Much as they have been frustrated by their experiences shopping for themselves and others in France, the authors recognize that many of the French vendors they dealt with may have been well served by their commercial culture. Accents and unfamiliarity accurately marked the authors as outsiders, as temporary visitors, who have relatively small lifetime value compared with the vendors' French countrymen. Should the authors become frequent visitors or permanent residents of France and deal regularly with a small set of French businesses, they could expect, over time, to receive in their personal purchases the kinds of devoted and deferential attention they sometimes received as university representatives.

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