



Sustainable telemarketing? A new theory of consumer behavior

Sustainable
telemarketing?

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Abstract

Purpose – The purpose of this paper is to propose that consumer goodwill can best be understood as a limited, but potentially renewable resource. Like a renewable natural resource, consumer goodwill can be over-exploited. A review of the rise and rapid fall of the business-to-consumer (b-to-c) telemarketing industry in the USA provides evidence that over-exploitation of consumer goodwill is precisely what happened. Using telemarketing as a case study, the paper aims to argue that direct marketing practices ought to be managed in accordance with principles of sustainability. If they are not, the consequences may be sudden and near-permanent declines in consumer responsiveness.

Design/methodology/approach – The paper interprets the rise and rapid fall of b-to-c telemarketing in the USA through the theoretical framework of sustainability. The rise of telemarketing began in the early 1990s with the adoption of predictive dialer technology. Its demise can be marked by the passage of the Federal Do Not Call Registry in 2003.

Findings – It was found that the framework of sustainability does, in fact, seem to adequately describe events surrounding the rise, then near-collapse of b-to-c telemarketing in the USA during this timeframe.

Research limitations/implications – Being a conceptual paper, the principal finding is that there exists a real, but yet-undefined threshold of consumer goodwill towards consumer telemarketing. How can that threshold be determined? How can industry self-regulate to remain below its threshold? Can an industry that has over-exploited its consumer threshold of goodwill ever recover? These questions are raised, not answered.

Originality/value – The paper applies the concept of sustainability to direct marketing. It will be of interest to any researchers or practitioners who seek to comprehend what worked so well then went quickly so wrong with b-to-c telemarketing in the USA. The findings may help to prevent similar consumer backlashes in other countries where b-to-c telemarketing has only begun to become common practice. These findings may also have value for practitioners who rely on consumer goodwill in other direct marketing channels, such as e-mail and catalog marketing.

Keywords Telephone selling, Marketing theory, Consumer behaviour, Sustainable development, United States of America

Paper type Conceptual paper

Marketing lessons from the field of natural resources

Question: When are consumers like codfish?

Answer: When they are over-harvested.

It was first postulated, 40 years ago, that traditional economic models of supply and demand need to be altered when we analyze the harvesting of natural resources (Hardin, 1968). The notion was slow to take hold. It took several decades for a theoretical framework now known as sustainability to evolve (Meadows *et al.*, 2004).

Recently, while the economics of sustainable resources are still not universally accepted, their principles have gained broad acceptance. They have entered the mainstream of economic debate. College texts are published on the subject (Daly and



Farley, 2004), major research projects continue to be funded by agencies such as the UN (milestones in sustainable development) and by the US National Science Foundation (Committee on the Human Dimensions of Global Change, 2002). These and other research projects have provided an ever-richer base of theoretical knowledge upon which policy makers can make decisions about natural resource management. These theories are variously known as ecological economics, the tragedy of the commons, the drama of the commons and sustainability.

A similar theoretical model, which will be called sustainable marketing, may prove useful when thinking about consumer behavior. Until now, marketing science has lacked a theoretical framework by which researchers might grasp the implications that would result from a model of sustainability.

The premise of this paper is that consumer goodwill is a common pool resource (CPR). Consumer behavior, it will be shown, follows the same rules which govern the economics of the utilization of natural resources. Parallels between the fishing industry and telemarketing illustrate this premise. Consumers are like codfish. Both are renewable, but limited resources. Over-harvest and you deplete the resource. Once depleted, it is possibly gone forever.

If telemarketers had grasped during the early 1990s what was happening to consumers' goodwill in response to their actions, the rapid demise of this channel since 2003 might have been averted. Instead, in 2003, the Federal Trade Commission (FTC), in consort with the Federal Communications Commission (FCC), inaugurated a national Do Not Call (DNC) list (TSR, TCPA). Its rapid and broad acceptance by American consumers brought the telemarketing industry to a functional end . . . in just the same way that the rapid and unforeseen disappearance of codfish in the Outer Banks brought the North American ground fishing industry to a halt in the 1990s.

It is too late to revive business-to-consumer (b-to-c) telemarketing in the USA. But we can learn lessons from a post mortem of telemarketing practices. These lessons may be of value to marketers of other channels and to telemarketers in other countries if they desire to avoid a similar fate. Only if we can comprehend an explanatory theory within which this phenomenon took place can we deduce lessons from what happened. Explanations offered by industry spokespersons before the FTC in defense of telemarketing practices do not adequately describe what happened to consumer behavior. A theory imported from the economics of natural resources may provide a more compelling explanation.

Calls for new theories

Academicians repeatedly decry the lack of new theories within marketing science. A recent issue of *The Journal of Marketing* revolves upon the editor's call to expand the content and boundaries of the discipline of marketing science (Bolton, 2005). She calls for researchers with both vertical depth and horizontal vision. Horizontal vision means a capacity to weave together seemingly unconnected bits of information. Bolton advocates a discipline that allows investigators "to see what others do not see and to make leaps of connectivity and creativity" (p. 60).

Wilkie (2005), writing upon invitation of the editor in the same issue, protests the newly adopted definition of marketing by the American Marketing Association, noting that the definition lacks a larger, societal perspective.

This call for new theories is not new. A clarion similar to Bolton's was sounded 24 years earlier by writers in the same journal. Writing in separate articles during the early 1980s, two authors questioned the sufficiency of the mental models that prevailed then in marketing and consumer behavior research. Those insufficient models still prevail today.

Deshpandé (1983), described that marketing science has relied primarily on only one theoretical tradition – that of logical empiricism. “The dominance of this philosophy has led to marketing science growing more rapidly in the area of hypothesis testing than in the development of new, rich explanatory theories” (p. 101). He argued that the prevailing paradigm of logical empiricism has caused an over-emphasis on quantitative research and that a new paradigm is needed. A paradigm is needed which will yield more emphasis on qualitative research.

Not much has changed. Deshpandé is echoed today by Webster (2005). Data and methodology still dominate academic research. They do so at the expense of both theory development and practical relevance. This narrowness of focus has retarded the progress of the marketing discipline.

Hunt (1983) elaborated upon what Deshpandé and Webster bemoan. He advocated a general theory of marketing, as distinct from the mostly quantitatively, empirically based, and specific models that still prevail. Such a general theory could provide a framework within which empirical models could reside and add substance. He defined a general theory as having three characteristics: “Theories are systematically related sets of statements, including some law-like generalizations that are empirically testable” (p. 10). The systematic structure of a general theory will make it capable of explaining and predicting phenomena.

Such a general theory already exists. We can borrow it from the field of natural resource management. The theory of sustainability can be applied to consumer behavior. It can be applied with no or little modification of its major tenets. Its application is empirically testable. And it fits Hunt's criteria for a general theory.

Hunt goes on to describe four fundamental explananda of marketing science. An effective general theory must embrace all four. These explananda are:

- (1) the behavior of buyers directed at consummating exchanges;
- (2) the behavior of sellers directed at consummating exchanges;
- (3) the institutional framework directed at consummating and/or facilitating exchanges; and
- (4) the consequences on society of the behaviors of buyers, the behaviors of sellers, and the institutional framework directed and consummating and/or facilitating exchanges (1983, p. 13).

Hunt's explananda provide for the societal perspective sought by Wilkie (2005). All four of these elements are encompassed by the theory of sustainability. Sustainable marketing gives us a basis for explaining buyers' behavior, sellers' behavior, the institutions set up to facilitate exchanges between both, and the social consequences of those behaviors.

From my review of recent issues of the *Journal of Consumer Research*, it appears that academic attention is paid today mostly to the behavior of buyers at the individual level. A similar review of the *Journal of Marketing* reveals the same focus,

with additional emphasis on research into the behavior of sellers. Researchers' attention to sellers generally regards decisions about product, price, promotion, and place (Webster, 2005). This is a supply-and-demand focus. It misses the bigger picture. Such a narrowness of view has been discussed by academics at least since 1967 (Sheth, 1974, p. 364, quoting Bass, Tigert and Lonsdale).

A model of sustainable marketing would be a broad enough concept to encompass Hunt's third and fourth explananda, those being the institutional framework and consequences on society.

Technology is part of the institutional framework of direct marketing. Yet, little research has been uncovered in the literature of direct marketing that addresses the role of technology as part of the framework that facilitates telemarketing exchanges. But, as will be shown, the technology of predictive dialers played a major role in the rise and fall of telemarketing. Its role must be recognized by any comprehensive conceptual model.

The impact of marketing practices upon society is at last beginning to be raised as a topic in the literature. Brubaker (2007) discusses in this journal the consequences on society of ethical or unethical seller behaviors. Other discussions of the consequences on society of telemarketing practices can be found in papers presented to the FTC in support of, or in resistance to, the amendments to the Telephone Sales Rule which resulted in the creation of a Federal DNC list in 2003 (FTC.gov). These are steps in the right direction.

It is my hope that the beginning of an academic dialogue about the application of theories from the field of ecological economics to consumer behavior and marketing science will broaden the scope of conversation to encompass all four of the elements defined by Hunt, will overcome the singular focus on hypothesis testing described by Deshpande and Webster, and will open the industry to that broader horizontal vision encouraged by Bolton.

Theory of the economics of natural resources

The theoretical foundations of what today is commonly called "sustainability" in the exploitation and use of natural resources began with an article in *Science Magazine* entitled "The tragedy of the commons," by Hardin (1968). Quantitative support for such a concept was provided by Meadows *et al.* in 1972 when they and their research team at MIT developed their World3 computer model. They published their pessimistic findings in their landmark *Limits to Growth*, which was followed by a more optimistic *Beyond the Limits* in 1992. The original *Limits to Growth* was updated and re-published as a 30 year update in 2004.

A period of 40 years after Hardin's essay, the concepts of sustainability are commonplace and interwoven into debates about public policy, macroeconomics, and geopolitics. They are not yet universally accepted. Just witness the current political debates about causes of global warming. But the strong influence of this economic model is demonstrated by the framing of the debate itself. In discussions of policies regarding natural resources, debate is no longer about the framework of sustainability, but is about specific causes and effects within that framework.

Any general theory might be deemed successful if, within 40 years of its first articulation, it so frequently defines the general scope of discussion of its subject matter. As a general theory, the theory of sustainability is broad enough and well established enough in the sense used by Hunt (1983) that it is time to consider its application to marketing science.

Let us take a quick tour of the basic elements of the concepts of sustainable economics. Then we will explore how closely these same concepts describe what happened more recently to b-to-c telemarketing. If the glove fits, we can wear it. Theorists may then be able to derive new models of sustainable marketing that enable sellers to optimize rather than maximize their efforts. In this way, direct marketers can adopt practices of sustainability. They need not reach the sudden end that befell b-to-c telemarketers in the USA.

Theories of sustainability

Thus, far, sustainability has been spoken of as a single theory. This is too simplistic. Within the framework of sustainability, a number of schools of thought have developed. These range from gloomy to hopeful. Some theorists have concluded that individuals acting rationally in their own self-interest are incapable of not destroying a CPR (Hardin, 1968; Crowe, 1969).

Hardin, in fact, waxes poetically and unequivocally on this point:

Therein is the tragedy. Each man is locked into a system that compels him to increase his herd without limit – in a world that is limited. Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons. Freedom in a commons brings ruin to all (p. 1244).

Coercion by government regulation, theorists of Hardin's persuasion maintain, is the only answer. Others argue that self-regulation is indeed possible. In fact, it can be demonstrated both through experiments and by research in the field (Ostrom *et al.*, 1992).

Ostrom *et al.* (1992) emphasize the important role that communication plays in avoiding catastrophe. They have also developed games wherein the most beneficial outcomes are derived from a combination of open communication and coercion. This coercion need not be government-imposed; also effective are self-regulating associations of stakeholders.

Most of the successful models of cooperation in managing CPRs have come from case studies representing fairly small, homogeneous groups of people. Examples from the field of water resource management are well-documented (Bardhan and Dayton-Johnson, 2002). Since telemarketing occurs nationally and even internationally, the models derived from these case studies may not be as applicable to our current study as are other models.

Various theories explaining the psychological phenomena of cooperation when managing CPRs have also been explored. By the nature of laboratory games, these results too, are reflective of small group behavior (Kopelman *et al.*, 2002; Dietz, 2005). Their outcomes may not apply to the larger scale of telemarketing.

Differing models of the dynamics behind commons management have also developed according to the type of natural resource being exploited. A general rule is that the consequences of exploitation of renewal and non-renewal natural resources are different.

Other theorists have explored the role of technology as accelerators of growth, theorizing that linear growth, itself, may be managed, but that exponential growth, abetted by advances in technology, may result in dire consequences (Meadows *et al.*, 1992). One of the four possible outcomes of exponential growth, defined by Meadows *et al.* is called overshoot and collapse.

It is my contention Meadows' overshoot and collapse model – of all of the sustainability models – best explains what happened to the US b-to-c telemarketing industry between the early 1990s and 2003. And since models of sustainability have been studied more rigorously in the field of natural resource management than they have in direct marketing, I also posit that an analysis of the expansion and then collapse of the US cod fishing industry – itself being a prime example of the overshoot and collapse model – can provide valuable lessons for direct marketers.

Key elements of sustainability in Meadows' model

What are the basic elements of sustainability as modeled by Meadows *et al.*? They hinge upon the phenomenon of “overshoot” and its intentional avoidance. “To overshoot means to go too far, to go beyond limits accidentally – without intention” (2004, p. 1). The authors liken the experience to an automobile skidding past a stop sign on an icy road.

Results of overshoot can be gradual and remedial or they can bring an entire industry to its knees. Conventional economic models, based on supply and demand, predict gradual and remedial corrections ala Adam Smith's invisible hand. Meadows *et al.* warn that, when dealing with natural resources, the invisible hand does not always work. The consequences of overshoot are too often going to be abrupt, catastrophic, and irreversible. The authors of World 3 have developed predictive models of overshoot using examples from fishing, oil production, world population growth, global warming, air pollution, water consumption, and tropical rainforests.

Consumer goodwill also needs to be treated as a renewable and limited resource or else the results from over-marketing also will be abrupt, catastrophic, and irreversible. The rapid demise of b-to-c telemarketing in the USA since 2003, gives evidence that overshoot and collapse is indeed what did happen to this particular marketing channel.

Meadows *et al.* (1992) define three causes of overshoot. First, there is growth. In particular, there is exponential growth. Second, there is some form of limit or barrier, beyond which a moving system may not safely go. Third, there is a delay or mistake in perceptions and the responses that strive to keep the system within its limits.

All three factors were present in the fishing industry from the late 1800s to the 1990s. All three appear to have been present in consumer telemarketing from the period 1990 to 2003. The parallels are striking. Let us review these three elements, first in terms of natural resources, and then in the context of telemarketing. This is to see if, indeed, the theory of sustainability is broad enough to pass Brodbeck's test that: “The more comprehensive a theory is, the more it unifies phenomena by revealing apparently different things to be special cases of the same kind of thing” (Hunt, 1983, p. 11).

According to Meadows *et al.* (2004), the driving force behind overshoot is growth, especially exponential growth. And, “exponential growth has been a dominant behavior of the human socioeconomic system since the industrial revolution” (p. 17). Exponential growth can be either inherent or derived. It can be both. When it is both, the rate of acceleration increases, which more likely leads to overshoot and collapse.

For example, growth in human population is inherently exponential in that, the more people there are on the earth, the more capacity they have to make babies. Growth in human population is also derived in that, when infant mortality declines as

a result of better healthcare, more people live long enough to make babies and more of their babies live sufficiently long to reproduce.

The cod fishing industry in the North Atlantic grew exponentially from the late 1800s until the 1990s, driven by both inherent and derived forces. Its growth and collapse as a viable industry has been well documented by Meadows *et al.* (1992, 2004) and Kurlansky (1997). Inherent growth came in the form of ever-increasing numbers of vessels operating in the same waters. Derived growth came primarily from three technical advances: the internal combustion engine, refrigeration, and development of trawling as a replacement for longlining. Engines and refrigerators allowed boats to fish faster and stay at sea longer. Trawling unintentionally destroyed the habit for groundfish reproduction, a habitat that longlining had left intact. As a result of these technological advances, the industry flourished and expanded rapidly for several decades. Early signs of over fishing were largely ignored. The signs were ignored until it was too late; collapse followed overshoot.

Andrew Rosenberg and a team of researchers at the University of New Hampshire estimate that “20th century fishing reduced the tonnage of adult cod in the North Atlantic to a mere 4 percent of what it had been in 1852” (Raloff, 2005).

The environmental group Greenpeace (2008, p. 3) reports that:

By 1992, the biomass estimate for northern cod was the lowest ever measured. The Canadian Minister of Fisheries and Oceans had no choice but to declare a ban on fishing northern cod. For the first time in 400 years the fishing of northern cod ceased in Newfoundland [. . .] just 1,700 tonnes [of biomass] remained in a fishery that had for over a century yielded a quarter-million ton catches, year after year.

As a consequence, 40,000 people in Newfoundland lost their means of livelihood. And the Canadian Government has spent, to date, approximately \$2 billion in social relief payments to those affected.

Collapse of the fishing industry was caused by a conceptual failure – by a failure of practitioners to grasp the concept of sustainability. Used with no concept of limits, new technologies can easily become instruments of overshoot. Used within limits, and guided by regulating institutions, however, technological developments could help provide the world’s fishing industry with rich harvests that can be sustained for generations (Meadows *et al.*, 1992). Does the fishing industry have a lesson to offer to telemarketers?

Do we have enough evidence to say that the phenomenon of overshoot and collapse adequately describes the rise and fall of the US b-to-c telemarketing industry? If we do, then we have the basis for a new theoretical model of consumer behavior that warrants deeper exploration and further extrapolation into other marketing channels.

Applicability to telemarketing

To test whether the general theory of sustainable economics can be applied to consumer behavior in response to telemarketing, preliminary answers have been sought to some questions:

- (1) Was there exponential growth in telemarketing?
- (2) Was there some sort of limit or barrier beyond which telemarketing could not go?
- (3) Was there a delay or mistake in perceptions and the responses that strive to keep the system within its limits?

It is proposed, on evidence of available, but sometimes conflicting data, that the answer to each question is “most likely yes.”

Was there exponential growth?

In formulating the Telephone Consumer Protection Act in 1991, Congress estimated that 300,000 telemarketing representatives were contacting 18 million Americans every day (TCPA). This was at a time when predictive dialer technology was just beginning to be adopted by the industry. A decade later, in 2002, representatives of the Direct Marketing Association (DMA) estimated that as many as 104 million outbound calls a day are possibly placed in the USA to both businesses and consumers by anywhere from 500,000 to 1,000,000 telemarketing representatives (FTC, 2002 – DNC Forum). This represents a range of 160-330 percent increase in the number of people making telemarketing calls and a 570 percent increase in the number of calls made. The number of callers increased dramatically, and the number of calls made by each caller also increased. This indicates exponential growth from both inherent and derived forces.

Inherent growth alone, from an increase in telemarketers unaided by technological advances, would have resulted in an increase to only 30-60 million calls per day. Something else, some form of derived growth, had to be going on as well. This derived growth came from the increased productivity of predictive dialers. Dialers have proven to bring a 30-40 percent increase in individual productivity of callers. These two factors, combined, approximately account for the total number of calls estimated by the DMA as being made daily by 2003. It is their multiplying effect that accelerated the growth of the volume of calls received by consumers, creating precisely the situation that is most prone to overshoot and collapse.

Predictive dialers thus can be seen as the telemarketing industry’s equivalent of stern trawlers and refrigerator ships. They each accelerated the rise and then fall of their markets.

Was there a limit beyond which telemarketing could not go?

This appears to be the case. That threshold was crossed somewhere shy of 104 million calls per day. This was the estimated volume of calls being made at the time the Federal DNC provisions were implemented in 2003. This regulation was enacted a few months after the public hearings quoted above. In just the first two years since its passage, more than 100 million consumers’ phone numbers have been placed on the list (FCC, 2005). That is out of a total US population of 281 million people comprising 105 million households (US Census, 2000). That may be virtually every American household. Even if we generously assume an average of two phone numbers per household, this still represents 50 percent of US households that are effectively “off of the market” and are as unharvestable as are codfish in the Grand Banks.

Were there delays or mistakes in perceptions and the responses that strive to keep the system within its limits?

Again, the confident answer is “yes.” In hearings before the FTC as it re-considered the Telephone Sales Rule (Telemarketing Sales Rule, (16 CFR 310.4(b)(1)(iii)) in 2003 and in court appeals filed after passing the new version, industry leaders continued to deny the troublesome nature of their business practices. In their Comments before the FTC regarding proposed changes to the TSR in 2003, the DMA wrote, “Any notion that

unsolicited telemarketing calls are generally offensive to the American public simply is not borne out by fact” (p. 8). The association continued to maintain that, “The DMA’s Telephone Preference Service is very effective in reducing unwarranted solicitation” (p. 4). The DMA expressed that its privately maintained DNC list, with 7.5 million names garnered over the accumulated 15 years, gave ample evidence that industry self-regulation adequately reflects consumer preferences. Such assertions simply do not hold up in face of the rush of 100 million people who submitted their numbers to the Federal DNC in the first two years since it was enacted (FTC, 2005).

In summary, it is concluded that all of the essential elements encompassed by a general theory of sustainable economics – and the consequences of violating them – are seen in the rise and fall of telemarketing. An entire industry unwittingly skidded past its Stop sign of the threshold of consumer goodwill, and in doing so surrendered its fate to regulators who acted against marketers’ best interests. Had telemarketers possessed a theoretical model of sustainability for their industry, perhaps this particular tragedy of the commons could have been prevented.

How could this tragedy of the commons have been prevented?

So far in this paper, one has gone to lengths to argue that a concept of sustainability does describe what happened to the US b-to-c telemarketing industry. But, by itself, such an argument, even if valid, provides no value to practitioners of direct marketing. Such an exercise will bring value to the industry only if practitioners are able to apply the framework of sustainability to prevent similar collapse of common pool consumer resources in the future. One way to approach that challenge is to ask: could overshoot and collapse have been avoided by US telemarketers? If so, how?

The experimental work and field research of Ostrom *et al.* (1992) and others (Dietz, 2005) and the computer modeling done by Meadows *et al.* (1992) provide some clues as to what might have been done differently by the telemarketing industry.

Five elements seem to need to be in place in order to avoid destroying a CPR in the presence of exponential growth.

First, as Meadows *et al.* (1992, p. 120) point out:

A growing physical entity will stop exactly at its limits only if it receives accurate, prompt signals telling it where it is with respect to its limits, and only if it responds to those signals quickly and accurately.

This presupposes that the industry knows its limits. Laboratory experiments could conceivably be developed to begin to model consumers’ threshold of goodwill in response to unexpected solicitations. Building upon such experiments, a computer simulation for marketers, based on the lines of Meadows’ World3 model, could then be developed and then refined over time that would predict this limit on a larger scale.

Prompt signals that the limits are about to be reached should be less difficult to implement in telemarketing than they ever are in the world of natural resources. Telemarketers maintain robust databases of calling activities. These databases could be combined to disseminate national call volumes to interested parties with virtually no delay. Self-restraint by marketers in response to signals that limits were about to be reached would be the next step in a sustainability approach. The likelihood of self-restraint in the face of resource limits brings marketers face-to-face with several of the psychological dilemmas that have been debated by theorists of sustainability

for decades. They involve three of the remaining five elements needed to avoid destroying a CPR. These are: decision logic, altruism, and self-regulatory coercion.

The second of our five elements to explore is decision logic. Dietz (2005) points out that as a species, humans are better at deliberation than at calculation. Since the “rational actor” models of human behavior, such as Hardin’s (1968) assume otherwise, Dietz points out that such theories are not very reflective of actual behavior. Instead, Dietz’s “deliberative approach suggests that humans have evolved to make key decisions via talk”. This points to the importance of communication in managing commons. Dietz references Habermas’ theories and the Ostroms’ laboratory experiments to support this point.

If Dietz and Ostrom are right, then the telemarketing industry possibly could have avoided overshoot and collapse if marketers had communicated more or better with each other about growing consumer resistance to their practices. That the industry did not do this can be attested from personal experience as a long-term member in the American Teleservices Association (ATA, 2008 – formerly American Telemarketing Association) during those years of rapid growth. When the industry did convene to discuss policy matters, the primary focus of conversation was lobbying to prevent new legislation or to curtail the effect of recent regulations on industry practices.

The industry is perhaps now changing to improve such communication. In 2007, the ATA published its new standards that were developed as part of its self-regulatory organization (SRO) project. The stated goal of the SRO is: “ultimately, to effectively address the legitimate concerns of Consumers relating to the Teleservices channel, and to create a system whereby future concerns can be addressed in an ongoing manner.”(ATA Executive Summary, 2007, p. 1) The SRO standards are still under development. There is nothing written in the standards at this date to indicate that the ATA leadership has addressed the topic of setting limits to the total number of outbound calls that can or should be made. It appears that the concept of sustainability has not yet been adopted as an organizing framework for discussions amongst the leadership of the ATA.

The third element is that of altruism; the fourth is self-regulation. They work together hand-in-glove.

Ostrom *et al.* (1992) have explored the role of altruism empirically and experimentally. Their findings are encouraging to those who are reluctant to accept the gloomy predictions of Hardin (1968). In referring to CPRs, Ostrom *et al.* write:

Appropriators from CPRs (e.g. fishers, irrigators, and herders) have repeatedly shown their capacity to organize themselves, establish credible commitments, monitor each others’ behavior, and impose sanctions on those who break their commitments. Self-organized CPR institutions have been devised without reference to central authorities and sustained over long periods of time without enforcement by external agents (p. 405).

The results of CPR games which are reported by these authors in the same article demonstrate that in the laboratory, the most successful outcomes in a CPR game are those where both communication and sanctions are present. Their report should give encouragement to those supporters of the ATA’s SRO and other marketing organizations that want to prevent further government controls through effective self-regulation.

Crowe (1969) offers back-handed hope for the efficacy of self-regulatory sanctions to manage the limits of marketing practices. Government regulation may be less effective than self-regulation. Crowe decries the role that governmental regulators play in managing the commons, stating that after initially acquiescing to public outcries,

these very same regulatory bodies become cronies to industry self-interests whose members “bring sufficient [political] pressure to bear to convert the agency to the protection and furthering of their interests” (p. 1106).

The fifth element, outlined by Dietz (2005), is time horizon. What appears as altruism may, in fact, simply be rational self interest pursued with a longer time perspective than in scenarios where the tragedy of the commons plays out. We may not need to dichotomize the debate whether human nature is altruistic or rationally self-serving. If one key to managing the commons is time perspective, then the solution for an industry such as the American telemarketing industry may be education from the perspective of sustainability.

It is my hope that practitioners, such as members of the ATA’s SRO, will begin to manage customer goodwill as a CPR by finding ways to incorporate the above five elements into their operating standards. It may be no longer possible for outbound telemarketing to recover through attention to these elements. Nonetheless, these elements may provide guidance as the industry moves to address additional complaints from consumers regarding inbound calling, handling of personal data, collections practices, disclosure rules, political and not-for-profit solicitations, and other issues recognized by the ATA’s SRO.

Ways of collapsing a market

In the specific instance of telemarketing, consumers’ responses to crossing their threshold of goodwill were triggered via government regulation. Technology, too, can intervene with marketers’ wishes and suddenly whisk customers off of the market. This was already happening to some extent in response to growth in telemarketing. At the time of enactment of the DNC list, fake special information tones signals were being offered to consumers to “trick” predictive dialers into hanging up as soon as a connection was made (Private Citizen, Inc., 2006), and at least one serious proposal to pay consumers for accepting telemarketing calls via something akin to a reverse 900 number was proposed to the FTC (Ayres and Funk, 2006).

Although the specific case study addressed in this paper resulted in governmental regulation, researchers should note that regulation is only one means of shutting down a market. Any general theory of sustainable marketing must also allow for technological triggers, which can result in the same effect.

Foundations of a new model of sustainable marketing

What will be required in the adaptation of the general theory of sustainability to marketing practice? It is posited that a sound theory must contain at least four elements:

- (1) It must recognize that consumers’ goodwill is a CPR. Consumers will respond to over-harvesting in a way that is similar to how natural resources respond when exploited.
- (2) It must concentrate on consumer resistance, not consumer demand. Whereas existing theories of consumer behavior concentrate on why people buy, a theory of sustainability must also concentrate on consumer resistance, or why people remove themselves from the pool of potential buyers.

- (3) It must be channel specific, not specific to product, price, promotion, or place. As the DMA put it before the FTC, “Telemarketing is not an industry; it is a medium of communication” (p. 2). Consumers did not respond negatively to what telemarketers were selling; they responded negatively to the frequency with which telemarketers were calling. This means that a new theory must encompass analysis of the total volumes of marketing within a channel, and not focus on the actions of any one marketer in isolation.
- (4) It should incorporate a view of the impact of marketing on society as a whole, as advocated by Wilkie (2005). It must encompass the concept of the common good.

What lessons does telemarketing have for other channels?

The purpose in dissecting the rise and fall of consumer telemarketing in the USA is no longer an attempt to head off disaster. Once upon a time that was my mission. But disaster has already fallen. The purpose in this paper has been to encourage academic discussion about the applicability of a theory of sustainability to direct marketing in general, so that marketers using other channels can learn from this experience.

For example, it appears that the limits to growth in e-mail marketing are fast being approached. The FTC (2003) passed what is known as the CAN-SPAM Act, designed to curtail the rise of unsolicited e-mails, known colloquially as spam. To date, the act has been a toothless tiger, as the structure of the internet allows spammers to act anonymously. It is not technologically feasible today for regulators to trace spam to its source. The FTC’s report to Congress in 2004 calls for standards and regulations to require the authentication of senders’ IP address as a necessary pre-condition for effective curtailment of spam in e-mail marketing (FTC, 2004).

A theory of sustainability may also apply to marketing in general, not just to direct marketing. Technological inventions such as TiVo[®] are threatening the revenue streams from television advertisers by allowing viewers to fast forward through commercials. Sirius[®] satellite radio offers commercial-free entertainment to radio listeners. The state of Maine, where the author lives, has for a long time had in place tight restrictions on billboard advertising. These are but a few examples of areas in marketing where a theory of sustainability may shed meaningful and much-needed light on marketers’ decision-making processes. A theory of sustainability may lead marketers to re-frame those decisions that seek to maximize short-term returns from common pools of resources.

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