

CREATING PARENTAL TRUST IN CHILDREN'S TOY BRANDS: THE ANTECEDENTS AND DIMENSIONS OF TRUSTWORTHY BEHAVIOUR OF TOY COMPANIES.

A thesis submitted for the degree of Doctor of Philosophy

by

Stephen P. Hogan

Brunel Business School, Brunel University

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Abstract

Based around a case study of the traditional toy industry, the research examines how companies create trust with parents, the main toy purchasers, and the importance of ethical behaviour in trust development when a vulnerable community is involved. Previous literature has revealed that trust leads to mutually beneficial company-consumer relationships but scholars have failed to agree on its definition, dimensions or measurement due to its complexity, diversity and intangibility. Few have distinguished between 'trustworthiness' as a moral quality of organisations and 'trust', which is a consumer judgement about companies and brands, made as part of their purchase deliberations.

A review of the literature led to the development of a framework of trustworthy behaviour identifying five sets of antecedents (organisational, individual, control, relational and branding factors) and four key dimensions with related variables – 'Integrity' and 'Benevolence', relating to ethical constructs and 'Commitment' and 'Satisfaction', relating to organisational constructs. The model was then substantiated through qualitative research with a sample of senior managers in 12 leading toy companies and other stakeholders including industry body representatives, retailers and parents.

The findings revealed that in a challenging economic climate, trust in toy companies is being driven principally by the marketing offer and by external influencers such as legislators, retailers, licensors, and the media. Examples of good ethical practices were identified, although often unnoticed by consumers, and the worthier companies, for whom trustworthiness was important, appeared to be faring less well economically than companies selling third party brands. Consumers' trust was significant in the pre-school market but diminished in importance as children matured when their influence overrode parents' more rational purchase considerations. The research revealed a paradox that parents as well as children are vulnerable consumers who are often bypassed in the marketing process. Whatever children's consumer rights, there will always be a lack of trust in the industry whilst young children rather than parents are so blatantly targeted.

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Glossary

BTHA	British Toy and Hobby Association
BATR	British Association of Toy Retailers
OFT	Office of Fair Trading
RM	Relationship Marketing
ITC	Independent Television Commission
OFCOM	Regulatory Body for TV Commercials and Other Advertising
TIE	Toy Industries of Europe
AEF	Advertising Education Forum
NPD	Research Organisation Tracking Retail Toy Sales
WFA	World Federation of Advertisers
ELC	Early Learning Centre
MGA	American Owner of the Bratz Brand
HIT	Owner of Various Children's Toy Licenses
CASP	Code of Advertising Standards and Practice
RoSPA	Royal Society for the Prevention of Accidents
PVC	Poly Vinyl Chloride (Plastic)
ABS	Acrylonitrile Butadiene Styrene (Plastic)
Phthalates	Softening Agents Used in Plastics
Lion Mark	Safety Mark Awarded by the BTHA
ICTI Code	International Congress of Toy Industries' Code of Ethical Manufacturing
CE Mark	Packaging Mark Indicating Free Circulation within EU Member States
Toy Trust	Charitable Fund Established by the Toy Industry
Media Smart	Initiative to Educate Young Children about Advertising

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“ Play is the language of children and toys are letters in that language.”

Chapter 1 – Introduction

1.0 Background and origins of the work

"Morality is at the heart of humanity. Whatever people do, they are judged in the last resort by moral criteria, not for instance by economic calculation. Without humans there are no morals, without morals there is no trust, and without trust there is no rational and free marketing action" (Panula, 1996: 164).

Juha Panula's views are central to the theme of this thesis that explores the importance of moral behaviour in the marketing of traditional toys and games and its contribution to building trusting relationships between companies, their brands, and consumers. This raises a number of important questions: When parents choose toys or games for their children, what influence does the ethical behaviour of toy companies have in their purchase decisions against economic and other influences such as the price, value, or product attributes? How is trust between companies and consumers created and what part do moral considerations have in its development? And how necessary is trust in successful company-consumer marketing relationships?

Targeting the children's market has long been perceived as controversial on moral grounds but surprisingly little academic research has been done to date on exploring the ethical dimensions and responsibilities of marketers towards this vulnerable community of children and parents. Past studies on marketing ethics have often tended to view ethics negatively, that is, as a problem or dilemma, rather than as an opportunity for competitive advantage and enhanced economic gain. An ethical dimension of major importance to academic researchers, business practitioners and consumers is trust (Hosmer, 1995: 379). "Trust, along with fairness, honesty and respect are key values in business as well as society and business suffers in their absence" (Smith and Quelch, 1996: 5).

Companies seek to create and foster trust in their organisations, brands and consumer relationships to secure sales, loyalty, recommendations, and ultimately profit, whilst consumers will tend to favour brands and companies they trust, particularly when those brands are purchased for their children, as trust provides both a critical basis for

self-esteem and a sense of security (Baier, 1994). But what trust means to each party and how it is created and fostered through brands and company-consumer relationships, what moral obligations and responsibilities underpin trust, what influences its development, what impact trust has on purchase decisions, and how companies can increase their trustworthiness, are issues needing further investigation.

The author's interest in the area of marketing ethics and consumer trust has its origins in a career in international marketing, selling consumer goods to a variety of cultures and communities around the world. This experience highlighted the importance of strong buyer-seller relationships for commercial success and the significance of trust at the core of these. Trust is particularly salient in conducting business in the developing world because the limitations of cultural understanding often create vulnerable communities of customers and consumers, who are exploited by commercial organisations. In subsequently teaching business ethics and becoming a toy consumer, there appeared to be parallels in the toy industry in terms of a perceived vulnerable community, commercial organisations with the potential to abuse, and the need and opportunity to create strong trusting relationships for mutual benefit.

1.1 Identification of gaps in the literature and prior research

The literature on trust is large reflecting its importance as a phenomenon in the commercial world and wider society. In any situation where people have a direct or indirect relationship with others, there is likely to be some degree of trust or distrust involved. Its multi-disciplinary importance is reflected in contributions in the business literature from a wide range of fields such as Social Psychology (for example, Frost, Stimpson and Maughan, 1978; Rempel, Holmes and Zanna, 1985; Engelbrecht and Cloete, 2000), Organisational Behaviour (Mayer, Davis and Schoorman, 1995), Management (Barney and Hansen, 1994; Williams, 2001), Sociology (Lewis and Weigert, 1985; Gambetta, 1988), Moral Philosophy (Brenkert, 1998a, 1998b; Flores and Solomon, 1998; Soule, 1998), and Marketing Ethics (Morgan and Hunt, 1994; Gundlach and Murphy, 1993; Michell, Reast and Lynch, 1998; Garbarino and Johnson, 1999).

As the marketing function usually holds the main responsibility for building relationships with customers and consumers, it is this latter field that is of particular interest in this research. Since the subject is still at an exploratory phase, however, it also draws on the wider business trust literature and the ethical theory that underpins trust as a sought-after virtue and examines its key characteristics, many of which have moral implications.

Trust is a difficult subject to investigate as it is fraught with complexity and paradox. For business, it is often something that is easier to ignore than face because of its intangibility, although the trust that companies can generate can lead to very tangible and positive outcomes (for example, repeat business and recommendations from consumers or freedom to self-regulate by the legislators). Like marketing, creating trust seems to be more art than science (Bibb and Kourdi, 2004) and is therefore best studied by examining examples of good and bad practice.

The literature review in Chapter two attempts to unravel some of the complexities. A range of definitions relevant to consumer trust and their common elements have been identified and examined and a definition for the research, based principally on the work of Fukuyama (1995) and Baier (1994), is proposed. The review critically evaluates a number of company-consumer trust models and empirical research studies, focusing both on the importance of 'trustworthiness' where there is a direct relationship between the parties, and 'trust' where there is an indirect relationship through an organisation's brands. A particular focus has been to identify contributions that have considered the importance of both ethical and marketing constructs in building trust and where they overlap.

There is generally a paucity of academic literature on how consumer goods companies initiate trustworthiness in themselves and trust in their brands, on the key dimensions or drivers of trust in business-consumer relationships, and on the importance of trust in the consumer's purchase/repurchase decisions (Reast, 2005; Delgado-Ballester, Munuera-Aleman, and Yague-Guillen, 2003). There are perhaps a number of explanations for this; a) the subjects of relationship marketing, branding, marketing ethics, and even marketing itself are relatively young and need further exploration and development; b) the literature on trust in business is also at an exploratory stage and

has been diluted by its broad significance, leading to contributions in many different areas such as individual actions, interpersonal relationships, economic transactions, and social structures (Hosmer, 1995: 391); c) even though there is widespread agreement on the importance of trust in human conduct, there is an equally widespread lack of agreement on a suitable definition of the concept (*ibid*: 380). This has led some writers to describe trust as appearing ‘nebulous’ and ‘seemingly intractable for study’ (Gambetta, 1988; Whitener *et al.*, 1998).

Given the controversy highlighted by many academics about the vulnerability of young children as consumers (discussed in Chapter two), there are also surprisingly few studies that have focused on the moral aspects of children as a consumer target and the more complex marketing relationships involving children as users and key influencers in buying decisions, and their parents as the main purchasers, deciders, and guardians of their children’s best interests. As Smith and Cooper-Martin (1997: 4) point out, “consumer vulnerability has not yet been researched extensively and, as yet, is inadequately understood.” What this thesis contends is that it is many of the parents as well as their children who are vulnerable as toy consumers and that marketers need to take this into consideration both on moral grounds and in terms of building trusting, mutually beneficial relationships with their end market.

In a number of the trust models reviewed in Chapter two, some useful approaches were identified that could be built on, and a few that emphasised the ethical dimensions of trust. Some, however, drew their ideas from the existing literature with little additional empirical support and, in those studies where empirical research was conducted, most considered trust from only one dimension, that is, from either the organisation’s perspective or from the consumer’s perspective. It is considered important that, as trust is a two-way process involving a trustee and trustor, any model or empirical study on consumer trust would need to investigate both positions to support its validity.

Many of the contributions examined have used a variety of positivistic approaches to, for example, validate brand trust scales, determine the importance of different dimensions in building trust, or to examine the role of trust against other attributes in creating customer satisfaction (Raimondo, 2000). This approach might assume that

the main constituents of trust are already known and therefore can be measured, compared, sorted, and prioritised.

This study takes a qualitative approach to examining consumer trust based on the view that, whilst a conceptual model can be framed from the literature, trust has no commonly accepted definition, and it is still inadequately understood particularly in markets where children are targeted. No one has yet come up with a definitive set of trust dimensions. Trust is also a personal and sometimes sensitive issue, as are most issues relating to ethical and moral behaviour, and may therefore mean different things to different managers in organisations, and to consumers. The qualitative approach leaves open the possibility of discovering new initiators, dimensions and inhibitors of trust through exploring the views and experiences of both senior managers in organisations and parent consumers.

1.2 The research aims

The primary aim in undertaking this research is to develop theory that explains how trust is created and fostered between the toy companies and their main consumers (parents of young children) and to analyse the complexity, diversity and dynamism of their relationships. This involves exploring the antecedents of organisational trustworthy behaviour and the key dimensions of trust, using a combination of both ethical and marketing constructs. A consumer trust framework is proposed building on a synthesis of contributions from the academic literature (discussed in Chapter three). This is then compared to the research findings from the practitioners and other stakeholders and further developed.

The model postulates that trust has strong ethical roots, particularly in a market where young children are involved and that trust in toy companies and brands is dependent on a range of ethical and marketing constructs. The model is primarily descriptive and analytical rather than normative and prescriptive in that it is describing how consumer trust is formed in the toy industry and how the dimensions interact rather than proposing how it ought to be developed based on rules and principles (Fisher and Lovell, 2003: 24). As part of the discussions on managerial implications, however, a number of recommendations are made to toy companies about building stronger

trusting relationships based on both contributions from the literature, from perceived good practice by toy companies and individual managers in the sample, and from consumer comments. In this sense, therefore, there is also a normative element to the work.

The research is *exploratory* and does not claim any generalization beyond the specific data set used in the empirical research. Nonetheless, because of the limited literature on consumer trust and trust in children's markets, the findings provide strong indications that, while there are still areas where toy companies need to demonstrate greater trustworthiness to consumers, the toy industry appears to be acting in a number of ethically responsible ways. There are therefore aspects that other industries targeting children and their parents might want to consider from this research.

1.3 The research contexts

1.3.1 The consumer context

At the outset of the research, it was believed that there were a number of different types of consumer who might have an influence on the economic success of toy companies, not least children themselves, mothers, fathers, friends and other family members. Children were likely to play a key role not only as the major toy users, but also as purchasers in their own right (using their own pocket money and savings), and as key influencers in many household buying decisions, including where to buy and what brand to buy (McNeal, 1992). Children were also likely to be of vital importance to the study as a major area of criticism about ethical marketing practice has focused on targeting of vulnerable populations such as children (for example Paine, 1996).

It became apparent however after the initial stakeholder interviews that the role and influence of parents in toy purchase decisions had been underestimated and was pivotal to many toy companies' success, as mothers accounted for around 65 per cent of all toy purchases (Bryan Ellis interview – 11.12.02). Parents have a major influence on what toys should be bought and are the ultimate deciders, funding most toy purchases (Key Note, 2004: 40). As one stakeholder put it: "*What you have to understand is that children don't buy toys; parents buy toys, for children*" (B).

Other adult consumers are viewed by the industry as part of small segments that are generally unviable to target because of limited marketing budgets, although grandparents are becoming increasingly important as toy consumers, with many of them playing a major role in caring for their grandchildren.

The toy companies do not appear to face particular difficulty in building brand trust with children. As McNeal (1992: 93) points out: “Children tend to be loyal. They look for dependent relationships, for belonging (affiliation), for order and for avoidance of humiliation” – Hence their trust in brands, especially those used by family, peers, and other key influencers such as celebrities. This does not mean that companies can take children’s trust for granted but this research indicates that young children do not appear to be influenced by, or interested in, trust in any particular toy brand or company. Indeed many of them are unlikely to even understand the term ‘trust’. Children are more likely to be motivated by new and exciting products, product features and demonstrations, playground crazes, and particularly peer pressure (Bryan Ellis interview – 11.12.02). The challenge for toy companies is how to make toys top of the present list when many children appear to be more interested in training shoes, mobile phones, mini hi-fi systems, and portable televisions, and deciding what products are likely to appeal to today’s fickle children:

“ I have been working in the industry for twenty years and you still get taken by surprise. Who would have thought those little silver scooters would have been such a hit or that people would be prepared to pay £20 for a Yo-yo? People went crazy over them, and they never went on television. I don’t know what winds kids up. I don’t think any of us understands it” (ibid).

This uncertainty leads to a two-pronged marketing approach. Children are targeted directly by toy companies who spend heavily in researching children’s wants and behaviour, developing new product, and reaching them directly through an integrated advertising and promotional mix. Parents are also targeted, but less aggressively, to gain their approval that the companies recognise is also significant in the final purchase decision. There is a growing trend for ‘retro’ toys and games that are mainly targeted at parents who fondly remember the brands of their childhood (Key Note, 2004: 5)

It was considered that a model of consumer trust would be most valuable if it centred on trust development between the toy companies and parents in gaining such endorsement. Although much of the academic literature focuses on children's products being targeted at children, the paradox is that toy companies are essentially marketing **to** parents, but **through** children. Consideration of this additional dimension, but with the vulnerability of children clearly in the background, is a central theme in this research.

1.3.2 The sector, product and company context

Mintel (1998) reports that the market for children's products in the United Kingdom is growing steadily and identifies a wide range of different products aimed at those under twelve years of age. Major areas include toys and games, food, soft drinks, confectionary, and clothing although newer categories such as cosmetics, magazines, compact discs, mobile phones and other consumer electronics have been growing rapidly. While there are obvious links between children's markets (such as the vulnerability of children, similar communication vehicles, and so on), as many industries target different age groups and have different influences, it is considered that a research focus on one rather than multiple industries might facilitate data analysis and provide more robust research.

The traditional toy and games industry in the United Kingdom (UK) was selected as a case study for a number of reasons. Firstly, it is a major segment in the children's market, valued around £2.1 billion at retail selling prices in 2003 (Key Note, 2004) and the UK is the biggest western market for toys outside the United States of America (BTHA handbook, 2004). The market has been in steady growth rising over 27 per cent between 1999 and 2003 despite the population of under 14's falling in the period by 2.7 per cent. The market has benefited from increased levels of spend per child as a result of higher disposable income levels, the reduction in size in many families, and the increasing age of parents. Longer working hours and busier life styles has fuelled guilt-motivated spending on children and higher divorce rates and the increase in 'weekend parenting' has led to more dual present giving (Key Note, 2004: 1, 3). With the population of under 12's set to fall by a further 5.4 per cent by the end of 2008, however, the industry is likely to be under mounting pressure to sustain similar growth levels in the coming years.

A particular feature of the industry is that many of the companies only manufacture products for children and are therefore highly dependent on making their marketing to them effective. Many of the children who use toys are also young (normally 12 years of age or under), making them particularly vulnerable (see Section 2.6.4).

Finally, toys and games are interesting products as they are found in all cultures in the world (Fraser in Kline, 1993) and form such an important part of all children's early lives. Furby (1980) argues that within the contemporary matrix of consumerism, toys are a child's prototypical possessions – the first things that children learn to use, control, and derive pleasure from. Toys also have cultural and educational significance. Sutton-Smith (1986) suggests that of all the objects given to young children, toys are the most culturally salient because they provide a flexible and engaging tool of socialization. They are important because they are, “models of things that invoke in play the behaviours or skills required in later life” (Kline, 1993: 15). Through play, children learn, “sharing, receiving, giving and lending, anticipating, waiting and reciprocating, planning and organizing their use of things to give pleasure” (: 344). Children are more inclined to play, and will play longer, when toys are available (Goldstein, 2004).

The term ‘traditional toys and games’ is used by the industry and its representative bodies, the BTHA (British Toy and Hobby Association) and BATR (British Association of Toy Retailers) to distinguish itself from other toys and games in the market such as consoles and electronic/computer games. These latter products form a separate industry, are aimed at older children (normally teens and over) and adults, and are sold predominantly through specialist retailers such as ‘Game’ rather than toy shops.

The toy industry comprises of a number of main categories. These include Action Figures, Arts and Crafts, Building Sets, Dolls, Games/Puzzles, Infant and Preschool toys, Learning and Exploration, Outdoor and Sports toys, Plush (soft toys), and Vehicles. The infant and preschool sector generates the largest sales volumes (see Appendix III). Toys are sold predominantly via specialist toy shops such as the Early Learning Centre, Toys‘R‘Us, and the Toymaster group (accounting for 29.9 per cent

of sales in 2002), through mixed product multiples such as Woolworths (26.7 per cent), and via catalogue showrooms such as Argos and Index (22.1 per cent). Other sales are made through the Internet, department stores and increasingly supermarkets (NPD Consumer Panel, BTHA Handbook, 2004).

In terms of toys purchased by or for children, the market is broadly split into three key age bands. The 0-3 age groups accounted for 27 per cent of toy sales (in 2002), the 4-7 age group for 35 per cent and the 8-10 age group for 20 per cent (NPD Consumer Panel, BTHA Handbook, 2004). Another key feature of the industry is the proportion of toys that are based on character licences from television programmes, films and books. Such toys, in 2002, accounted for over 22 per cent of all sales (*ibid*).

The BTHA has 152 toy company members representing over 95 per cent of total toy production (www.btha.co.uk. 30.11.04). The toy industry in the UK has been dominated in the last decade by two American multinational toy manufacturers, Mattel and Hasbro, who between them accounted for nearly 20 per cent of market share in 2002. There are however other significant players. Vivid Imaginations, a private British company, is now challenging for the number two position and companies such as LEGO and Tomy hold sizable market shares (see Appendix III). All five companies are included in the sample.

Although the market has shown steady growth over the last five years, there are a number of current factors that are creating a challenging climate for toy companies of all sizes:

- The toy market is highly competitive and price sensitive. The average price points are falling and the margins generated are not strong (ref. Bryan Ellis interview – 11.12.02). Both Mattel and Hasbro made pre-tax losses for the year ending December, 2002 (Keynote, 2004).
- It is predominantly a ‘fashion’ industry with short product life cycles of usually no more than a year. In 2002, for example, 8 of the top 15 selling toy products were new to the market (NPD EPOS Retail Tracking Service, BTHA Handbook, 2004). Companies therefore continually need to invest in new

- product development and/or product sourcing, and in creating new promotional campaigns.
- The consumer toy-buying season is very concentrated. The Christmas period accounts for 52 per cent of all toy sales. This period is therefore critical to a toy company's success. Birthdays account for a further 26 per cent of sales (NPD Consumer panel, BTHA Handbook, 2004).
 - The retail market is dominated by a handful of large, powerful retailers giving them significant control and influence over toy success. Argos, Woolworths and Toys'R'Us between them account for nearly 50 per cent of all toy sales.
 - The main toy recipients, children, can be demanding and unpredictable. Research (for example, Keynote, 2004) has also indicated that they are now often deserting traditional toys and games by the age of seven years old in favour of more sophisticated (adult) 'toys' such as mobile phones, televisions, computers and clothes.
 - By targeting children, the industry is constantly under scrutiny and attracts some negative press and pressure group attention. David Lipman, the founder of JAKKS Pacific/Kidz Biz, a leading international toy company, argues that "...the public has a very bad perception of the toy industry and this needs to change. In most instances, this bad perception is actually driven by the media." (Toy News, January, 2003: 55).

Such pressing issues make creating consumer trust even more significant but at the same time more challenging. If the public perception of the industry is poor, it highlights the need for more consumer trust, adding importance to the outcomes of the research.

1.3.3 The functional context

Levitt (1986: 19) has argued that, "the purpose of a business is to create and keep a customer," and it is often said that, "the consumer is king" (Hoffman, Frederick and Schwartz, 2001: 379). The function of the marketing department is normally to manage the firm's relationships with its customers and consumers, and all activities, "should be driven by the imperative of customer satisfaction" (Smith and Quelch, 1996: 3). Marketing is therefore critical to the success of a business.

The main activities of marketing managers include selecting the target market, formulating and implementing marketing strategy and the marketing plan, and developing tactical programmes for products, pricing, distribution and communications (*ibid*). Marketing's high visibility in areas such as advertising, sales promotions, marketing research, and public relations might partly explain why it is often perceived as the least ethical of all the business functions (Baumhart, 1961; Tsaliskis and Fritzsche, 1989; Laczniak and Murphy, 1993). Marketing managers often find themselves "caught in a crossfire of conflicting pressures" (Corey, 1996: 40), with profit responsibilities to their organisations and shareholders on the one hand and the satisfaction and care responsibilities to customers and consumers on the other.

The toy industry, as other child-orientated industries, has attracted adverse publicity in the media from some concerned parents, consumer and pressure groups, and journalists. They criticise its lack of morality in targeting young children directly and exploiting their limitations, in launching unsuitable products, and in bombarding them with advertising messages not only through television, but also through newer, more subtle and less regulated methods such as web sites, children's clubs, and in-school activities (for example Seaford, 1999; Cohen, 1999; Paine, 1996). Toy companies also stand charged with encouraging the phenomenon of pester power and with contributing to the playground peer pressure. What is clear is that, if toy companies are to gain the trust of parents in the face of such accusations, they may need to demonstrate more clearly through their marketing behaviour that they are acting responsibly and considering the interests of others and not merely their own.

Although there is a strong body of counter arguments to such charges by both practitioners (for example, Stanbrook, 2002) and academics (Goldstein, 1999; Furnham, 2000), the debate has attracted the attention of the European Union parliament and the national governments of many European countries, who are currently reviewing the adequacy of their market controls in this area.¹

¹ Details of the current regulations on marketing to children in the different European Member States can be found on the Advertising Education Forum's website - www.aef.org.uk.

The issue for the toy companies is not only the threat of tighter regulation, but also more importantly the impact that such adverse publicity is having on trust in their consumer relationships. Marketing managers arguably play the key role in creating and maintaining such relationships along with those at the sales/customer service interface. In the toy business, where the brand is often the focal point of the relationship, marketing's role is crucial not only in fostering trust but in communicating and demonstrating the organisation's ethical credentials. It is also recognised that top management have a significant influence on such relationships and behaviour through the setting of organisational goals, values and culture, through the corporate strategies, and often through endorsing the marketing plans and tactics. The important role of leaders in establishing a culture of trust in organisations has also been mentioned in the literature (for example Bibb and Kourdi, 2004).

In conducting the research, the decision was therefore made to identify a sample consisting of senior marketing personnel in the toy companies where possible and, in cases where companies were too small to have a formal marketing function, to interview the Managing Director or Chief Executive.

1.4 The methodological approach

The research method adopted for this research is described by Miles and Huberman (1994) as a 'theory-first' position in which a conceptual theory is refined and developed from empirical research. The theoretical framework developed from the literature serves as the basis for the formulation of a set of research questions and propositions for evaluation and discussion in the empirical research that is qualitative and grounded in the practice and knowledge of the case study respondents. The main focus of the primary research has been on twelve leading toy companies (those with significant sales turnover and market share) as these not only account for a substantial portion of the toy market in sales terms, but more importantly are perceived by the author to have large, loyal and trusting consumer bases and may therefore provide examples of best practice.

The use of in-depth, semi-structured interviews with senior managers, based on a set of open-ended questions about building trust with consumers, has generated rich data

which is used to evaluate and further develop the theory from the practitioner's perspective. A limitation of previous empirical studies has been the one-dimensional approach to examining consumer/customer trust. This study seeks to avoid this by also gathering rich qualitative data from other significant stakeholders in the industry who are considered to have an important bearing on trust development – consumers (parents), toy retailers and representatives from the industry bodies. This different dimension not only provides a method of triangulation, but also helps qualify and validate the theory.

1.5 Structure of the thesis

The structure of the thesis has been designed around the central aim of theory development. In Chapter two, a cross-disciplinary review of the literature is conducted to attempt to understand the meaning and importance of trust, its characteristics and their relevance to the context of company-consumer relationships. The review identifies two main themes, one relating to issues such as caring, vulnerability, rights and responsibilities that are found to be common in many approaches to trust and which have underpinnings in moral philosophy, and the other relating to building trust through consumer relationships and branding which have strong links to, and support from, the marketing literature.

Building on these themes, Chapter three proposes a conceptual framework founded on contributions from the literature and from data gathered in the initial stakeholder interviews, identifying important antecedents and dimensions (consisting of both ethical and marketing constructs) for the development of trustworthiness in toy companies and brand trust. A set of propositions are forwarded that provide the basis for the empirical research and the other methodological concerns which are discussed in detail in Chapter four. This chapter provides a rationale for the design, sample selection and data analysis techniques based on a qualitative approach which, while acknowledging its limitations, is deemed more appropriate for a sensitive and exploratory topic such as trust than the positivistic approaches that have generally been taken in previous empirical studies on consumer trust.

Chapter five reports and analyses the key findings from the fieldwork and other documentary evidence and Chapter six compares the practitioners' views and experiences to the conceptual model to assess its validity. Chapter 7 then discusses the contribution of the thesis to theory development, management knowledge and practice, acknowledging its strengths and limitations and points to management implications and areas needing further investigation.

Chapter 2 – Towards Unravelling the Complexity of Trust: A Review of the Consumer Trust Literature

2.0 Introduction and chapter structure

This chapter reviews the academic literature in the areas of consumer trust and the related fields of relational trust and brand trust, topics that are still largely underdeveloped (Reast, 2005; Delgado-Ballester, Munuera-Aleman and Yague-Guillen, 2003). Because of this deficiency, the review also draws from some of the more relevant contributions from the broader trust, business ethics and marketing literature areas that underpin the topic. Findings have been sourced primarily from academic papers in marketing, psychology, ethics and management journals, and from texts on trust, branding, and relationship marketing.

In line with Bryman and Bell's suggestion (2003), the review identifies what is currently known about trust in the context of company-consumer relationships and critically evaluates the existing concepts and theories to identify controversies, inconsistencies and gaps in the literature. It broadly divides into two main themes; one identifying the common characteristics of trust which are found to have strong connections to moral philosophy and the other examining the literature on trust development in consumer relationships and branding, strongly linked to marketing theory.

In scanning the literature, no particular model has been identified that considers trust in the context of the particular relationship between organisations, parents and children that is the core of this research. Consumer trust theory generally still seems to be positioned at the exploratory phase. A number of studies however have identified different antecedents and drivers of relational trust (from both ethical and marketing perspectives) between organisations and their customers and from an analysis and synthesis of these, it is possible to propose an initial conceptual framework utilising a range of ethical and marketing dimensions (see Chapter 3).

This chapter begins by examining the background to trust and its importance within the commercial environment to both toy companies and consumers. It explores some

of the wide range of trust definitions drawn from a variety of social science disciplines to identify common traits and characteristics that are deemed to be relevant to consumer trust, and this leads to a conceptual definition of consumer trust for the research. The review then considers different types of trust, examines its underlying ethical roots and highlights the important distinction between trust and trustworthiness. The last section critiques the existing consumer trust models and examines the link between trust in consumer relationships and trust in brands. Finally, the chapter identifies a number of trust determinants often mentioned in the literature and these are grouped under five main headings of integrity, benevolence, commitment, satisfaction, and personality factors. The chapter structure and section links are shown graphically in Figure 2.1.

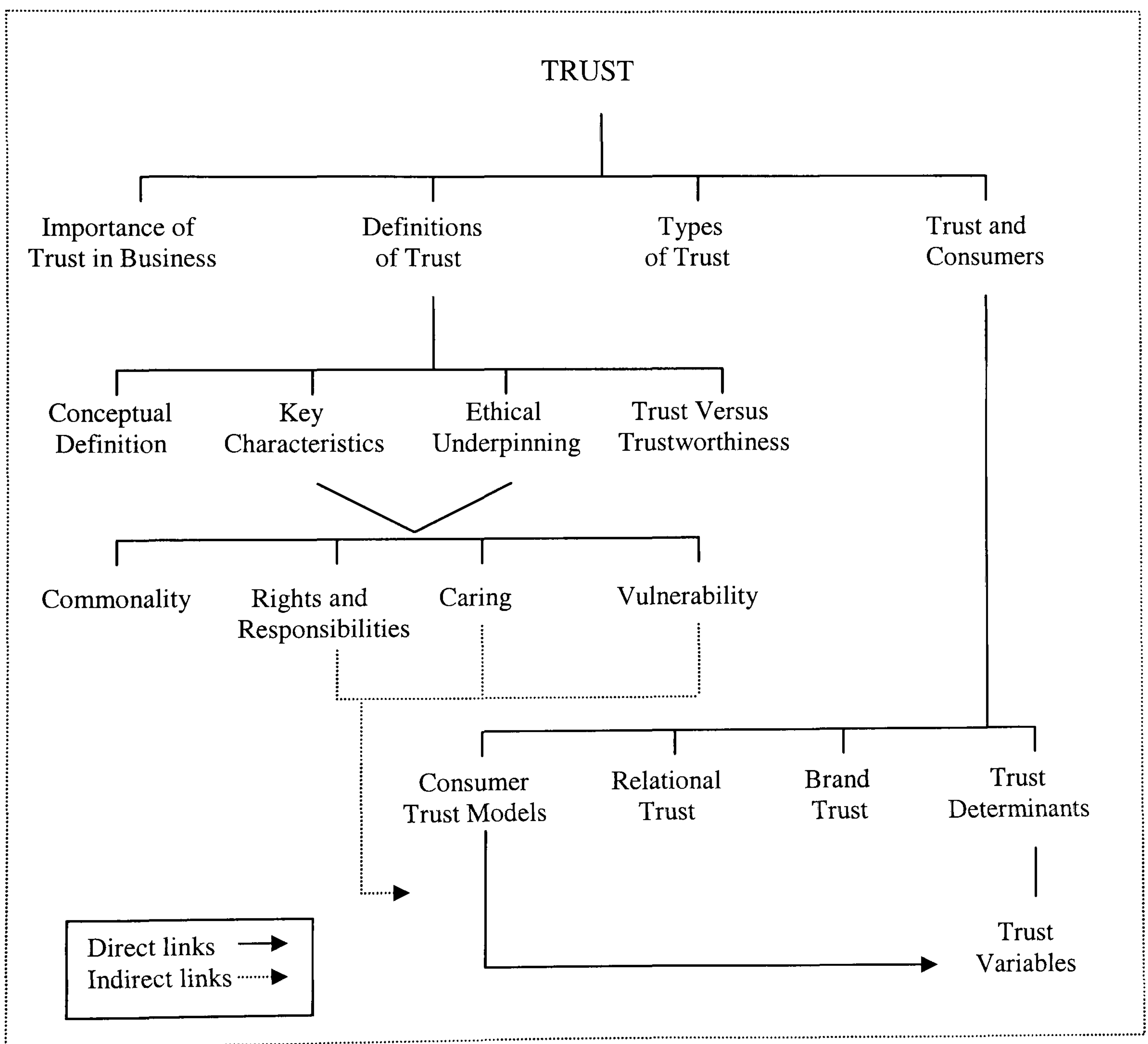


Figure 2.1 – Literature review structure and links

2.1 Trust in the business arena

Flores and Solomon (1998: 205) observe that: “Business people feel uncomfortable talking about trust, except perhaps, in the most abstract terms of approbation. When the topic of trust comes up, they heartily nod their approval, but then they nervously turn to other topics perhaps because they rightly suspect that trust in many corporations seems to be at an all-time low.” The recent banning of a potentially unsafe toy, the Yo-ball², despite meeting the stringent safety legislation, and substantial Office of Fair Trading (OFT) fines for one of the largest toy companies and two major retailers for illegally fixing the price of toys³, have also perhaps added to consumers’ sense of unease about the toy industry. The expanding development of technologies such as the Internet and the increased importance of, and interest in, knowledge (for example, from what, where, and by whom is a product made) have also created a climate which brings issues of trust and ethics to the fore (Brenkert, 1998a), as has the current marketing fixation for enhanced customer relationships, loyalty, and personalised (one-to-one) communications, even with children.

Trust creates a dilemma for organisations because of its invisibility and it is often only when things are going wrong that any attention is paid to it (Bibb and Kourdi, 2004). This lack of appreciation of its significance has been recognised by a number of scholars in the management literature who point to managers not devoting sufficient time, energy and resources to creating it within their organisations (Wicks, Berman and Jones, 1999).

What is evident from some of the literature is that trust seems to be a strategic choice. That is, managers and other employees can, through their behaviour, help determine the levels of trust in relationships between the firm and its various stakeholders. This view is at odds with other scholars however who argue that trust is neither a form of behaviour in itself nor a choice, but an underlying condition that can result from such activities (Rousseau *et al.*, 1998; Morgan and Hunt, 1994). This difference of opinion relates to interpretations of the word ‘trust’ and its distinction from ‘trustworthiness’ (discussed further in Section 2.3). Whilst the development of trustworthiness has

² Discussed further in Section 5.3.2.

³ Discussed further in Section 5.4.

much to do with how companies behave, trust in a toy is likely to stem as a result of such behaviour (Caldwell and Clapham, 2003). What most academics agree on is that trust is dynamic and is, “an ongoing process that must be initiated, maintained, sometimes restored and continuously authenticated” (Flores and Solomon, 1998: 206).

There are indications that trust is sometimes being overrated and misunderstood in the business world. Plender (2003) argues that ethical conduct creates the valuable quality of trust and that trust can reduce monitoring and transaction costs in companies and the wider economy leading to financial gain. Flores and Solomon (1998) warn however that economic approaches to trust, while having good intentions, are seriously incomplete and misleading and there is no guarantee that greater trust will either make business more efficient or improve profitability. Whilst trust usually does have this effect, they argue that, “there is no necessary connection between trust and efficiency, and this is neither the aim nor the intention of trust” (: 208). While trust is undoubtedly an important ingredient in a healthy supplier-consumer relationship, it is not the only element (see Section 2.7.1).

Flores and Solomon (1998) argue that trust is also misunderstood when it is viewed as a form of knowledge or as a resource. To them, trust is an attitude, feeling, emotion or effect that is connected with one’s character and is a virtue: “Like many virtues, trust is most virtuous when it is pursued for its own sake, even if there is no benefit or advantage in view. To think of trust as a business tool, as a mere means, as a lubricant to make an operation more efficient, is not to understand trust at all. Trust is, first of all, a central concept of ethics. And because of that, it turns out to be a valuable tool as well” (: 208).

It is interesting to reflect in this regard on a number of worthy deeds that are carried out by the toy industry (for example their work with disadvantaged children described in Section 5.2.4) that are rarely reported or promoted because they are being pursued for their own sake and not for business gain.

Most authors seem to agree that trust in an organisation, its managers, and its products and services leads to numerous positive outcomes such as word-of-mouth recommendations, higher purchase volumes and brand loyalty (Morris and Martin, 2000), brand extension acceptability (Gurviez and Korchia, 2003; Reast, 2003), greater price tolerance (Delgado-Ballester and Munuera-Aleman, 1999), long-term stable relationships with customers (Larzelere and Huston, 1980; Morgan and Hunt, 1994), better customer retention, and organisational profitability (Wong and Sohal, 2002). Equally they warn of the consequences of a lack of sufficient attention to trust. Trust is fragile, difficult to build, but easy to lose (Ambler, 1997). Without trust, customer loyalty and repeat business can be difficult to achieve and once broken, it is even harder to re-establish (Bibb and Kourdi, 2004).

For toy companies, gaining the trust of consumers is particularly important and challenging. With vulnerable young children as the principal end users and parents, anxious for the welfare of their offspring, as the key toy purchasers, toy companies have to both understand such limitations and anxieties and respond positively to them to maintain trust. The number of leading toy companies that have been producing and marketing toys for over 50 years would indicate that at least some companies have discovered the right formula for being a 'trusted' brand. However, even for these companies, the fragility of trust is evident as Mattel, Hasbro, and LEGO, for example, are experiencing sharp downturns in sales and profits. Trust appears to be as fickle as the market that toy companies serve.

2.2 What is trust?

The previous section has discussed some contrasting views about what trust concerns and why it poses both a challenge and opportunity to commercial organisations. This section reviews and links some of the broader definitions of trust that are deemed to have particular relevance to the ethical underpinning of trust in the context of a children's market and a company-parent relationship. This leads to a conceptual definition of trust for the study and the identification of four key characteristics – mutuality, rights and responsibilities, caring, and vulnerability.

Reflecting its growing commercial importance, trust seems to have gained some prominence in the academic marketing literature over the last fifteen years or so following the early exploratory work of Rotter (1967) who in the 1960's defined trust as, "a generalised expectancy held by an individual that the word of another...can be relied upon" (: 651).

Many of the definitions of trust in the business and marketing literature appear to have stemmed from Rotter's work but have been influenced by diverse perspectives from different social science fields such as Social Psychology, Organisational Behaviour, Economics, Management, Politics, Sociology, Moral Philosophy, and Marketing (Section 1.1 in Chapter one provides reference examples to each of these areas). This diversity of backgrounds, along with the 'emotional baggage' that the phenomenon of trust carries with it, has created inherent difficulties in concisely defining the concept of trust, according to Dibbon (2000).

The failure of academics to agree on a suitable definition has perhaps contributed to a number of criticisms about the trust literature in the 1980's and early 1990's. Luhmann (1980: 8) complained of the regrettably sparse literature on trust within Sociology and of the work outside that field which seemed, "theoretically unintegrated and incomplete". Zucker (1986: 58) has criticised the attempts to define the concept arguing that the definitions proposed have little in common, as has Shapiro (1987: 624) who described, "the confusing potpourri of definitions applied to a host of units and levels of analysis." It is not only different definitions that have been criticised, but also the spread of different determinants or conditions for trust, and the lack of suitable instruments for measuring them (Butler, 1991: 647). Although many papers have subsequently been written about trust in the commercial arena, the limitations in the literature are still being highlighted. Gounaris and Venetis (2002: 636) for example believe that scholarly inquiry on trust is impeded by both the limited academic research available to empirically document the factors that affect trust in marketing exchange relationships and by the failure to distinguish trust from related factors (such as commitment and satisfaction), a gap this research aims to fill.

In examining a wide range of definitions about trust from both the organisational behaviour and moral philosophy fields, Hosmer (1995: 380-381) is more encouraging

about the literature arguing that although there is no agreed definition of the concept which makes trust seem “a hazy and diffuse topic”, to him each new definition has added some new insight and understanding. He believes that the failure to agree on a definition may lie in part with the underlying assumption of an implied moral duty owed by the trusted person to the trusting individuals that has been an anomaly in much of organisational theory. He suggests that the best way to achieve a global definition of trust would be to link the topics of philosophical ethics – the issues of what is ‘right’, what is ‘just’, and what is ‘fair’ – with the essence of organisational theory – the issues of what is ‘efficient’, what is ‘effective’, and what is ‘practical’. This is at the heart of this thesis and poses a further question to be addressed. Do toy companies focus sufficiently on their moral responsibilities towards consumers or concentrate too much on organisational issues?

In the marketing literature, there is similarly disagreement on the meaning of trust and it is variously described as; a psychological state interpreted in terms of an ‘expectation’ (Rempel, Holmes and Zanna, 1985; Sirdeshmukh, Singh and Sabol, 2002); a ‘belief’ (Ganeson, 1994); a ‘confidence’ (Barney and Hansen; Garbarino and Johnson, 1999); an ‘action’ (Deutsch, 1962); a ‘perceived probability’ (Bhattacharya, Devinney and Pillutla, 1998); as risk-taking behaviour (for example, as ‘a willingness to be vulnerable,’ Mayer, Davis and Schoorman, 1995); or as ‘a willingness to rely on an exchange partner’ (Moorman, Zaltman and Deshpande, 1992; Chauduri and Holbrook, 2001).

All these descriptions have some relevance, reflecting trust’s broad meaning but which are most relevant to companies and which to consumers? An under-developed theme in the literature is how trust differs for each party (company and consumer), whether there are totally separate variables relevant to each, and whether there are overlaps of interests?

For consumers, trust is principally an emotion and as humans are fundamentally social creatures, we have an enormous need to trust and be trusted as trust is viewed as, “a pre-requisite for social cohesion” (Bibb and Kourdi, 2004: 5/6). Consumers have individual needs and expectations of companies that must at least be partly met if trust is to exist. But trust building is a two-way process and is not just the responsibility of

organisations. (Adult) consumers also have to be trusted by business to only purchase *bona fide* products rather than counterfeits (in cases when it is obvious) for example, to read product warnings, instructions and age-appropriateness details, to use products as intended, and not to engage in deshopping.⁴ Reflecting that trust therefore creates obligations for both trustee and trustor, Gundlach and Murphy (1993: 41) envisage trust as a form of contract, "...a faith or confidence that the other party will fulfil obligations set forth in an exchange," and thus reducing the likelihood that the other party will act opportunistically (Bradach and Eccles, 1989).

2.2.1 A conceptual definition of consumer trust

For this research, drawing on the work of Fukuyama (1995) and Baier (1994) in particular, consumer trust is conceptualised as:

‘The expectation that arises within a community of consistent, honest, caring and responsible marketing behaviour, based on commonly shared norms on the part of other members of that community.’

This definition parallels the ‘expectancy conceptualisation’ of trust that prevails in the literature as, “most disciplines agree that risk is a critical condition for trust to influence choice and behaviour” (Delgado-Ballester, Munuera-Aleman and Yague-Guillen, 2003: 36). It also recognises that a society consists of many communities of different members with varying needs, wants, expectations, interests, and vulnerabilities (Donaldson and Dunfee, 1994; 1995). Members of primary interest in this research are toy companies, parents, and children but this does not exclude the influence and interests of other key stakeholders in the community such as industry and professional bodies, governments, retailers, consumer/pressure groups, the media, shareholders and others, who would also have views on what the norms should be and whose perspectives should therefore be considered.

The definition highlights the importance of a responsible attitude in ethical and marketing decisions, behaviour and actions in building and maintaining trust. It deliberately does not refer specifically to marketers’ behaviour, recognising that key

⁴ Deshopping is the “deliberate return of goods for reasons other than actual faults in the product in its pure form premeditated prior to and during the consumption experience” (Schmidt *et al.*, 1999: 2).

ethical marketing decisions at a strategic (macro) level are not only made by marketers, but also by others, senior management and business leaders in particular.

The definition refers to the significance of identifying 'commonly shared norms'. This reflects the other consistent theme in many of the trust definitions concerning mutuality. Norms relate to the standards of right and wrong behaviour shared by a group, profession or community and the ultimate, definitive source of norms lies in the attitudes and behaviours of the members of the relevant communities (Dunfee, Smith and Ross, 1999). Norms are considered to have a strong ethical foundation. A commonly shared norm that the community under discussion might adopt, perhaps utilising Rawls's 'veil of ignorance' (1971), is that as young children are vulnerable as consumers they should not be taken advantage of. At the same time, it could be argued that companies should be allowed to make sufficient profits to survive and grow and therefore continue to develop and market toys that are valuable aids to a child's early development. Beyond this however, there is much debate about issues such as degrees of vulnerability at different ages, what 'taking advantage' might mean, and what constitutes a sufficient or acceptable profit level?

Finally, the definition alludes to the caring aspects of trust, common in Baier's work (1986; 1994). This is considered to be important in this study where there are particularly vulnerable community members. It reflects the necessity for toy manufacturers to go beyond the moral marketing minimum to fulfil its obligations and to positively recognise and demonstrate concern for the interests, rights and welfare of their different consumers: "The necessity of trust can be regarded as the correct and appropriate starting point for the derivation of rules for proper conduct" (Luhmann, 1979: 4).

2.3 Trust and trustworthiness

In theorising about trust, it is important to consider whether the emphasis is on 'a willingness to trust', such as might be the case of a parent buying a toy, rather than on being perceived as 'trustworthy,' a virtue that the toy company may strive for. This is a distinction rarely made clear in the literature with many scholars appearing to use the terms trust and trustworthiness interchangeably. Hardin (1996: 29) suggests that,

“the best device for creating trust [may be] to establish and support trustworthiness.” This implies that if a company can initiate trustworthiness in its behaviour, this may provide a solid base from which consumers’ trust can grow and thrive in the company and its brands. Hardin (2002) also argues that it is ‘trustworthiness’ rather than ‘trust’ that is needed in a well-functioning society.

The issue of trust versus trustworthiness is another area where there is perhaps some misunderstanding in the literature. Whereas trust refers to the act of trusting or not trusting, trustworthiness involves an evaluation of those criteria that constitute trust and consequently influences both the direction and intensity of a decision to act in a trusting manner (Bews and Rossouw, 2002: 378). Trustworthiness is comprised of, “those characteristics that one perceives in another or group that elicit a belief that trust can, or cannot, be placed in that other or a group (the focus of trust) while taking into account both personal risk and vulnerability” (Brien, 1998: 399).

Brenkert (1998b: 300) regards trustworthiness not as an attitude but as, “the evaluative appraisal that an individual is worthy of trust; that is, that another person might reasonably place his or her trust in that individual. Trustworthiness relates both to the qualities of the person (or organisation) to be trusted, as well as to those doing the trusting (the consumer).” Flores and Solomon (1998: 209) agree that trustworthiness is an obvious virtue arguing that, although Aristotle and other leading virtue ethicists do not refer directly to it, it may be supposed to be in the character ‘of a good person’. It is not just the character of individuals that is in question here but also the character of relationships and organisations. Trustworthiness therefore applies to individuals or organisations (groups of people) rather than branded products that might be termed ‘trusted’ but not ‘trustworthy.’ A branded product cannot have moral virtues in spite of some marketers proposing that brands do have personalities (for example, Aaker, 1991; de Chernatony and McDonald 1998; Fournier, 1998).

While it is important to distinguish between the terms and different meanings of trust and trustworthiness, both are relevant to the conceptual model proposed in Chapter three. Where firms clearly use their corporate name on products and promotions and where there is any cause for direct contact with consumers (on issues such as warranties, faulty product, performance complaints, or servicing and repairs, for

example), the trustworthiness of toy companies is important. Where companies promote product rather than company brands or use third party (licensed) brand names, and generally have an indirect consumer relationship, then it is trust in the product or brand and whether it fulfils its promises and meets consumer expectations that is significant.

2.4 Types of trust

Scholars have also failed to agree on the different types of trust that exist. This is perhaps because trust assumes many different forms depending upon its source, the conditions for its existence, its extensiveness, and a number of other distinguishing characteristics. Any discussion of trust should therefore try to make explicit, “the form and kind of trust on which it is concentrating if it is not to draw implications which are questionable or mistakenly identify relations between trust and other aspects of business and moral life” (Brenkert, 1998a: 199). Flores and Solomon (1998) view trust as a continuum varying from an emotional attitude almost devoid of trust (they term this ‘simple trust’) to an articulate, emotional attitude aware of both the trust and distrust in life, but which sides with trust (‘authentic trust’). They argue that, “once trust is spelled out, all sorts of new possibilities arise; it can be examined; it can be specified; it can be turned into explicit agreements and contracts. The mistake is to think that such agreements and contracts precede or establish trust” (: 214).

The trust between a toy company and child is likely to be very different from that between the company and parent. It could be questioned as to whether a child can trust at all. As Brenkert (1998b) points out, if trust involves making a judgement, only those who are aware of the risks may trust. Thomas (1978: 94) contends that in learning whom to trust, “we need to make judgements on our own account...” On this basis, young children cannot therefore trust and are dependent on their parents and other guardians for guidance. If they can trust, it is likely to be at best what Flores and Solomon (1998) term ‘simple’ or ‘blind’ trust. They would believe what a television commercial told them, for example, although empirical studies have shown that they become increasingly discerning and aware of advertising intent after the age of seven. The issue of children’s commercial socialization is discussed in Section 2.6.4.

Parents are likely to be more sceptical. Although studies have shown that people frequently choose to be co-operative, trusting and generous during economic negotiations (New Scientist, 2003), as we mature, our negative experiences and those of others teach us to be cautious of certain people and organisations, sometimes with good reason. Because of parents' protective instincts for their children, they are likely to be very wary of any company targeting their young children directly. The challenge for toy companies is to break down such barriers to trust.

Bibb and Kourdi (2004: 5) contend that when we speak of trust we tend to be imprecise with our language and often mix up trust with faith, predictability and dependability. On similar lines to Flores and Solomon (1998), they identify two main types of trust; 'elementary trust' such as an assumption that a toy you buy is safe for your child or that, if a newly purchased toy arrives broken, it will be simple to get it replaced; and 'advanced trust' which requires, "...commitment, action and boundary setting. In short, it does not just happen: we have to create it, pay attention to it and actively develop it" (: 5). It could be argued that elementary trust is underpinned and protected by regulations in most instances and that companies that develop advanced consumer trust are therefore going beyond what is required by law and perhaps even exceeding consumer expectations.

Bibb and Kourdi (: 10) view trust as contextual and dynamic and contend that there are four different types of trust at play in different situations. These are shown in Table 2.1 overleaf.

This research is particularly concerned with structural trust and the trust that is placed in toy companies and their brands. However as there is communication between a toy company and consumer, sometimes through direct contact but more commonly through indirect contact, there is some form of relationship and hence relational trust is also relevant. Self-trust is also applicable to some extent because if organisations cannot trust their employees, then consumers are less likely to trust them. When Hasbro dismissed managers identified in fixing prices (reported in Section 5.4), there was a breach of self-trust and this may have resulted, through the resultant press coverage, in a diminishment of consumer trust in their brand.

Self-trust: This is trust that people need to be confident of their capabilities and judgements in given situations. Self-trust is central to the ability to create trust because if people do not trust themselves it is unlikely that others will trust them.

Relational trust: This is trust a person puts in another person or group of people. This is a generalised type of trust and is usually established over time. It is not about trusting people to do something particular; it is believing that they have integrity and honesty.

Structural trust: This is the trust that we put in entire institutions, companies and brands. You trust that *overall* the systems, policies, forms of governance and processes have integrity and can be trusted.

Transactional trust: This is trust that is specific, often one-off and pertains to a particular context at a particular time. You only need to trust in the short-term to fulfil a particular need.

Table 2.1 – Types of trust (adapted from Bibb and Kourdi, 2004: 10/11)

Moral responsibility is now discussed further in evaluating how trust is underpinned by ethical philosophy.

2.5 Morally relevant features of trust

Morality is concerned with “the norms, values and beliefs embedded in social processes which define right or wrong for an individual or a community” (Crane and Matten, 2004: 11). A key consideration is whether everything concerned with the creating or breaking of trust has moral implications. Brenkert (1998b) contends that trust is not a moral principle and is, “not the final solution to moral questions” (: 314). It is however an attitude or disposition to behave and respond in certain ways that can lead to something morally important that goes beyond self-interest (: 309). He argues that although trust is essential for moral relations, this does not imply that all instances of trust are themselves moral. Trust involves a sharing of values and aims

(real or perceived) between parties some of which are moral values and some of which are what he terms 'non-moral.'

Flores and Solomon (1998) observe that trust does not fit into the framework of moral duties and obligations, or calculations of utility, but into the relatively new area of virtue ethics. The area is new, not in the philosophical literature, but in its application to guiding marketers' behaviour (Murphy, 1999: 107). A virtue is, "a trait of character that is socially valued, and a *moral* virtue is a trait that is morally valued" (Beauchamp and Childress, 1994: 63). Solomon (1992) describes trust as a business virtue because of its dispositional nature (its link to character) and because it involves acting in admirable ways. More recently, the concept of virtue has been extended by some to encompass virtuous organisations as well as individuals (for example, De George, 1993; Collier, 1995). Not everyone however agrees that trust is a virtue. Held (1984: 65) for example argues that trust cannot be a virtue as it may be, "misguided, misplaced or foolish." However applying that argument, there are other important virtues such as courage and loyalty that would also have to be dismissed.

The relationship between 'ethics' and 'trust' is an ambiguous one as ethics can promote trust, whilst trust can simultaneously be abused resulting in unethical behaviour (Bews and Rossouw, 2002: 377). Toy companies can participate in a price-fixing cartel as part of a trusting relationship with intermediaries but at the same time can be abusing the trust of their consumers by keeping retail prices artificially high.

Wicks, Berman and Jones (1999) argue that trust is generally seen as a good, but a conditional good, and that it is possible to both over- and under-invest in trust, neither of which is desirable from either a moral or strategic point of view. Using Aristotle's maxim on the 'golden mean' between excess and deficiency, they argue for a concept of optimal trust, a balance between the two extremes. Moral philosophers have argued that people can trust foolishly, that excessive trusting can be culpable and that 'saintly trust' (trust without suspicion) can be dangerous and exacerbate abusive behaviour (for example, Becker, 1996; Flores and Solomon, 1998; Hardin, 1996). Others have argued that, "a lack of trust leads to greater amounts of opportunism, risk and costs, while draining human interaction of a morally desirable trait" (Wicks, Berman and Jones, 1999).

Trust is morally desirable because it is, “a characteristic of human flourishing within community - a form of excellence within individuals that also enables the community to thrive” (*ibid*), and as trust is a moral good, according to Baier (1994), people should therefore strive both to cultivate trusting relations and to be seen as trustworthy.

Some scholars have applied other ethical principles to evaluating trust in relationships. Husted (1998), for example, argues that it is necessary to examine both the ends and means (or process) of the trusting relationship. This supports the views of Koehn (1996) who has acknowledged that an evaluation of the virtues of trust cannot be performed without reference to the ends pursued by the trusting parties. So how do the ends and the means differ in a company-consumer relationship? Do toy companies and their managers act purely for their own self-gain? It could be argued that in seeking profit they are merely acting to satisfy their shareholders and as many of the sample companies interviewed were quoted on various stock exchanges, such shareholders may be numerous and the pressures to produce results immense. On the other hand, individual managers do often stand to make some personal gain whether it is job retention, promotion, or salary bonuses.

And do parents always act in their children’s interest first in choosing particular toys? The answer in most cases is probably yes but they may also pursue self-interest by selecting toys that they particularly liked as children, those that they would personally enjoy playing with (for example, the father and the Hornby train set), or those that satisfy their own desires for social status or for the learning advancement of their child.

Finally Hosmer (1995), in developing some ethically-based trust principles, has evaluated the different approaches of ten classical ethicists. Basing his arguments on Baier’s observation that, “trust is reliance upon another’s good will” (Baier, 1986: 234), he contends that ‘good will’ is the most precisely defined concept in normative or moral philosophy. Although most moral philosophers have not written extensively about trust itself, Hosmer argues that all the classical ethicists have sought the ideal rule upon which all other rules could be based which would lead to a ‘good’ society (: 394). They assert that, “a ‘good’ man or woman should act not for his or her short-

term gain only, but for a mixture of that gain together with his or her vision of the future (Protagoras), his or her sense of self-worth (Aristotle), his or her goal of community (St. Augustine), his or her fear of retribution (Hobbes), his or her calculation of social benefit (Mill), his or her understanding of universal duty (Kant), or his or her recognition of individual rights (Jefferson).” For Hosmer, trust is “the result of ‘proper’ decisions and actions, and proper decisions and actions are those that follow ethical principles of analysis” (: 398).

The debate above links trust with morality and other ethical principles but does not clearly identify the issues involved in trust development that are non-moral (that is, those having no clear link to moral behaviour). Hosmer (*ibid*) has also argued that past considerations of trust have failed to integrate the ethical and organisational literature and an unanswered question is whether it is possible to separate traits of ethical behaviour from other organisational and marketing behaviour. Do, for example, marketing decisions about communicating product benefits through a television commercial or about pricing a product have moral implications? It could be argued that some aspects of the decisions such as the honesty (or dishonesty) of the advertising message and the fairness of the price could be linked to ethical constructs.

The conceptual model (in Chapter three) has separated perceived ethical and marketing constructs. This does not mean that the marketing constructs proposed do not have moral implications but rather that they are more ethically tenuous. It also contended that the importance that the toy companies have attached to marketing and organisational considerations in building trust with consumers might have pushed consideration of their broader moral responsibilities further down the agenda. This stance is supported by research from Carrigan and Attalia (2001) who found that price, value, brand image and convenience feature higher up the scale of consumer priorities than ethics despite other studies suggesting that consumer purchasing is becoming more socially responsible (Mason, 2000; Simon, 1995; Creyer, 1997).

2.6 Characteristics of trust

From the diverse definitions discussed in Section 2.2, four important characteristics of trust have been identified which have moral implications and are considered

particularly important to the research context. These include commonality/mutuality that considers trust from both the trustee and trustor perspectives to evaluate the balance of trust in a relationship and to consider whether there needs to be shared values in such a relationship. The issue of the rights of trustors and the moral responsibilities of trustees are also discussed and the dilemma faced by companies in balancing them when children are involved. Finally two notable characteristics for a children's market are discussed; the importance of caring in trusting relationships and what caring for consumers, and particularly children, might entail; and vulnerability, what does being vulnerable mean, in what ways are children and their parents vulnerable to the marketing of toys, and how should toy companies respond in light of these issues?

2.6.1 Commonality

Many of the trust definitions include the issue of mutuality. That is, trust involves a commonality of values (both moral and non-moral) and aims (real or perceived) in terms of which the trust relationship will be built.

Brenkert (1998a: 298) suggests that this commonality need not be complete or even extensive and that people with very different values can still trust each other. He maintains that parties do not need to have similar dispositions towards each other in a mutual relationship and that trust may be one-sided, rather than reciprocal. In the case of the toy company-parent consumer relationship, it has already been argued that toy companies do have to trust parents to act responsibly in buying toys and supervising play, so there is some reciprocity of trust. The values and benefits sought by each party are also likely to be largely fuelled by different priorities (for example, the needs for child welfare versus profitability) although values on some issues are likely to overlap (for example, attention to quality and safety). Children, on the other hand, are likely to use very basic assessments in trusting a brand (for example, all my friends have this toy, so it must be good). Trust between a young child and toy company is likely to be very one-sided with the issue, in the Kantian tradition, centring on the company's duty, intentions and 'good will' towards this naïve population.

On similar lines, Baier (1996) is also critical of many definitions of trust that assume relationships are between roughly equal, rational parties and this is certainly not the case when companies directly target children as consumers. Even when parents are the primary target (for example, for preschool and baby toys), the companies still have a distinct knowledge advantage over most parents on issues such as safety (for example, about the inherent dangers of sucking plastic toys or toys coated in paint).

Finally, Soule (1998: 249) points out that all relationships are not morally equal. The moral obligations between, for instance, acquaintances, close friends, strangers, and family members are decidedly different. This raises the issue of the type of relationship that exists between companies and parents in the light of children's vulnerability. Are they merely economic relationships as between supplier and customer, based on supply and demand, cost and benefit or is there perhaps also a social relationship based on a partnership in developing a child's learning, developmental skills and abilities? From the toy companies' perspective, they would probably like to feel that the relationship is more than merely economic, that there are undertones of social responsibility in the relationship, of perhaps working together with parents to develop children's abilities or to give them enjoyment. For parents, the relationship is probably viewed in most instances as economic, weighing up issues of price, play value, safety and likely child response to particular toys and toy brands. However, the empirical research has found that the Early Learning Centre in particular has achieved a relationship with parents that seems to go beyond merely economic considerations and the company values and the manner in which it is perceived seem to have endeared it to many consumers.

2.6.2 Rights and responsibilities

Another characteristic common to many discussions about trust relates to the responsibilities of the trustee and the rights and interests of the trustor. Hosmer (1995: 399), for example, defines trust as, "the result of 'right', 'just,' and 'fair' behaviour – that is, morally correct decisions and actions based upon the ethical principles of analysis – that recognises and protects the *rights* and *interests* of others in society" (author's italics). This definition highlights not only the need for appropriate moral behaviour, but also the importance and responsibility of protecting other people's rights and interests rather than one's own self interests or adopting what Jean-Paul

Satre called 'mauvaise foi' (bad faith), the distancing of our own actions and choices and the refusal to take responsibility for them.

Rights: The dilemma facing toy companies is gaining adequate understanding of children and their limitations and balancing these with children's rights and interests. On the one hand they are often charged with immoral and irresponsible behaviour by marketing directly to children and on the other, they are aware that children as well as adults have rights; The United Nations' 'Convention on the Rights of the Child' (ratified by the UK on 16 December, 1991) details the rights of every child.⁵ A number of Articles of the Convention⁶ have particular relevance to children as toy consumers:

- 'Child' refers to anyone under 18 years of age (Article 1).
- Children have the right to say what they think should happen when adults are making decisions that affect them, and to have their opinions taken into account (Article 12).
- Children have the right to get, and to share, information as long as the information is not damaging to them or others (Article 13).
- Children have the right to reliable information from the mass media. Television, radio, and newspapers should provide information that children can understand, and should not promote materials that could harm children (Article 17).
- Children have a right to relax and play and to join in a wide range of activities (Article 31).
- Children should be protected from any activities that could harm their development (Article 36)

These rights seem to provide some justification for companies to target children with information via the media, providing it is done responsibly, and it positively encourages companies to carry out research with children to listen to their views. For

⁵ The 54 Articles of the Convention can be viewed in full at:
<http://www.direct.gov.uk/Audiences/Parents/FamilyIssuesAndTheLaw/ChildrensRights/...>

⁶ Source: UNICEF's UK Youth Website – 16/02/05)

toy companies particularly, Article 31 seems to validate the industry mission of encouraging more children's play.

On the other hand, critics of marketing to children might argue that targeting children directly could harm their development (Article 36), particularly as young children do not understand the motives behind the sales messages. This potential vulnerability is discussed in Section 2.6.4.

Responsibility: According to Goodpaster and Matthews (in Hoffman, Frederick and Schwartz, 2001: 148), moral responsibility relates to decision-making and individuals are deemed to be responsible, "if they are trustworthy and reliable, if they allow appropriate factors to influence their judgement." Moral responsibility is rooted in a long and diverse philosophical tradition. Frankena (1980) points to two particular traits relevant to this research about a children's market; 'rationality' – refraining from impulsiveness, care in mapping out alternatives and consequences, clarity about goals and purposes, attention to details of implementation; and 'respect' – having a special awareness of, and concern for, the effects of one's decisions and policies on others (particularly on a vulnerable and easily influenced population such as children).

There has been much scholarly debate about whether business organisations can be held morally responsible for their actions following Friedman's provocative 1970 article arguing that 'the social responsibility of business is to increase its profits,' based on the premise that managers' responsibility is to act solely in the interests of shareholders. Numerous authors have argued for and against the assignation of moral responsibility to organisations (for example, Moore, 1999) but there is general support from the literature that there is some degree of responsibility, although this is, "not the same as, and probably weaker than, the moral responsibility of individuals" (Crane and Matten, 2004: 40). This argument is based on the fact that organisations have a corporate internal decision structure that directs corporate decisions in line with pre-determined goals (French, 1979) and generally manifest a set of beliefs and values that lay out what is regarded as right or wrong behaviour in the organisation – that is, its organisational culture (Moore, 1999). These beliefs and values are deemed to have a strong influence on the individual's ethical decision-making and behaviour (Crane and Matten, 2004).

Finally, Carroll (1991) views corporate social responsibility as a multi-layered concept based around four interrelated aspects; economic and legal responsibilities, both of which are 'required' by society, ethical responsibilities which these days are 'expected' by society, and philanthropic responsibilities which are 'desired' by society. He argues that 'true social responsibility' requires meeting all four levels consecutively. The model is rather simplistic and companies do not necessarily fit neatly into each level. Hasbro, for example appear to do some worthy activities in local schools and the local community but at the same time have been found guilty of breaking the law (see Section 5.4). The model however is useful in drawing attention to issues of corporate responsibility and to distinguishing between 'what is required' and 'what is expected' by consumers and others in terms of corporate behaviour. The acceptance of such responsibilities appears to be vital in the formation of trust in a company-parent relationship.

2.6.3 Caring

A third characteristic highly relevant to the research and linked to responsibility is the caring aspect of trust. Baier (1994: 128), in discussing trust, talks about "a reliance on others' competence and willingness to look after, rather than harm, things one cares about." Baier recognises that trustees have a largely unspecified or discretionary responsibility and can fail in the relationship if they either exceed the boundaries or fail to satisfy what is implied by due care. The challenge is to identify the 'something cared about' that is entrusted to managers and determine what constitutes 'due or appropriate care' (Soule, 1998: 263/264). On the latter issue, Soule points out that the possibilities range from non-interference to positive responsibility, bearing in mind the overarching imperative of looking after and not harming (: 265). Hosmer (1995: 392) argues that, "these voluntarily accepted duties [of trustees] clearly go beyond a negative promise not to harm the interests of the other party; they seem to provide a positive guarantee that the rights and interests of the other party will be included in the final outcome." He maintains that this belief in consideration, kindness, or even compassion is present in all of the approaches to trust that he examined.

Customer care is a much-used term by marketers. It seems that, "...caring for the customer has become the new corporate mantra" because, "...the new realities of their marketplace award competitive advantage to those whose customers feel cared for"

(Liedtka, 2001: 598). She contends however that far from becoming more caring, many organisations appear to be moving in the opposite direction. The difficulty facing toy companies is how to demonstrate ‘care’ at a distance when they have so little opportunity for direct interaction, other than via helplines. This is perhaps where the Early Learning Centre and LEGO have an advantage being both retailers and producers and having daily direct contact with consumers (parents, children and other consumers). There are however actions that companies can take to demonstrate a caring attitude. Attention to innovation and quality, to high product safety, and to delivering promotional messages responsibly, for example.

Caring is important not just because it makes sound marketing sense, but because companies have a moral duty to care. As Liedtka poignantly asks: “Is the idea of creating organizations who ‘care’ just another management fad that subverts the essential integrity of concepts of ethical caring?” The ethic of care, which emphasises the care-giver’s responsibilities to care for others, is most closely associated with Gilligan’s work on feminist morality (1982) and a ‘mothering’ image of caring. Liedtka suggests that the ethic of care is clearly consistent with Kant’s second formulation of the Categorical Imperative (1785) that calls for treating people as ends, and not merely means (: 599). We should therefore, “view each member of society as worthy of equal respect and consideration [including children], and respond to the unique needs they bring with them” (: 610).

Noddings (1994, cited in Liedtka, 2001) makes an important distinction between caring *for* and caring *about* and contends that ethical caring only applies to those persons that we care *for*. She argues that people we care *about* represents only ‘a verbal commitment to the possibility of care’ but adds that we cannot care *for* those who are beyond our reach. This again raises the question about how far most toy companies can care *for* (and therefore have an ethical responsibility towards) the young children who choose and use their products. With little direct contact with children who reside primarily in the home and school environments, does this make children beyond their reach? Marketing critics might argue that this is not the case, that television advertising is a proven way of reaching and influencing children, and that schools are no longer a haven from commercial activity.

2.6.4 Vulnerability

Of critical importance to both trust and consumer relationships in a children's market is the issue of vulnerability. Smeyers (1999: 242) points out that trust, ...“makes one vulnerable and is therefore potentially risky, perilous and injurious.” This is compounded in markets where children are involved because of their immature consumer skills and knowledge and where companies try to reach the parents' wallets through their children's influence and negotiating skills.

From an ethical standpoint, Rawls (1971) contended in his 'principle of difference' that priority should be given to those disadvantaged in society. In the *Nicomachean Ethics*, Aristotle pointed to the limitations of children; "...thus children and animals are as capable of voluntary action as adult men; but they do not have the same capacity for deliberate choice." A number of contemporary studies have also highlighted that young children are particularly vulnerable (for example, Paine 1984; Mazis *et al.* 1992; Cohen, 1975: 11), that they need to be treated as a special group in different ways to normal (adult) customers (Brenkert 1998a), and that marketers do have a special responsibility towards the vulnerable (Andreason 1975; Goodin 1985).

Brenkert (1998a) maintains that it is important to distinguish between normal customers, the vulnerable, the susceptible (those capable of being easily influenced by someone or something), and the disadvantaged (those impaired in their transactions in the market place). It is possible to argue that children may be vulnerable (for example, targeted with unsuitable, harmful products such as violent video games), susceptible (liable to be easily influenced by television commercials, whose purpose they cannot appreciate), and disadvantaged (in terms of being unable to make rational decisions about price and value).

Brenkert (*ibid*) contends that marketing to the vulnerable requires marketing campaigns to be carefully designed to ensure that these individuals are not treated unfairly (and thus possibly harmed). Any programmes that violate this, he argues, are both unethical and unscrupulous.

The issue of vulnerability is further developed by Goodin (1985) who proposes a general analysis of our responsibility to the vulnerable. If the interests of children are

vulnerable to the actions of marketers, then they have a special responsibility to protect those interests.

Finally, Brenkert (1998a) argues that clients (normal customers) who visit the market must have certain cognitive, motivational and material market competencies (or they will be considered vulnerable). These include:

1. Having knowledge of the products and their characteristics.
2. Being competent to determine differences in quality and best price.
3. Being aware of their legal rights.
4. Being capable of being satisfied by the products being offered in the market.
5. Having the resources to enter into market relations.

He points out that these conditions have not only been recognized as simply moral restrictions, but have also been the source of various legal regulations regarding children.

Paine (1996) also views children as particularly vulnerable to marketers because of a child's immature conceptions of self, time and money, and she concludes that children know very little about their own wants and preferences – or about the rational mobilization of their economic resources to satisfy them. Lacking the capacity for critical reflection, they are unable to assess, modify or even control their felt desires for the sake of more important or enduring desires that they have or expect to have in the future. Moreover, they lack the conceptual wherewithal to research and deliberate about the relative merits of alternative expenditures in light of their economic resources.

There is a growing volume of literature on the consumer socialisation of children which both illustrates how they develop consumer knowledge, skills, motives and values as they mature and at what age they start to comprehend marketing intent. Following Piaget's early work on children's cognitive skill development (cited in Ginsberg and Opper, 1988), a number of scholars have forwarded frameworks showing how children's cognitive abilities and consumer knowledge develop over time (for example, McNeal, 1992; Selman, 1980; John, 1999). John divides children

into three key stages; the Perceptual Stage (ages 3-7 years); the Analytical Stage (7-11 years); and the Reflective Stage (11-16 years); and she discusses how children's knowledge and abilities develop in areas such as advertising, transactional and product brand knowledge, skills in shopping, product evaluation and decision-making, and in purchase influence and negotiation strategies. Her framework is summarized in Appendix 1.

What John's framework and those of others point to are the clear limitations of children, particularly those under 7 years of age. Kline (1993: 238) for example suggests that, "the pre-schooler lives in a world of fantasy in which fantasy is a reality." Hence he/she is unable to tell truth from fiction, does not see a story in terms of plot, but in terms of isolated sequences, and is unable to distinguish programming from advertising.

This is at odds with other research that suggests that even pre-school children are becoming sophisticated consumers who can understand the nature of advertising (for example, Preston, 1999: 368). Even before they can read, children as young as two or three years of age have been found to be able to recognize familiar packaging and familiar characters on products such as toys and clothing (Derscheid, Kwon, and Fang, 1996; Haynes *et al.*, 1993). By 5 to 6 years of age, children begin to recall brand names, particularly if the brand names are associated with visual cues such as colours, pictures, or cartoon characters (Macklin, 1996). And by 6 to 7, they are able to read and spell brand names, which adds to their knowledge base. Brand awareness tends to develop first for child-orientated products such as cereals, snacks and toys (Otnes, Kim and Kim, 1994).

Empirical research has also revealed that by the age of five, almost all children have acquired the ability to pick out commercials from regular programming (for example, Blosser and Roberts, 1985; Stephens and Stutts, 1982). However, critics point out that distinguishing a commercial does not translate into an understanding of the true difference between entertainment and selling intent. This is confirmed by Butter *et al.* (1981: 82) who conclude that, "young children may know they are watching something different from a program but do not know that the intent of what they are watching is to invite purchase of a product or service."

An understanding of intent of advertising usually emerges by the ages of seven or eight (for example, Blosser and Roberts, 1985; Rubin, 1974, Ward, Wackman and Wartella, 1977). Prior to this, young children tend to view advertising as entertainment (for example, something funny) or as a form of unbiased information (for example, where you can buy a product from). From around the ages of 7-8, children begin to comprehend the persuasive intent (for example, that advertisers are trying to get people to buy something) and by the age of 8, children can not only understand advertising intent, but can also recognize the existence of bias and deception in advertising, no longer believing that commercials always tell the truth (Bever *et al.*, 1975; Robertson and Rossiter, 1974; Ward, Wackman and Wartella, 1977).

Although there are some conflicting views about the degrees of sophistication and vulnerability of children at different ages, if toy companies want parents to trust that they are acting responsibly, they may need to side with those who advocate caution. Brenkert (1996: 518) argues that marketers' responsibilities towards the vulnerable lie not only towards the vulnerable themselves, "...but to the effects on all those relevantly affected by marketing programmes to those individuals." This suggests that parents themselves are drawn into this vulnerable cycle and may be vulnerable themselves because of the exploitation of their children's vulnerability. Paine (1996) points out that when parents buy products for their offspring, both should be considered consumers, with a joint interest in the purchase. The parents both supply the funds and get satisfaction from the child's enjoyment of the product. Although they might not be considered 'vulnerable' as consumers under Brenkert's criteria discussed above, they might be considered 'susceptible' under his definition.

Parental susceptibility/vulnerability arises for a number of reasons. Firstly, marketers generally have advantages over most of their customers and consumers – greater product knowledge; expertise on how to market to individual consumers and targeted groups; knowledge of what interests, fears, wants and/or needs motivate various market segments; and the resources to bring that knowledge to bear. These often put parents at a disadvantage, creating a possible vulnerability.

Secondly, the prospective buyers of toys that are advertised to children are usually the parents who may not see the advertising or promotion at all. Child-orientated advertising therefore provides purchasing incentives to individuals (children) who can influence, but who often cannot make, the ultimate purchase decision. The common argument is that children, motivated by the promotion, use their influence to pester their parents until the product is bought. Parents may therefore be purchasing toys that, without the pressure of the child promotion, they would not normally have considered buying. Some advertising supporters counter this by arguing that the fault lies with weak parenting and parents should be able to limit their child's requests (Furnham, 2000). Paine (*ibid*) argues however that this is not so easy as their responsiveness to a child's requests is based on their affection for their children and the positive value of shared emotional experiences. Parents want to please their children, to make sure they are not disadvantaged in their peer group and may often make financial sacrifices themselves to make their children happy. This is perhaps an in-built parental instinct. Brenkert (1998a) for example might describe this as 'motivational vulnerability' which occurs when individuals cannot resist ordinary temptations and/or enticements due to their own individual circumstances or characteristics.

It seems that many companies are aware of this potential vulnerability but find that targeting parents through their children is something that works best. Parents will not always agree to their children's requests however particularly when they feel these are at odds with their long-term welfare and this is part of rational, responsible parenthood (Paine, 1996: 677).

Finally, the pressures of today's society also heighten parental vulnerability. The trends in the UK of having both parents in full-time work, the growing divorce rates and numbers of single parent families, often result in less time for parent-children contact and create feelings of guilt which sometimes lead to an over-indulgement in acceding to child requests as some form of compensation (Greenhalgh, 2002).

Trust therefore seems to both create vulnerability and to be influenced by vulnerability. If toy companies really want parents to trust them, they would need to consider not only the limitations of children and refrain from taking advantage of

these, but they would also have to recognise that parents today are under increasing pressures, making them vulnerable themselves and their marketing policies need to take this into account.

2.7 Trust and the consumer

The preceding sections considered a variety of academic contributions to knowledge about what trust is and a number of key characteristics of trust that might exist within a company-consumer relationship. This section will examine the literature on ‘trust and the marketing of consumer brands’, and ‘trust in buyer-seller relationships’. It was highlighted in Chapter one that, for such an important topic, it is surprising that so few models exist in the marketing literature that attempt to explain how consumer trust is created, fostered, influenced or measured, or that attempt to link consumer trust with its ethical roots. This section will critique a number of the more relevant models identified in these areas with a particular focus on the antecedents of trust and determinants or drivers of trust. Particular consideration is given to Michell, Reast and Lynch’s ‘model of postulated correlates of trust’ (1998) that identifies key variables and dimensions associated with trusting behaviour. The structure of their model and a number of their dimensions and variables have been built on in the conceptual framework.

An initial starting point in examining the moral behaviour of organisations and their managers towards their consumers that might have an important impact on their perceived trustworthiness was a review of the marketing ethics literature. Although this literature contains a number of useful models which attempt to describe and analyse influences on marketers’ behaviour and decision-making in difficult moral areas using teleological (consequence-based) and deontological (duty-based) principles (for example, Hunt and Vitell, 1986; Ferrell and Gresham, 1985) and are a useful contribution to knowledge, their limitation is that they do not adequately consider the customer or consumer (the core focus of the marketing function) and generally offer little practical managerial counsel in terminology that most practising managers would understand (Smith, 1995). Gaski (1999: 316) is more critical arguing that the field of marketing ethics certainly does make lofty claims for itself and its significance whilst in fact, “it remains no more than an underdeveloped concept in

terms of conceptual content and pragmatic behavioural guidance.” Robin and Reidenbach (1993) suggest that the field of marketing still lacks a consistent and coherent ethical philosophy and is still searching for a place to stand. If the broader area of marketing itself still requires such a central ethical philosophy, it is unlikely that there will be a clear ethical underpinning of trust within marketing relationships and branding, although virtue ethics as previously discussed seems to offer some promise.

The above criticisms seem to ignore that there are some normative models that do appear to offer managers a more practical approach to tackling ethical dilemmas (for example, Laczniak, 1983), and a few such as Smith’s ethics continuum (1995) have recognised the importance of the customer perspective and the dynamics of the marketplace.

Smith (1995) has proposed a practical framework that considers the importance of customer satisfaction and sovereignty in a society demanding higher ethical standards (see Figure 2.2). He argues that, although many small and medium sized firms (and many companies overseas) still subscribe to the *caveat emptor* (profit maximization) position, it is no longer acceptable in justifying marketing practices, in what he terms ‘the ethics era.’ His ‘marketing ethics continuum’, using a time dimension scale, demonstrates different positions that companies have reached in moving towards a *caveat venditor* (customer satisfaction) position in which consumer interests are favoured over producers’.

The model also provides benchmarks of industry practice, ethical codes and consumer sovereignty which marketers can use to evaluate their practices and perspectives. This is significant as a number of other scholars have identified trust as an important element in creating satisfaction and these benchmarks may therefore be influential in developing consumer trust. In highlighting consumer capability as a key element of his consumer sovereignty test, Smith also emphasises the potential vulnerability of some target markets and the importance for marketers to consider vulnerability factors in their decision-making.

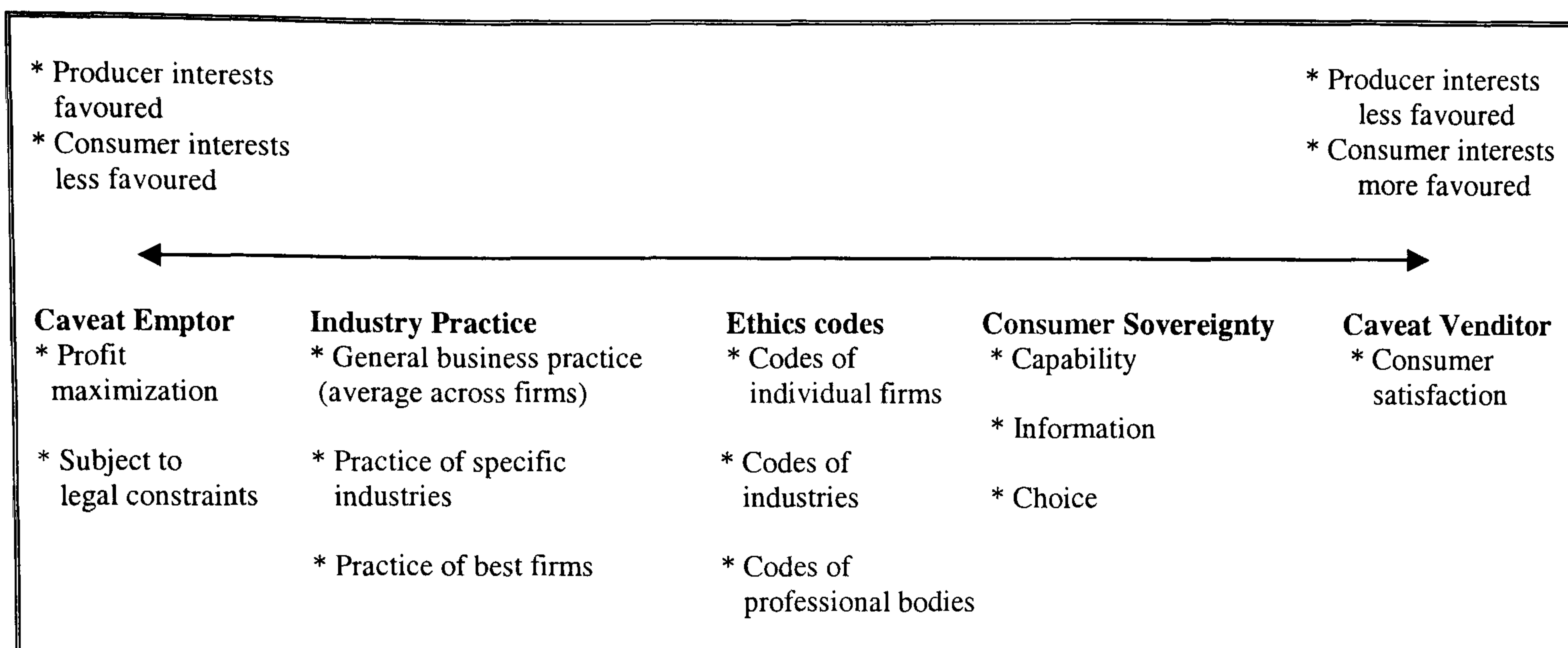


Figure 2.2 - Marketing ethics continuum (Smith, 1995)

The limitation of the model is perhaps that it only considers producer-customer/consumer relationships and conflicts, and does not address the marketing impacts on other key stakeholders, not least the shareholders or owners of the organisation that might influence business' priorities. It also places profit maximization and customer satisfaction at opposite extremes of the continuum. Many companies have recognized, however, that there does not necessarily need to be a trade-off between one position and the other. Highly satisfied and trusting customers can be very profitable customers.

In the marketing trust literature there have been a number of attempts to examine the antecedents and determinants of trust although rarely both at the same time and the majority have tended to focus on business-to-business trust relationships. Selnes (1998) and Doney and Cannon (1997), for example, have developed models to show how trust is formed in buyer-seller relationships in the industrial field while others have focused on trust developed in service provider relationships (Coulter and Coulter, 2002; Gounaris and Venetis, 2002), in the retail environment (Wong and Sohal, 2002), and in high technology markets (de Ruyter, Moorman and Lemmink, 2001). Whilst these have some value in understanding trust, the differences between business and consumer markets (for example issues of power balance between trustor and trustee, corporate versus personal spending, and different trust criteria and priorities) limit their usefulness.

Other scholars have studied trust and its relation and interaction with other sought-after attributes such as commitment and satisfaction (Morgan and Hunt, 1994; Bejou, Ennew, and Palmer, 1998; Garbarino and Johnson, 1999), and customer loyalty (Delgado-Ballester and Munuera-Aleman, 1999; Hart and Johnson, 1999, Chaudhuri and Holbrook, 2001) although the result is rather a jumble of concepts with a lack of clarity of what influences what and how each is interlinked.

Despite the lack of focus on consumers, these contributions have added to knowledge about how trust is formed between human beings in a business context and therefore hold some value and relevance in considering a company-consumer relationship. A number of the trust antecedents and dimensions from these contributions are therefore considered in supporting the conceptual framework (discussed further in Section 2.8).

In the literature, a number of models on how to build customer trust have been proposed. Bibb and Kourdi (2004: 99) suggest that it is a simple process (shown in Figure 2.3), arguing that if any stage is missed, it takes you back to the start and makes it harder to trust in the future (that is, when trust has been broken).

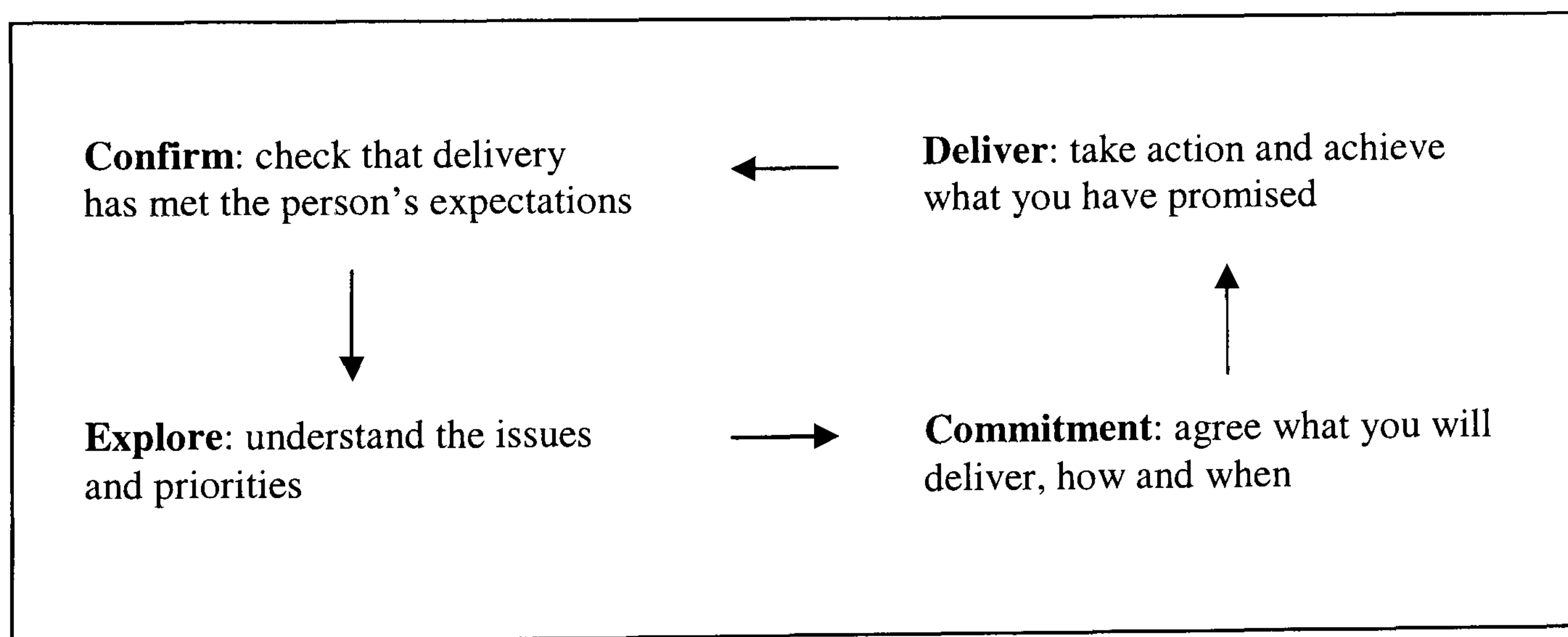


Figure 2.3. The trust building process (Bibb and Gourdi, 2004: 99)

Although the authors do not suggest where the process starts and offer it as a model for both business-to-business and business-to-consumer markets, acknowledging no key differences between the two, it does provide some useful ideas for trust development and highlights that trust-building with customers is an on-going process,

a series of linked actions and behaviours, all of which need to be considered and fulfilled if trust is to thrive.

For the toy industry, the process perhaps starts with exploration - identifying and understanding the needs, influences, emotions, behaviours, and vulnerabilities of their consumers. Commitment, as per the model, seems to imply some sort of contract or agreement between company and customer. An ethical approach might suggest some form of social contract that demonstrates the company's commitment to the common good even at the expense of their own profits. Delivery is important so that words are turned into actions and not empty promises. If consumers are to 'Trust Tomy', a highly promoted tagline used by the Tomy toy company, the company must both agree on the standards and expectations of trust that consumers can expect and deliver on the agreed terms. As companies view trust as an integral part of a long-term relationship, the model emphasises the need for follow-up, for confirmation of satisfaction perhaps through after-sales service, and for monitoring trust on an on-going basis.

Only one study has been identified that considers toys and the building of brand relationships and consumer trust. Morris and Martin (2000) discuss a case study of a highly successful toy range, the Beanie Babies, and evaluate how the owners, Ty Inc., have engineered a highly successful marketing strategy that nurtures strong consumer brand relationships. Morris and Martin (: 82) evaluate the brand's success by assessing 10 key attributes of high-involvement/relationship-prone products (such as toys) that they contend have led to high levels of customer satisfaction and trust, and resulted in high purchase volumes, brand loyalty and positive word-of-mouth recommendations. These attributes are shown in Table 2.2.

The limitations of the model are that it only considers the branding aspect of building trust and even then it does not include all the issues. Whilst it raises the importance of 'quality/excellence', for example, it does not specifically mention toy safety, an issue of concern to most parents. The model also does not clearly distinguish between trust and satisfaction, which attributes leads to each or to both, and which attributes are relevant to children and which to parents and other adult consumers.

Nostalgic value: sentimental linkages with some aspects of user's childhood or past.

Personification: product's features resemble human characteristics.

Uniqueness: somewhat rare or one-of-a-kind item, or clear differentiation between brands in the product category.

Facilitation: the ability of the item to help the users engage in valued behaviours or attain important personal goals.

Engagement: the extent to which the item engages the user, requiring or inviting him/her to exert mental or emotional energy to use it.

Aesthetic appeal: the item's attractiveness or artistic value, or qualities related to the way it feels, tastes, smells or sounds.

Quality/excellence: the overall superiority or excellence of the item on one or more key attributes relative to other brands, or images.

Association: the extent to which the item is linked to other people, places, organisations, activities, events, issues, other brands, or images.

Social visibility and image congruence: the extent to which the user is seen by others when using the item that is also congruent with the user's self-identity.

Price risk: the degree to which the consumer may be concerned about the purchase price, replacement price, or other expenses associated with the item – such as insurance, storage, or repair costs

**Table 2.2 - Characteristics of high-involvement/relationship-prone products
(Martin, 1998, cited in Morris and Martin, 2000: 82)**

Their work is useful however in considering trust in a toy context, using empirically verified data. From a parental perspective, nostalgia is particularly relevant in today's toy industry where parents seek to purchase toys remembered from their own childhood. Although the market is generally characterised by short-term 'fashion items', there is still a solid market for brands that have been around for many decades such as LEGO bricks, Hornby train sets, Barbie dolls, or Scrabble. Such is this demand for 'retro toys' that some brands that were dropped many years ago are being revived, revamped, and relaunched.

Facilitation is another aspect of importance to many parents in choosing toys. Toys that offer some educational value, for example in knowledge or mental/manual skills development, appear to be both trusted and popular. Fisher-Price (Mattel) is shortly introducing a new toy aimed at measuring babies' IQ levels, in response to parental

demands for such a product. Engagement also appears to be very relevant in 'trusted' toy brands and companies. Products for example that involve children in perceived safe, creative pastimes seem to be favoured, perhaps as a means of diverting them away from more physical play or from television screens. A Carrick James survey of toy ownership (Toy News, 2003: 57) found that Crayola products (crayons and drawing materials) were the most owned toys amongst children aged 7-14 years of age.

Quality/excellence is likely to be an attribute of more interest to parents rather than children. Parents are likely to have quality aspirations at all price points and are perhaps likely to link quality and excellence with safety, often an important concern. Quality might also be linked with the store where the buyer shops. At the top end of the market Hamley's might be perceived to offer the higher quality toy while Poundstretcher lower quality. Many parents will seek excellence but may need guidance as to what is excellent. Toy awards may provide them with some indication of toys that have been selected based on some assessment of superiority.

Although not relevant to all parents, some consumers will seek out brands for social visibility and image congruence. In the same way that parents purchase brands (clothes, cars and so on) for themselves to say something about how they wish to be perceived, so they may buy brands for their children that are an extension of this image. As the fad for adult designer clothes has grown, so have designer clothes for children and designer toys. Sales of fashion dolls in designer clothes (at designer label prices) such as Bratz are some of the fastest growing in the current market.

Finally, the price of products may impact on parental trust in a certain brand. A higher price may indicate that a product is of superior quality and should therefore be more trusted. This may only work once however. Should the brand fail to live up to these extended expectations, it will not be repurchased and indeed may lead to negative word-of-mouth. There are signs that customers are now becoming more discerning about price and quality and companies are having to respond by offering good quality toys at cheaper prices than a decade ago (for example, Hasbro's Action Man). As part of this trend, once locked into a toy brand such as a doll, companies are offering numerous add-on products such as additional models and accessories.

Michell, Reast and Lynch (1998) have developed one of the few conceptual models of trust based around trusting behaviour that has been empirically tested on a consumer sample (see Table 2.3). Their model identifies from the academic literature twenty-two variables associated with trusting behaviour which they model around the four dimensions of probity, equity, reliability and satisfaction. The first two relate to the affective elements of trust such as feelings and emotions and the others to cognitive elements based on knowledge that the trustor has about the trustee, a concept originally forwarded by McAllister (1995).

DIMENSIONS	VARIABLES	TYPE OF VARIABLE
PROBITY	Confidence Truthfulness Integrity Professional Standing Reputation	Affective
EQUITY	Fair-mindedness Benevolence Caring Values Sincerity Helpful Advertising	Affective
RELIABILITY	Warranties Dependability Quality Consistency Quality Standing Predictability Guarantee from Corporate Name	Cognitive
SATISFACTION	Personal Experience Opinion Purchasing Duration Experience of Peers Delivery	Cognitive

Table 2.3– Model of Postulated Correlates of Trust (adapted). Michell, Reast and Lynch (1998: 161)

The model has merit in providing marketing practitioners with a simple framework for the development of performance benchmarks in understanding and assessing consumer trust. Its limitation however as a suitable model for the current research is that, whilst many of the selected 'affective variables' have moral implications, little attempt is made to support the variables with underpinning from philosophical ethics. There is only limited discussion on why particular variables were selected from the literature and why they were classified under each dimension. A problem, for example, is why reputation is included under the probity dimension that they propose as a behavioural dimension? Reputation is not a behaviour, but is perhaps more closely linked with reliability and satisfaction, their declared cognitive variables. A further problem is that the model implies that reputation is an antecedent to trust whereas it could be argued that it is more likely to result from trust (Hosmer, 1995: 386). Similar questions could be raised about confidence also listed in the model under probity.

In fairness, some of the model's limitations are recognised by the authors who propose it as a simple conceptual framework needing further development. They acknowledge that the sample of companies selected for evaluation of their trustworthiness to test the model was rather unfocused (comprising a mix of retailers, manufacturers and service providers across different industries). The consumers who were asked to evaluate their trust in the selected companies may therefore have had a very different experience of each; for example, direct contact with the retailers but only distant contact with the manufacturers through their brands. Furthermore, no attempt was made to confirm, modify, clarify or prioritise the selected variables, or identify other new variables in the model through any direct contact with the companies themselves.

The conceptual framework proposed in Chapter three draws on a number of the elements in Michell, Reast and Lynch's model but uses a more rigorous literature search and justification of the dimensions and variables selected. It also proposes a division between ethical and marketing dimensions as a basis of consumer trust rather than the behavioural/cognitive split of their model. In selecting variables and grouping them under dimensions for the new framework, a thorough review of trust determinants in the literature was made to identify common strands and particular

variables that might be relevant in an ethical or marketing dimension, or might have relevance to a vulnerable consumer segment.

Finally, another study that has revealed some particularly interesting findings about trust was carried out by Bibb and Kourdi (2004) who in 2003 surveyed 100 people across Europe and North America in different organisational settings to gauge how they felt about the issue of trust, addressing such questions as who people trust and why, who people do not trust and why, what trust means to people, and their experiences of it, what people look for when deciding to trust someone, and when is trust most valuable? Whilst the study did not specifically focus on trust from a consumer perspective and concerned an evaluation of trust attributes in individuals rather than organisations, their analysis, detailed in Table 2.4, makes an interesting comparison to the findings in this research (discussed in Section 6.5).

The Drivers of Trust	The Reality of Trust	The Trust Deficient
1. Fairness	Likeability	Courage
2. Dependability	Dependability	Unselfishness
3. Respect	Critical	Fairness
4. Openness	Ambition	Openness
5. Courage	Fairness	Compassion
6. Unselfishness	Professionalism	Respect
7. Competence	Competence	Dependability
8. Supportiveness	Respect	Empathy
9. Empathy	Controlling Behaviour	Visionary Qualities
10. Compassion	Predictability	Supportiveness

Table 2.4 - Trust qualities sought, found and missing (Bibb and Kourdi, 2004)

The first column, what they termed the ‘drivers of trust’, were the factors that respondents felt were most significant in deciding whether to trust someone and how much to trust them. The second column then asked the same respondents to rate which trust attributes they most frequently encountered in practice (the ‘reality of trust’). What was interesting was that many of the attributes that we appear to value significantly are actually relatively scarce in reality. Finally, by subtracting the

average scores for the second question from the average scores for the first, they identified what they termed the ‘trust deficit’, those attributes where there were the biggest gaps between what we expect and what we encounter. No less than nine of these deficits are in the top ten most sought-after attributes.

Having critiqued some consumer trust models in this section, the following sections look more specifically at how trust impacts on both company-consumer relationships and on branding.

2.7.1 Trust and consumer relationships

According to Bibb and Kourdi (2004: 113), “it is relationships with trust at their core that make businesses happen and enable organisations to succeed. When people have trusting relationships, the result is greater clarity, focus and confidence about their courses of action.” Many marketers seem to have only recently realized the true significance of consumer relationships and this has spawned a new strand of literature. Some have described ‘Relationship Marketing’ (RM) as a major shift in marketing theory and practice (Morgan and Hunt, 1994: 20), as marketing's new paradigm (for example, Buttle, 1997), and “taking marketing back to its roots” (Gronroos, 1996: 12).

For others, RM offers nothing new. Literature on the subject has been around for over 25 years, and according to Gummesson (1997), much of what is currently written about it is theoryless. Certainly most salespeople (for example, see Goodman, 1971), international marketers and those involved at the industrial buyer-seller interface have long recognised the necessity of developing and nurturing close relationships with business partners, customers and contacts, built on confidence and trust. Perhaps the novelty has been in consumer markets, where “RM had initially been overtly shunned” (O'Malley and Tynan, 1999: 587).

Some view the transactional/relational approaches as different ends of a continuum with traditional marketers continuing to place greater emphasis on the importance of the core product/brand whilst relational marketers emphasise the importance of customer service (for example, Gronroos, 1994). Others, through empirical research,

have identified that both transactional and relational marketing approaches can and do work side by side (Brodie *et al.*, 1997: 389).

Relationship building at many levels is a key current issue in the toy industry. Toy companies are already faced with the challenges of building a close rapport with their customers (retailers and wholesalers), consumers (parents and others), and their end users and main influencers (children). In addition, they need to work hard on improving relations with the media and consumer groups in promoting a caring and responsible image, as well as with local and regional government to convince them that tighter regulation of the market is not required.

In common with trust, a criticism of the RM concept has been that the term 'relationships' is rather vague and has meant different things to different people. Gummesson (1994: 18) describes them as "fuzzy entities with fuzzy borders and many overlapping properties." This lack of clarity has provided researchers with the luxury of being able to choose whatever relationship definition best suits their agendas at any given time (O'Malley and Tynan, 1999: 589). Another criticism reported by Egan (2001: 30) is that relationships are invariably discussed and defined from the company perspective. That consumers should be equally interested in building and sustaining trusting relationships is often taken for granted (Carlell, 1999). From these criticisms two key questions emerge:

- Can customer-supplier interactions ever be called 'relationships'?
- Can customers ever develop relationships with companies or must relationships always be interpersonal (Buttle, 1996: 11)?

Barnes and Howlett (1998) suggest that a true relationship can only exist if: a) The relationship is mutually perceived to exist and is acknowledged as such by both parties, and b) The relationship goes beyond occasional contact and is recognized as having some special status. Egan (2001: 32) argues that the one-sided and emotionless nature of most everyday commercial exchanges (and in particular in consumer goods' marketing) would suggest they would have difficulty fulfilling such criteria.

Another problem with the buyer-seller exchange is the potential gain for both parties. In industrial markets it might perhaps be possible to create win-win situations for both buyer and seller but in consumer markets, are there really tangible benefits for the end buyer? Moller and Hallinen (2000: 41) argue that in such markets the bonds that tie the parties together are weaker and fewer. And, in terms of tactics, it is claimed that consumer 'relationships' are often restricted to service 'hotlines' and personalised mailings (Hennig-Thurau, 2000: 56). As Brown (1998: 177) pointedly asks: "What consumer in their right mind would ever want to establish a relationship with a commercial organisation?" This view is supported by Palmer (1996: 20) who highlights that there is empirical evidence to suggest that, regardless of what marketing strategies are implemented by the supplier, buyers frequently have no wish to enter into a relationship with a company. It is probable that situations exist where the seller may want to develop a 'relationship' whereas the customer is happier with a transactional approach (Bund-Jackson, 1985). Despite this, according to Egan (2001: 35), it is difficult, given that some communication is taking place, not to regard them as relationships of sorts.

Direct references to the ethical underpinning of relationships in marketing, as with trust, have to date been limited. Gundlach and Murphy (1993) have discussed the ethical and legal foundations of relational marketing exchanges, acknowledging ethical principles as a prerequisite to fostering the collaborative atmosphere necessary for relationships to flourish. Murphy, Wood and Laczniak (1996) equated relationship marketing with ethical marketing, concluding that RM is inherently a concept with strong ethical roots. Takala and Uusitalo (1996) also proposed an ethical framework for RM to guide managers based on the ethics of keeping promises and truth telling, the equal treatment of customers, the ethics of commitment, and the ethics of communication.

Despite the limited literature, there are growing ethical concerns about some of the marketing activities being adopted in following an RM approach, for example about issues relating to consumer privacy, surveillance and control (O'Malley, Patterson and Evans, 1997). Such ethical concerns are likely to have an impact on levels of trust in an organisation. There are also concerns about the customer service and market research mentality of RM that generates a demand for detailed customer profiles

(including children), and allows the assembly of computerized databases of individuals and their shopping and lifestyle habits. Some of the ethical questions that arise are why various information is gathered, how it is used, who has access to it and whether consumers are informed as to what happens to the information in their personal files (Kavali, Tzokas and Saren, 1999). With growing concerns about Paedophiles and the dangers of children using internet chat rooms, it is perhaps not surprising that parents mistrust the gathering of any data about their children for marketing purposes.

Finally, scholars have suggested that there are a number of key virtues underpinning relationships and these include equity, benevolence, reliability, satisfaction, responsibility, commitment and 'trust' (Gundlach and Murphy, 1993: 41/42; Bejou, Ennew and Palmer, 1998: 171/172; Murphy, 1999: 113/116; Egan, 2001: 88/106). Of these, trust has been one of the key ethical concepts that has assumed a central role in relationship marketing's theoretical and empirical development (Morgan and Hunt, 1994: 22) and the cornerstone by which the affective strength of a buyer-seller relationship can be judged (Bejou, Ennew and Palmer, 1998; Delgado-Ballester, Munuera-Aleman, and Yague-Guillen, 2003).

An important part of the relationship and trust between the company and consumer is developed through branding. A brand is an active relationship that customers know and value (McKenna, 1997) and makes a promise by expressing what we are like, what we want to be and inviting us to connect and bond (Simmons, 2000). Brands represent not just the product and its attributes, but a whole set of values that reflect the ethos of the company. To the consumer, the brand is often the most visible, and sometimes only point of contact with a company and therefore plays an important role in developing and maintaining a relationship. It provides meaning and importance for people because a brand should connect with their lives and calls for "behavioural, attitudinal, and emotional involvement" (Varey, 2002: 63). The following section will discuss the importance of branding and review the literature on how trust is created and fostered in brands.

2.7.2 Trust in brands

It has been suggested that the ultimate goal of marketing is, “to generate an intense bond between the consumer and the brand, and the main ingredient of this bond is trust” (Hiscock, 2001: 1). The value of the brand lies in the understanding or trust that customers receive (Bibb and Kourdi, 2004: 23). From a managerial perspective, a satisfying bond will sustain both buying and recommendation (Varey, 2002) and from a consumer perspective, trust “reduces the uncertainty in an environment in which consumers feel especially vulnerable because they know they can rely on the trusted brand” (Chaudhuri and Holbrook, 2001: 82). Trust is therefore probably the most important attribute a brand can own (Delgado-Ballester, Munuera-Aleman, and Yague-Guillen, 2003: 35). The challenge for toy companies is that in meeting consumer expectations they have to create two quite separate bonds, one with parents (the deciders) and one with children (the influencers).

The customer’s knowledge and perception of the brand will be formed by every manager’s and employee’s actions, behaviours, activities, and contacts. Indeed, the brand is owned and should be managed by every employee in the organisation (Davis, 2000: 5). Brands need to be dynamic to keep pace with customers’ changing attitudes, lifestyles and needs. This is particularly true in a predominantly fashion industry such as toys. Whilst trust in companies and brands may take many years to build up, experience has shown that even one poorly-handled critical episode or marketing faux pas can destroy a brand’s reputation and value very quickly (Ambler, 1997).

Brand trust is a key issue in the toy industry not only because of the emphasis on consumer relationships, the vulnerable end market, and the negative publicity the industry sometimes receives, but also because, as in many other industries, consumers are increasingly recognising that retailer own brands/labels offer similar quality and benefits to other leading brands, but at lower prices. The popularity of the Woolworths’ Chad Valley range and the Early Learning Centre brand are testament to this phenomenon. Brands cannot afford to be complacent because as Gilmore (1999) starkly points out, today’s customer cannot be bought so easily: “The reality is that own label has lost any social stigma it once had” (: 20).

Trust in brands has recently figured more prominently in the marketing literature. It has been examined in relation to its effect on brand commitment and performance (Chaudhuri and Holbrook, 2001 and 2002), brand extensions (Reast, 2003), brand equity (Ambler, 1997), brand value (Sirdeshmukh, Singh and Sabol, 2002; Brady, 2003), brand power (Davis, 2000), brand loyalty (Lau and Lee, 1999; Delgado-Ballester and Munuera-Aleman, 1999; Chaudhuri and Holbrook, 2001), brand relationships (Gurviez, 1996; Fournier, 1998; Selnes, 1998; Garbarino and Johnson, 1999), and on-line brands (Hoffman, Novak and Peralta, 1999; Jevons and Gabbott, 2000; Morris, 2001; Yoon, 2002).

Others have tried to measure trust through the development of brand trust scales (Hess, 1995; Delgado-Ballester, Munuera-Aleman, and Yague-Guillen, 2003, Gurviez and Korchia, 2003) or conducted empirical research in an attempt to determine what drives brand trust. Reader's Digest's research (2001), for example, identified in descending order of importance that consumer trust is driven by; quality of product or service; positive experience; customer service or care; reputation; value-for-money; consistency; familiarity; stability; guarantees or warranties; and, finally, price. Interesting though these findings are, such studies have tended to focus on the more tangible elements of the marketing offering without really exploring the more emotional elements of consumer's decision-making such as the importance they attach to morally responsible behaviour.

Two dimensions of brand trust that are commonly discussed in the literature are its relationships to satisfaction and to loyalty. Overall satisfaction is seen as an important antecedent to generating trust (for example, Ganesan, 1994; Selnes, 1998), because it indicates the brand consistency in the fulfilment of its commercial promise and that the brand protects and takes care of the individual's welfare and interests (Delgado-Ballester and Munuera-Aleman, 1999: 1243).

Brand loyalty on the other hand is perceived to generate from a strong level of both trust and satisfaction (Morgan and Hunt, 1994). It has been claimed that "customer loyalty is emerging as the marketplace currency for the 21st century" (Singh and Sirdeshmukh, 2000: 150) because of the high cost of new customer acquisition (Gummesson, 1999: 183) and the superior generation of profits over time from having

loyal patronage (Reichheld, 1996: 65). Whilst many scholars have focused on antecedents to loyalty based on the 'harder' dimension as a such as value for money, convenience, reliability, safety and functionality (Christopher, 1996: 60), others (for example Dick and Basu, 1994) have observed the importance of 'softer', more intangible factors such as emotion as having significance on attitudes, influences and norms leading to repeat patronage.

What is generally missing from the above literature is consideration of brand trust from a moral or ethical perspective with some notable exceptions (for example, Morgan and Hunt, 1994; Gundlach and Murphy, 1993, Bejou, Ennew and Palmer, 1998). That is, scholars have generally limited their discussion of trust in brands to the behavioural and cognitive aspects of marketing and their consequences without exploring the implicit moral foundations of trust. They have failed to consider either the ethical underpinnings of trustworthiness (for example, social responsibilities, rights, and duties) that companies need to give confidence to consumers in their brands, or the importance attached by consumers to appropriate, morally responsible behaviour by companies in their purchasing decisions. Indeed, the trustor and trustee characteristics are rarely studied jointly (Mayer, Davis and Schoorman, 1995; Raimondo, 2000).

One of the few contributions that has made a useful attempt to evaluate consumer trust using a combination of ethical and organisational dimensions was forwarded by Gurviez and Korchia (2003). Differentiating between two key presumptions identified in the literature, the presumption of capability and the presumption of honesty, they identify two sources of trust, one stemming from technical skills (meeting consumers expected performance) and one from ethical proficiency (Landowski, 1989). Their model uses three dimensions; 'Credibility' which assesses issues such as safety and quality (more organisational issues); 'Integrity' (incorporating sincerity and honesty); and 'Benevolence' (incorporating technical advances and responsiveness to consumers), an approach previously used by Ganesan (1994) and Doney and Cannon, (1997).

Its limitation as a tool to explain how consumer trust is formed is its lack of depth. It does not consider antecedents at all and in assessing both organisational and ethical

variables they only touch on a few criteria. It is also not clear as to why in assessing the important ethical dimension of benevolence (care), one of the two issues explored attempted to measure whether the brand took account of advances in research (which might have fitted more appropriately within an organisational or technical dimension). As with a number of the other models reviewed, its measurement items appear to have been drawn from a limited literature and a qualitative approach may have identified a broader range of important ethical criteria which would have supported their declared dimensions.

2.8 Determinants of trust

A number of scholars have explored the determinants of trust that are variously described as drivers, dimensions, antecedents, facilitators and precursors, to understand what encourages it to grow or decline in economic relationships (for example, Bews and Rossouw, 2002; Michell, Reast and Lynch, 1998; Morgan and Hunt, 1994; Selnes, 1998). Unfortunately the lack of agreement between them and the frequent confusion between terms such as antecedents, dimensions, and construct components has led to inconsistencies in the marketing trust literature (Raimondo, 2000).

There is though a general consensus that trust and trustworthiness take time to build. Ring and Van de Ven (1992) and Curren, Rosen and Surprenant (1998) have proposed that trust develops gradually over time as one accumulates trust relevant knowledge through experience and interaction. Trust levels start low and gradually increase. Zucker (1986) also refers to a long pattern of exchanges, and Lewicki and Bunker (1996) to the importance of history that allows trust to develop at different levels. On the other hand, it has been asserted that trust can be present even from the beginning of a relationship (Berg, Dickhaut and McCabe, 1995). Others point to trust evolving from the evaluation of both direct contact (for example, trial, usage, satisfaction in the consumption) and indirect contact (advertising, word-of-mouth, brand reputation) with the brand (Keller, 1993; Krishnan, 1996).

Flores and Solomon (1998: 218/219) contend that, “trust is created (and is damaged) through dialogue, in conversation, by way of promises, commitments, offers,

demands, expectations, explicit and tacit understanding. It is through such dialogue and conversation, including the rather one-way conversation of advertising, that producers make the nature and quality of their products known, that professionals and companies make their services and abilities known, that expectations get initiated and intensified.”

The literature contains a broad range of contributions to the issue of what determines trust in the marketing area and there is inevitably some overlap and confusion between them (Gurviez and Korchia, 2003). There are five main areas identified that are commonly discussed and these are linked and classified under the headings of integrity, benevolence, commitment, satisfaction and personality factors.

A summary of the links between dimensions/variables and the scholarly literature is shown in Table 2.5.

Trust Dimensions/Variables	Scholarly Links
<i>Integrity</i>	Bews & Rossouw (2002); Butler (1991); Butler & Cantrell (1984); Coulter & Coulter (2002); Gabarro (1998); Hunt, Chonko & Wilcox (1984); Lieberman (1981); Mayer, Davis & Schoorman (1995); Robbins (1997); Gurviez and Korchia (2003).
Equity	Anderson & Weitz (1992); Michell, Reast & Lynch (1998).
Honesty	Coulter & Coulter (2002); Delgado-Ballester & Munuera-Aleman (1999); Gahagan & Tedeschi (1968); Larson (1992); Rotter (1971); Schlenker, Helm & Tedeschi (1973).
Fairness	Anderson & Weitz (1992); Butler (1991); Hart et al. (1986); Rempel, Holmes & Zanna (1985); Zucker (1986).
Probity	Coulter & Coulter (2002); Michell, Reast & Lynch (1998).
Responsibility	Bradach & Eccles (1989); Madhok (1995); Hosmer (1995).
Openness	Bews & Rossouw (2002); Butler & Cantrell (1984); Hart et al. (1986); Hay (1999); Mishra (1996); Robbins (1997).
<i>Benevolence</i>	Bews & Rossouw (2002); Butler (1991); Butler & Cantrell (1984); Engelbrecht & Cloete (2000); Larzelere & Huston (1980); McAllister, (1995); Mayer, Davis & Schoorman (1995); Mishra (1996); Rempel, Holmes & Zanna (1985); Solomon (1960); Strickland (1958); Gurviez and Korchia (2003).

Showing Concern and Care	Arrow (1974); Baier (1994); Mayer, Davis & Schoorman (1995); Mishra (1996); Rempel & Holmes (1986); Smeyers (1999).
Sincerity	Crosby, Evans & Cowles (1990); Friedland (1980).
Shared Values	Bidault & Jarillo (1997); Delgado-Ballester & Munuera-Aleman (1999); Dwyer, Schurr & Oh (1987); Heide & John (1992); Morgan & Hunt (1994).
Not Taking Advantage	Dwyer, Schurr & Oh (1987); Delgado-Ballester & Munuera-Aleman (1999); Hill (1990), Morgan & Hunt (1994).
Commitment	Dwyer, Schurr & Oh (1987); Garbarino & Johnson (1999); Morgan & Hunt (1994); Selnes (1998).
Competence	Barber (1983); Bews & Rossouw (2002); Butler (1991); Butler & Cantrell (1984); Kee & Knox (1970); Lieberman (1981); Mayer, Davis & Schoorman (1995); Mishra (1996); Robbins (1997); Rosen & Jardee (1977); Selnes (1998); Gurviev & Korchia (2003).
Expertise	Bejou, Ennew & Palmer (1998); Hovland et al. (1953).
Ability	Cook & Wall (1981); Deutsch (1960); Good (1988); Jones et al. (1975); Mayer, Davis & Schoorman (1995); Sitkin & Roth (1993).
Dependability/Reliability	Bitner et al. (1994); Butler (1991); Egan (2001); Gabarro (1978); Jennings (1971); Lindskold (1978); Mishra (1996); Michell, Reast & Lynch (1998); Rempel & Holmes (1986); Robinson & Rousseau (1994).
Consistency	Altman & Taylor (1973); Butler (1991); Butler & Cantrell (1984).
Product Quality and Safety	Dwyer, Schurr & Oh (1987); Egan (2001); Gounaris & Venetis (2002); Martin (1998).
Satisfaction	Bejou, Ennew & Palmer (1998); Delgado-Ballester & Munuera-Aleman (1999); Garbarino & Johnson (1999); Michell, Reast & Lynch (1998); Selnes (1998).
Reputation	Anderson & Weitz (1992); Doney & Cannon (1997); Ganesan (1994); Jarillo (1988); Luhmann (1979); Schurr & Ozanne (1985).
Confidence	Anderson & Narus (1990); Barney & Hansen (1994); Garbarino & Johnson (1999); Golembiewski & McConkie (1975); Larzelere & Huston (1980); Luhmann (1979); Moorman, Deshpande & Zaltman (1993); Ring & Van de Ven (1992).
Communications	Anderson & Narus (1990); Gounaris & Venetis (2002); Keller (1993); Krishnan (1996); Michell, Reast & Lynch (1998);

	Morgan & Hunt (1994); Muchinsky (1977); Selnes (1998); Swan & Nolan (1985); Yeager (1978).
Service, Support and Conflict	Egan (2001); Selnes (1998); Storbacka et al. (1994).
Listening to Customers	Jones & Sasser (1995).
Prior Experience/History	Berg et al. (1995); Bews & Rossouw (2002); Curran et al. (1998); Ganesan (1994); Gounaris & Venetis (2002); Rempel, Holmes & Zanna (1985); Rivald & Gronroos (1996); Scanzori (1979); Zucker (1986).
Others' Experience	Hart & Johnson (1999); Jarillo (1988).

Table 2.5 – Scholarly links to trust/trustworthy dimensions and variables

2.8.1 Integrity

Integrity is often listed as an important characteristic of trust (for example, Bews and Rossouw, 2002; Robbins, 1997). It is defined as, “the application of a set of moral and ethical principles, acceptable to both the trustor and trustee, which are predictable and reliable and which lead to equity” (Bews and Rossouw, 2002: 382). They view integrity as revolving around three concepts, consistency, reliability and fairness, which they argue adds the moral element to the concept. Mishra (1996) also refers to the importance of reliability, and in doing so combines consistency, dependability and credibility. Mayer, Davis and Schoorman (1995) list integrity as an antecedent of trust under which they include fairness, consistency and reliability.

Others relate integrity with other virtues. Michell, Reast and Lynch (1998: 161), for example link it with probity (as do Coulter and Coulter, 2002) and equity. They suggest that equity pivots on trust being an implied contract with mutual expectations and perceived obligations (: 160). Such perceived obligations and standards of behaviour associate trust with responsibility (Bradach and Eccles, 1989; Madhok, 1995) and rights (Hosmer, 1995).

Truthfulness (often termed honesty) and openness have long been linked to trust by many authors and are particularly relevant when discussing marketing and selling because of their roles in promotion, communication, and particularly in the balance of information supplied to customers and consumers (Bews and Rossouw, 2002: 382). Rotter (1971), Gahagan and Tedeschi (1968), and Schlenker, Helm and Tedeschi

(1973) pointed to the significance of honesty over 30 years ago and it is still being highlighted as a key issue influencing trust development (for example, Delgado-Ballester and Munuera-Aleman, 1999; Coulter and Coulter, 2002). Integrity has also been linked with openness, and both Hay (1999) and Butler (in Mishra, 1996: 266/267) have found empirical support to include openness as another important component of trust although some make reference to openness under benevolence (Mayer, Davis and Schoorman, 1995).

2.8.2 Benevolence

Benevolence is defined as, “the extent to which one partner is genuinely interested in the other partner’s welfare and motivated to seek joint gain” (Doney and Cannon, 1997: 36). This issue of concern or care for one another is another commonly mentioned facilitator of trust.

Common to many discussions on trust is the issue of opportunism especially where there are perceived to be vulnerable communities involved. Opportunistic behaviour is defined as, “self-interest seeking with guile” (Williamson, 1975: 6), and as such is “deceit-orientated violation of implicit or explicit promises about one’s appropriate or required role behaviour” (John, 1984: 279). Morgan and Hunt (1994: 25) suggest that when a party believes that a partner engages in opportunistic behaviour, such perceptions will lead to decreased trust. Trust may also decrease through other less obvious abuses. Rich (2002: 219) for example, argues that the growth of technology, which seems to decrease people-skills in favour of e-mail, voice mail, web site analysis, and database mining, may adversely affect the trust of customers in their dealings with marketers and companies. If companies attempt to target children via special websites, some parents may view this as a means of opportunism, an attempt to bypass parental scrutiny or take advantage of their own technical limitations. On the other hand, if companies can demonstrate a transparency for not taking advantage, even when the opportunity is there (for example, through working with schools on curriculum projects), this can lead to greater trust (Dwyer, Schurr and Oh, 1987; Hill, 1990; Morgan and Hunt, 1994).

Rather than limiting the issue of concern to that of not taking advantage of the vulnerability of another, concern can be expanded to include positive acts that are

undertaken in the interests of another (Bews and Rossouw, 2002). In building trust, it is essential for the trustee to show concern (Mayer, Davis and Schoorman, 1995), a balanced interest in the well-being of others (Mishra, 1996), and the value of respect and care for others (Smeyers, 1999; Baier, 1994).

There has been much support in the literature for benevolence as a key determinant of trust (Strickland, 1958; Solomon, 1960; Mayer, Davis and Schoorman, 1995, Engelbrecht and Cloete, 2000). Others have linked benevolence with loyalty (Martins *et al.*, 1997; Robbins, 1997), altruism (Frost, Stimpson and Maughan, 1978), and goodwill (Ring and Van de Ven, 1992). Michell, Reast and Lynch (1998) refer to benevolence under equity and link it to fair-mindedness, caring, sincerity, values and helpful advertising. In support of Michell, Reast and Lynch, other scholars have also mentioned the importance of shared values as a determinant of trust (for example, Dwyer, Schurr and Oh, 1987: 21). According to Morgan and Hunt (1994: 25) shared values relate to, “the extent to which partners have beliefs in common about what behaviours, goals and policies are important or unimportant, appropriate or inappropriate, and right or wrong.”

2.8.3 Commitment

Commitment has been defined as, “an enduring desire to maintain a valued relationship” (Moorman, Zaltman and Deshpande, 1992: 316), and it is often viewed as central to relationship building, implying that both parties will be loyal, reliable and show stability in the relationship with one another (Bejou, Ennew and Palmer, 1998: 10). It has also been suggested that commitment has an instrumental component of some form of investment (Gundlach, Achrol, and Mentzer, 1995), or sacrifice (Gundlach and Murphy, 1993).

Trust and commitment have often been paired in RM literature, with few authors discussing the one without the other (Pressey and Mathews, 1998: 41). This may well indicate that, if one is missing, the relationship is unlikely to be more than a hands-off or transient arrangement (Egan, 2001: 94).

Commitment does not just refer to behaviour however, but may also be concerned with organisation’s brand offering. This distinction is made by Coulter and Coulter

(2002) who identify both people-related characteristics that lead to trust and offer-related characteristics such as competence, customisation, and reliability. If companies wish to gain consumers' trust, they must therefore pay attention to the offer in terms of producing good quality, safe and effective products and services that are reliable and consistent.

Reliability is seen as an important component of both trust and commitment (Michell, Reast and Lynch, 1998). Reliability relates to the firm having the required expertise to perform its business effectively and is emphasized through dependability, quality and consistency, and may be associated with high levels of predictability on the part of consumers as to the product or service they can expect (Egan, 2001: 93). This may be expressed through the inherent qualities associated with the corporate name or brand, or through guarantees and warranties issued by the company (Michell, Reast and Lynch, 1998: 160).

The role of competence, ability and expertise as characteristics of trust are extensively featured in the literature and may be linked to commitment. Mishra (1996) and Robbins (1997) refer to the role of competency in determining levels of trust. Mayer, Davis and Schoorman (1995) point to the importance of ability that they define as, "that group of skills, competencies, and characteristics that enable a party to have influence within a specific domain" (: 717), while expertise is referred to by Hovland, Janis and Kelley (1953, in Mayer, Davis and Schoorman, 1995).

2.8.4 Satisfaction

Satisfaction is, "a psychological process of evaluating perceived performance outcomes based on predetermined expectations" (Sheth and Sisodia, 1999: 80). Although some argue that trust leads to satisfaction rather than *vice versa* (for example, Bejou, Ennew and Palmer, 1998: 172), satisfied customers (those that have had a previous positive experience with a company) may be more trusting in future dealings. Therefore satisfaction can underpin trust. The link between trust and satisfaction is that they both represent an overall evaluation, feeling or attitude about the other party in a relationship (Selnes, 1998: 308). Michell, Reast and Lynch (1998: 160) suggest that satisfaction is not only developed through direct personal experience, but is also influenced by through opinion and the experience of peers.

They also believe it to be associated with the perceived standard of delivery and may well be dependent on the duration of the relationship.

Michell, Reast and Lynch (*ibid*) consider confidence in a company, product or service as being essential for reputation and professional standing. Confidence comes from prior satisfaction but it also provides encouragement for consumers to try products for the first time (that is, before they are satisfied). Confidence stems from many sources but particularly from reputation. Reputation matters in building trust (Anderson and Weitz, 1989; Ganeson, 1994; Jarillo, 1988), as does familiarity (Luhmann, 1979), and having a strong corporate name (Schurr and Ozanne, 1985). Of particular importance is the historical trustworthiness of parties following previous interactions (Egan, 2001: 92) that should give many of the long-established toy companies an advantage. Although individuals often manage trust, companies can trade on their previous trustworthiness (even if the person who was responsible for generating the trust initially has gone elsewhere) because it can be 'institutionally captured' by the organisation (Shepherd and Sherman, 1998: 437). It can take a long time to build brand reputation, professional standing and trust but they can be very quickly destroyed by ill-judged marketing campaigns, insufficient attention to product safety, or poorly-handled public relations for example, as many firms have found to their cost.

Communications is another offer-related (organisational) characteristic that can lead to trust and satisfaction (Morgan and Hunt, 1994; Anderson and Narus, 1990; Selnes, 1998). Much of the literature focuses on the importance of communication where there is some direct form of contact/relationship between buyer and seller (for example Anderson and Weitz; 1989; Dwyer, Schurr and Oh, 1987), or between manager and employee (Whitener *et al.*, 1998). These have highlighted the importance of accurate information, explanations for decisions, and openness (*ibid*: 517). Of the indirect methods of communication, advertising has probably been the most contentious ethical issue in the marketing to children literature (for example, Paine, 1996). However if advertising is open, honest and helpful, it has been argued that it can be a stimulant of trust (Swan and Nolan, 1985; Michell, Reast and Lynch, 1998).

Cumby and Barnes (1998: 58/60) suggest that satisfaction drivers operate at five levels: the core product or service, support services and systems, technical performance, elements of customer interaction and the affective (emotional) dimension service. They make the point that it is possible to get four things right but fall down on just one and thereby create a dissatisfied customer. This emphasizes the importance of critical episodes. These are, “episodes that are of great importance to a relationship and upon which the continuation is dependent” (Storbacka, Strandvik and Gronroos, 1994: 30). Critical episodes are customer specific, and even a routine issue (such as replacing a faulty product) can become critical if the expected level of service is not met (Egan, 2001: 100). These can therefore have a considerable affect on both customer satisfaction and trust in a relationship, and emphasise the need for good customer service back-up.

Finally, Jones and Sasser (1995: 93) suggest that to manage satisfaction, it is important to listen to the customer, a common theme in much of the marketing literature. They propose that this is done through customer satisfaction indices (surveys), customer feedback (comments, complaints, and questions), market research (amongst customers, non-customers, and lost customers), front line personnel (such as the sales team), and through strategic activities (for example, actively involving customers in company decision-making).

2.8.5 Personality factors

Research conducted by Bews and Rossouw (2002) indicates that personality factors also seem to have an impact on perceptions of trustworthiness. Martins *et al.* (1997) suggest that five personality characteristics will have some bearing on the formation of trust and may, either in isolation or in combination, retard or foster trust:

1. Agreeableness (good-naturedness, cooperativeness and courteousness);
2. Conscientiousness (persistency, determination, hard work, dependability and propensity towards achievement);
3. Emotional stability (being calm, enthusiastic, free from anxiety, depression and insecurity);
4. Extroversion (sociability, friendliness and talkativeness) and;

5. Openness to experience or resourcefulness (broadmindedness, creativity, imagination, artistic sensitivity and intellectual ability).

Other emotional variables such as 'liking' have also been linked to having an impact on trust (Nicholson, Compeau and Sethi, 2001). Liking is believed to be a powerful human motivator for relationship development and maintenance.

While generally the above factors relate to the personality of individuals and as such cannot be easily changed, they are important on those occasions when consumers may have direct contact with company personnel on issues such as direct sales, delivery and product availability, product queries and problems, servicing and repair issues, and complaints. The way this interaction is handled may have an important bearing on the strengthening or weakening of the trust that the consumer has with the company.

Another issue to consider is whether an organisation can have a personality of its own and if so, whether this is important to consumers beyond the product/brand offering. Such personality may perhaps be expressed in the company's core values, its mission statement, its external communications or through its brands and brand values.

Although aspects of personality discussed above may have some impact on consumers' trust, because of the limited direct contact between company and consumer, it is not considered to be a key predictor dimension in the conceptual model discussed in Chapter three. The importance of personality is however reflected through many of the linked relational, ethical and marketing variables such as shared values and a caring and responsible image, the consistency and quality of brands, the handling of critical episodes, and in any direct contact that does take place.

2.9 Summary

The review has evaluated a broad literature relating to trust and trustworthiness in the business arena which are perceived to be both important virtues and assets for commercial organisations in providing a solid footing for competitive advantage, for healthy (and usually mutually profitable) company-consumer relationships, and for meeting the emotional needs of today's increasingly knowledgeable consumers.

Although trust appears at first to be a rather hazy and complex subject and one in which scholars have failed to agree a generally acceptable definition, set of dimensions or a form of measurement, there seems to be some consensus that it is an attitude, feeling, or emotion linked to character. A conceptual definition of consumer trust for the study has been proposed which reflects the importance of the ethical responsibilities of marketers, the need to consider the rights, interests and expectations of everyone in a community, and the significance of consistent, benevolent and honest behaviour.

Different types and levels of trust exist and young children appear to trust naively in brands and commercial organisations although probably not comprehending either the meaning of trust or marketing intent. Parents trust less easily, particularly when purchasing products for their children, despite a natural tendency in human beings to trust. Companies should therefore view trust development as a strategy that needs to be continually encouraged, developed, and monitored as well as something worthy, pursued for its own sake. Whilst trust is highly desirable for companies' relationships with their consumers, it appears complex and time consuming to foster and can be easily broken by one wrong action, at one point in time. Hence trust is not merely a desirable option in building consumer relationships and loyalty, but can be viewed as a vital survival strategy in consumer retention.

Company-consumer trust appears to have underpinnings in a number of theoretical areas but most importantly in ethical theory and organisational theory. In ethical theory, trust and particularly trustworthiness carries both moral duties and responsibilities and relates to right, just, and fair behaviour of both individuals within companies and of the companies themselves as entities. Key responsibilities relate to integrity - the need for equity, honesty, and openness; and benevolence - the obligation of due care, to look after, to avoid harming, and to not taking advantage (of vulnerability). Vulnerability is of particular importance in this study not only because of young children's undeveloped cognitive abilities and limited consumer knowledge and skills, but because many parents in children's markets may also be vulnerable as consumers due to changing lifestyles and the continuing tactic of targeting parents' financial resources through their children's influence.

Organisational theory is particularly relevant to building trust through its emphasis on the commitment to and satisfaction of consumers, and what is 'efficient', 'effective', and 'practical.' For consumers to trust in a company or brand, there needs to be a fulfilment of expectations in both the total product/service offer as well as in the behaviour of those making the brand promises and espousing the company values.

Considering its importance, there are surprisingly few contributions in the literature that focus on company-consumer trust or the related fields of relational trust and brand trust. Those that have been identified are valuable but tend to be exploratory, sometimes incomplete, and often appear substantiated on the findings from unfocused samples. Rarely is trust examined from both the trustor's and trustee's perspectives or explored in more depth through qualitative inquiry. By scanning the broader literature however and drawing particularly on the work of Michell, Reast and Lynch, it has been possible to identify and link a range of trust dimensions and variables that are consistently mentioned in the business trust literature and these are incorporated into the conceptual framework now discussed in Chapter three.

Chapter 3 - Development of the Theoretical Framework

3.0 Origins of the theoretical framework and propositions

This chapter builds on the knowledge gained in the literature review and, using a synthesis of trust concepts, links and theories, proposes a conceptual framework considering organisational trust/trustworthiness as a process starting from its antecedents, the factors that influence its development, through to the dimensions and variables that are integral to its implementation, and leading to its outcome in terms of a parental purchase, repurchase or recommendation decision.

A number of research propositions are made which draw attention to important issues to be examined within the scope of the study. Propositions are defined by Miles and Huberman (1994: 75) as, “connected sets of statements which help formalise and systematize the researcher’s thinking into a coherent set of explanations”. The validity of the propositions will be evaluated during the analysis (in Chapter six). The link between the aims, propositions, research questions and research methods is discussed further in Chapter four.

3.1 Structure of the conceptual framework

The design of the conceptual framework is adapted from the structures of two models proposed by Whitener *et al.* (1998: 519) and Michell, Reast and Lynch (1998: 161) and is shown in Figures 3.1 and 3.2.

The focus of Whitener *et al.*’s model was to identify the antecedents that affect managerial trustworthy behaviour supported by social exchange theory and their paper concerned the trust between manager and subordinate in an organisation. They identified three main sets of components that influenced behaviour - organisational factors, relational factors and individual factors - and proposed that trustworthy behaviour was manifested through behavioural consistency, integrity, the sharing and delegation of control, communication, and the demonstration of concern. Although beyond the declared scope of their work, they also introduced the notion of boundary

Figure 3.1 – Antecedents and Dimensions of Trustworthy Behaviour (adapted from Whitener *et al.*'s 'Exchange Framework of Initiating Managerial Trustworthy Behaviour, 1998)

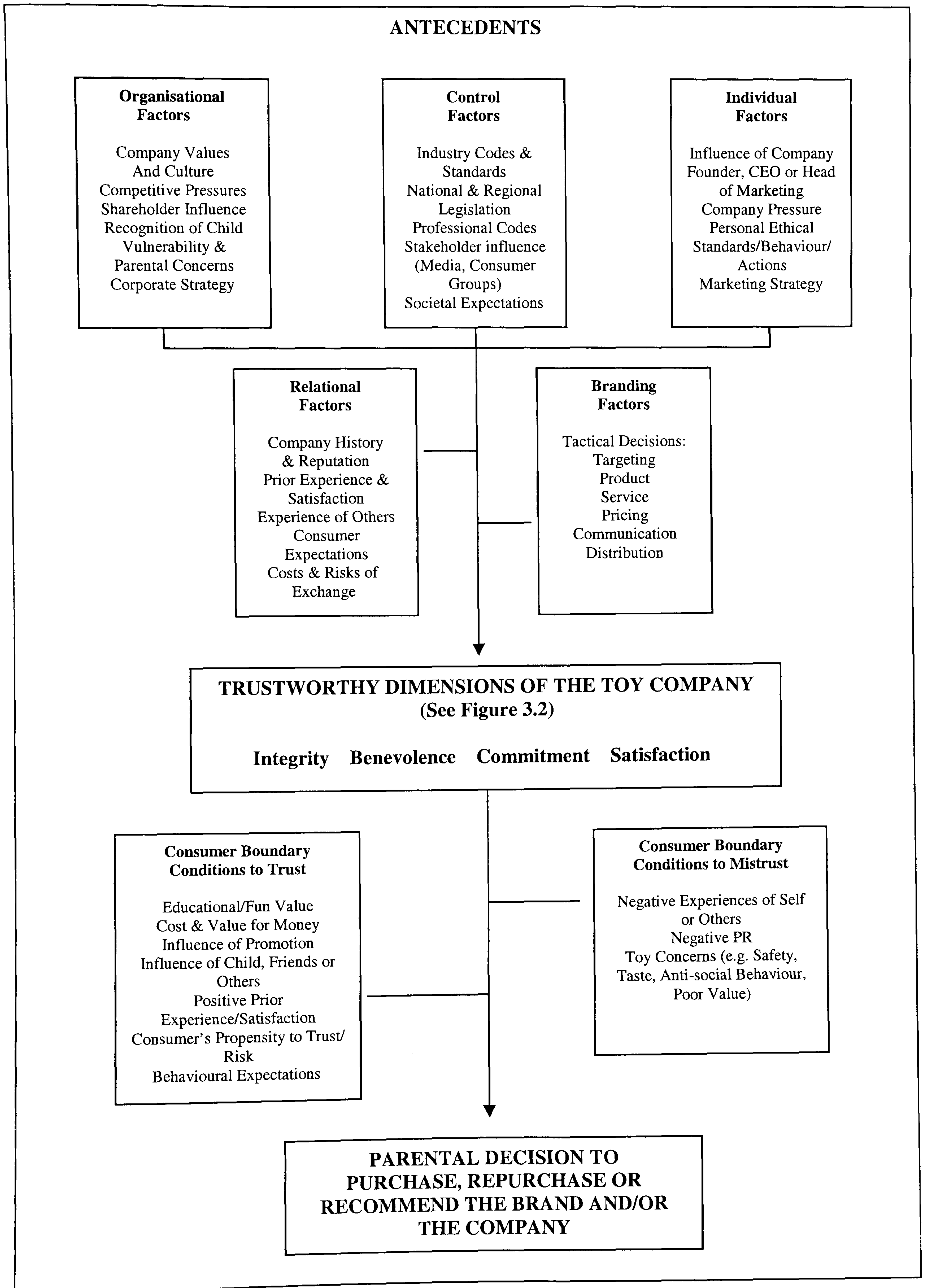
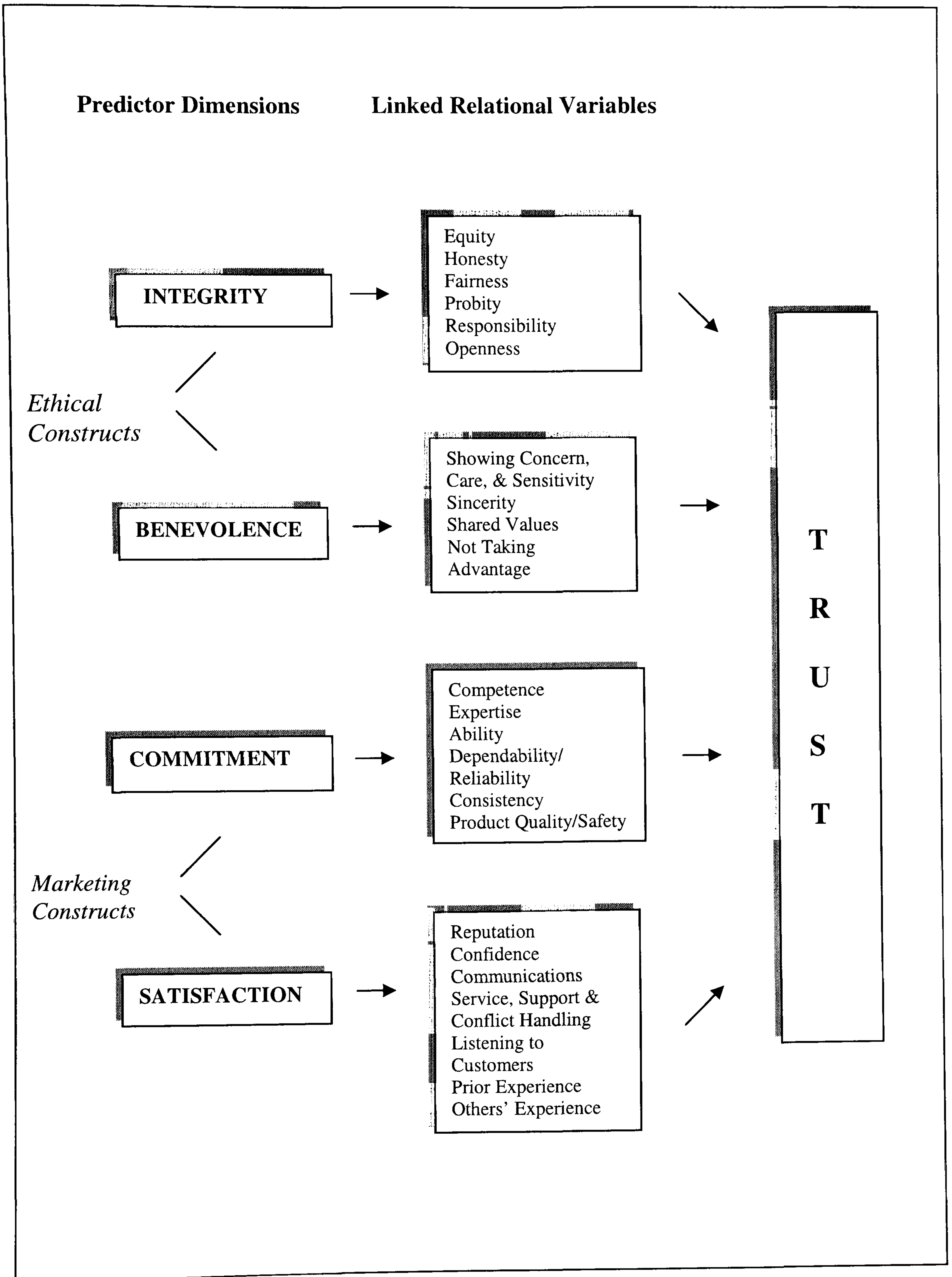


Figure 3.2 – Dimensions of Consumer Trust (Adapted from Michell, Reast and Lynch Model of Postulated Correlates of Trust, 1998)



conditions, recognising that while trustworthy behaviour is necessary, it is insufficient in influencing employees' perceptions of trust because of a number of boundary conditions that exist. In similar vein, this conceptual framework identifies both important antecedents to trustworthy behaviour and dimensions of trust that may lead to toy purchase, repurchase and recommendation decisions, but it also recognises that, as trust is a two-way process, the trustworthiness of a company is insufficient to translate into a purchase decision because of consumers' boundary conditions to trust or mistrust. Because trust is such a personal and emotive phenomenon, companies may find it difficult to positively influence some of these conditions.

The trust dimensions aspect of the framework builds on Michell, Reast and Lynch's Model of Postulated Correlates of Trust (1998). As discussed in Chapter two, they identified twenty-two variables associated with trusting behaviour that they grouped under four dimensions, two relating to behavioural aspects (probity and equity) and two to cognitive elements (reliability and satisfaction). In this proposed framework, four dimensions are also proposed with appropriate variables drawn from an extensive review of the literature. The dimensions are divided between what are deemed ethical constructs (those that predominantly have moral foundation) and marketing constructs (those predominantly have organisational/marketing basis). Ten of the variables used in the Michell, Reast and Lynch model are included in the new framework.

3.2 Antecedents to trust.

Antecedents are the factors that precede the development of trust and influence it (Moorman, Deshpande and Zaltman, 1993). The conceptual model identifies a number of important antecedents that lead to trustworthy behaviour and these are grouped under organisational, individual, relational, branding, and control factors.

The Whitener *et al* model (1998) emphasised the importance of organisational factors, individual factors and relational factors as antecedents of trust. These overlap with Hunt and Vitell's 'theory of marketing ethics' (1986, and its later revision, 1991), which suggests that in tackling ethical dilemmas and decisions in marketing, the professional, industry, organisational and cultural environments are all significant as are the personal characteristics of individuals.

Hunt and Vitell also point to the impact of controls in ethical marketing such as the legal system, and industry, professional and companies' norms and codes. The importance of social mechanisms such as the legal system in influencing trust has long been recognised. Weber (Eisenstadt, quoted in Bluhm, 1997: 334), for example, argued that such mechanisms were designed to "guarantee or secure trustworthy behaviour". While regulation is unlikely to totally eliminate untrustworthy corporate behaviour, this is considered to be an important area for a consumer trust model where a vulnerable population such as children is involved and where such vulnerability might lead to opportunities for unscrupulous companies to exploit without adequate controls in place.

Finally, Michell, Reast and Lynch (1998) point out that the variables selected for their model were derived from the academic literature and were not therefore necessarily the variables that consumers would choose. They suggest that it would have been useful to have included more branding variables, "given the increasing use of the branding aspect of marketing strategy by organisations seeking to engender trust among their customers" (: 169). As an important part of the trust relationship between toy company and parent is through the brand rather than through direct interaction, the branding aspects are an essential construct in the model.

Consideration will now be given to the components of each set of antecedents.

3.2.1 Organisational factors

It has already been discussed in Chapter two that companies have certain moral responsibilities, recognition of which is often visible in the corporate culture and values of the business. These values should both feed into the organisation's business and marketing strategies, guide employees' decisions and behaviour and be regularly publicised so that customers and consumers are aware of what the company stands for (Fisher and Lovell, 2003). As building trust is also a strategic choice and can therefore be positively encouraged, the companies' business strategies and corporate behaviour along with their values and culture are likely to be important factors in contributing towards their perceived trustworthiness, providing they can demonstrate that such values' statements are not empty words but are genuine heartfelt beliefs that permeate

the organisation and can be seen in practice through policy decisions and appropriate behaviour.

In markets where vulnerable consumers are directly or indirectly involved, a particularly important moral responsibility would be the concern and care for such consumers. In the toy industry, this might mean paying particular attention to aspects such as product safety, to the provision of clear and accurate communications and promotions in appropriate language, and to recognising children's limitations but without taking advantage of them. Caring might also be demonstrated through understanding the role of parents in choosing and buying the right toys for their child, in appreciating their concerns about toys and toy marketing, and in recognising the pressures that many parents feel when child-focused marketing activities lead to requests from children for toy products. This leads to the first research proposition:

Research Proposition 1 – In building consumer trust, toy companies and the toy industry in general, should be more proactive through their marketing activities in demonstrating their concern and care for consumers and acknowledging their responsibilities.

Finally, the trustworthiness of organisations is likely to be influenced by both market pressures and the influence of shareholders. However philanthropic the organisational values may be, companies are under pressure to continually improve profits for shareholders. At the same time, consumer markets are highly competitive and subject to the economic swings of prosperity. This leads to pressure on companies and individuals managers to sometimes choose the expedient rather than the right action. How toy companies respond to the challenges facing them (as highlighted in Section 1.3.1) may therefore be important in influencing their behaviour.

3.2.2 Individual factors

Individualists such as Velasquez (1982) insist that, as moral agents, responsibility for ethical decisions lies with human individuals (or the managers of business) rather than the organisation: “An employee assumes some measure of moral responsibility by agreeing to abide by an organisation's rules and standard operating practices” (Dibb *et al.*, 1994: 624). Many managers have the autonomy to make individual decisions that

can influence the company's perception and trustworthiness. A marketing manager in particular can make strategic decisions that can impact on trustworthiness positively (for example, introduce a 'care in the community' programme) or negatively (engage in price-fixing with intermediaries).

A number of writers have suggested factors that might influence a manager's ethical decision-making and behaviour. These generally fall into four categories: personal factors, inter-organisational factors, issue-related factors and extra-organisational factors (Kavali, Tzokas and Saren, 1999). Personal factors influencing behaviour include, for example, cognitive development (Ferrell and Gresham, 1985) and personal experiences (Hunt and Vitell, 1986); influenced through education (Brenner and Molander, 1977); family (Laczniak and Murphy, 1993), religious upbringing (Laczniak and Murphy, 1993); gender (Gilligan, 1982); culture (Armstrong and Sweeney, 1994); and management position (Fritzsche, 1988). Individuals' decisions may also be influenced by corporate pressures such as the need to meet sales or profit targets to reach commission levels, to enhance promotion prospects, or even to maintain job security.

A number of marketing authors (for example, Westing, 1967, Pruden, 1971) have argued that it is the individual at the top of the organisation who sets the ethical tone. A study by Baderacco and Ellsworth (1989) found that strong personal ethics emerged as a dominating trait of good leadership while Weaver and Ferrell (1978) argued that top management must assume at least part responsibility for the ethical conduct of marketers within their organisation. Bibb and Kourdi (2004: 63/71) have identified a number of features of trusted leaders. These include having clear values, creating an atmosphere and expectation of trust, taking responsibility, being honest and open, being credible and consistent, trusting others, having the organisation's and employees' best interests at heart, having integrity, and using their power positively. However they believe that, although most leaders would probably say trust is important, few in practice think about it very much or do anything conscious about it. The power and influence of those leading organisations and marketing functions may or may not therefore be significant in developing trust in both a company and brand.

3.2.3 Control factors

Since the 1960's, fuelled by the Consumerist Movement, a wide range of regulations and industry codes in areas such as product safety, fair pricing and honest advertising have been introduced in the USA and within European countries to protect the rights of consumers from possible exploitation by powerful suppliers in the marketplace. In markets where products are targeted at children, controls have been particularly tight. Sweden, for example, bans all advertising on national television to children under 12 years of age and Greece severely restricts the television and radio airing of toy advertising. The toy industry in the UK also appears to be tightly regulated with extensive toy safety legislation and specific controls on television advertising laid down by the Independent Television Commission (ITC)⁷ within the directives of the European Union (see Appendix II). Such regulation should generate some consumer confidence and trust in the toy industry although it should be recognised that many consumers may be unaware that these special provisions exist.

In addition to national and regional controls, the toy industry bodies within Europe (who jointly form an interest group named 'Toy Industries of Europe') attempt to encourage best practice in the production and marketing of toys, and the behaviour of their members. BTHA membership requires companies to conform to a code of practice in selling and marketing toys to meet the safety standards for the industry and to implement an ethical code in their manufacturing. Again it is posited that compliance with such industry codes should positively influence the trustworthiness of toy companies.

Several authors have pointed to the growing importance of consumer's attitudes towards the ethical conduct of companies and their impact on purchase decisions (for example, Creyer, 1997: 421). It seems that the expectations of today's society mean that companies can no longer ignore the need for a moral conscience. As Sternberg (1994: 19/20) warns: "When the underlying ethical questions are ignored, it is not usually the problems but the business that goes away."

⁷ The ITC has since 2003 been superseded by Ofcom as regulators of television commercials.

Consumers are not the only stakeholders who might influence the moral and trustworthy behaviour of companies. It has already been noted in Chapter one that the media can influence an industry or company negatively. In the same way, the media can provide positive comment through stories of toy success, innovations, awards, charitable deeds, and so on. Other key influencers may be consumer and pressure groups who can also spread both positive and negative word. It is important not to ignore these groups, as many are particularly vocal about industries targeting children and appear adept at obtaining publicity (for example, the Consumers Association, the Children's Society, and Friends of the Earth).

Finally, although there is some limited direct selling between toy companies and consumers, most sales are channelled through retailers. As retailers have the day-to-day contact with consumers and carry out the negotiation at point of sale, they may play an important role in promoting the trustworthiness of particular companies and brands. The importance of these stakeholders leads to the second proposition:

Research Proposition 2 - Although toy companies can create and foster consumer trust through their own behaviour, trust in toy brands is also strongly influenced, both positively and negatively, by a range of other key stakeholders and contextual factors.

3.2.4 Relational factors

It was highlighted in Section 2.7.1 that trust is a fundamental relationship building block and one that is included in most relationship models (Wilson, 1995), despite the broad ranging debate about what constitutes 'trust' and what a 'relationship' is in a business context. A mutually satisfying relationship between company and consumer can impact on the consumer's trust in the company and/or its brands, particularly as the relationship develops over time, although the level of trust and the time period involved may be difficult to quantify. Nevertheless, the consumers' prior experience and satisfaction with a company and/or its brands are likely to influence their perception of trustworthiness and this may be particularly positive if the parent had happily played with the toy when he or she was young.

It has been pointed out, however, that trust can also be present at the start of a relationship (Berg, Dickhaut and McCabe, 1995) and that a relationship between buyer and seller can develop at an even earlier stage when the buyer may still be a prospect (Egan, 2001). When a consumer buys a brand for the first time, he/she is demonstrating some trust in it. This leap of trust may have been influenced by a number of factors including prior advertising, packaging, point of purchase materials, the product features, the price, or other brand building activities. Another powerful leverage on initial trust may be the influence of other satisfied consumers, and word-of-mouth promotion has been seen to contribute to trust (Ranaweera and Prabhu, 2003). A further influence, particularly at first purchase, might be the company history and reputation. In the toy industry, a particular feature is the number of toy companies that have been established for over sixty or seventy years (for example, LEGO, BRIO, Fisher-Price, Zapf Creation, Mattel, and Hasbro). The branding activities over such a length of time are likely to have created broad name awareness and a certain (usually positive) reputation.

As today's consumers have become more demanding, so their expectations about products, service, and company behaviour have increased. Whilst many consumers are likely to have different sets of requirements, consumer demands for better value for money and for appropriate corporate ethical behaviour have already been noted. Even when consumers purchase a lower priced brand, they still expect a minimum standards in terms of factors such as product safety, quality, durability and so on although trust in a lower priced brand might not be as significant as the financial risk being taken is not so great. Identifying and responding, where possible, to such expectations is therefore important for organisations and is likely to have an impact on their trustworthiness.

Although some scholars have alluded to an imbalance of benefits in a relationship between a company and its customers/consumers - that is, there are more gains for the company than consumer (Brown, 1998) - in the toy industry, where young children are the main users, parents are likely to need assurance and to have confidence in the toy brands they purchase, particularly with regard to safety. The introduction of more sophisticated technology in a number of new toy products has led to a greater number

of higher-priced items in the market⁸ and consumers also need to trust in the performance and value of such expensive toys. There are therefore benefits for consumers in developing relationships with toy companies they can trust and this leads to proposition three:

Research Proposition 3 – Trust is a vital ingredient in a company-consumer relationship and high levels of trust between the parties can lead to a range of benefits for both sides.

3.2.5 Branding factors

Because most toy sales are sold through intermediaries (retailers and wholesalers), limiting the opportunities for personal contact between the toy company and consumer, the toy brand takes on greater significance in building a trusting relationship. Toy companies therefore invest a great deal of resources in creating a strong and solid identity, profile and image of itself and/or its products, loaded with positive qualities (Svensson, 2001: 434). Morris and Martin (2000: 81) argue that engineering and nurturing strong consumer-brand relationships in the toy industry is in the marketers' best interest because such relationships imply greater satisfaction and trust leading to higher purchase volumes and brand loyalty.

The proposed conceptual model is based on the development of trust between toy companies and parents rather than between toy companies and children. The targeting of children directly has raised controversy and where parents feel companies have taken advantage of children, there may be some mistrust in any relationship with these companies.

The types of toy product sold may also be a trust-related factor. There has been a growth trend in educational toys in the UK over the last decade that develop children's skills and knowledge. The rapid rise of companies such as Leapfrog (see Appendix IV) is testament to this. Companies offering such products may be more trusted because these products often have parental messages about child development gains attached to them. On the other hand, there has been critical comment in the

⁸ The top-selling toy in the UK for 2004 was a toy robot, Robosapien (Character Options), that retails for approximately £70.

media about toy guns and other toys and games that involve violent play which some claim might lead to unsocial behaviour. Whilst scientific research has not proven a link between violent toys and play and unsocial behaviour (Goldstein, 1999), there does appear to be some parental concern on this issue that has led the BTHA to produce a special consumer leaflet on the subject in an attempt to allay fears (Roland Earl interview – 30.09.02).

The price or perceived value of brands may additionally influence consumers' perception of trustworthiness. If a company's products are perceived as offering good value, whether in terms of 'value for money' or in terms of 'play value' (the pleasure gained from the toy, the learning benefits, how often it is played with, and so on), consumers are more likely to trust new lines and ranges that the company introduces. The challenge facing the toy industry is that, in trying to offer consumers value for money, most companies have to manufacture in low labour cost economies and commonly use plastic, often considered a cheap material. Consumers now expect toys to be good value and the average selling price of a toy is only £8.20 (BTHA Handbook, 2004) and falling. This means that to justify a high price, toys must demonstrate significant added value.

Toy companies use an integrated mix of promotional tools to reach their target markets. The larger companies still use television advertising as the key means of reaching the mass market⁹ although the proportion of marketing budget spent on television is slowly falling in favour of newer techniques such as special web sites for key brands, collector clubs, local community activities, schools promotions, point of purchase materials, and direct (one-to-one) marketing activities (Brian Ellis interview – 11.12.02). Although children's television advertising still has its critics, the detailed ITC codes have led to few complaints about toy commercials in recent years. Less regulated are some of the newer and arguably subtler techniques used to create brand awareness and loyalty amongst children such as the Internet and in-school marketing. The use of promotion techniques and convincing parents that they are acting openly and honestly in putting over their messages may be important influences on toy companies' perceived trustworthiness.

⁹ Mattel, the largest toy company in the UK, still spends more than 75 per cent of its marketing budget on television advertising (Toys'n'Playthings, September 2002, 21 (12): 44).

Finally, the availability of some toy products has been problematic in the past when toy companies have misjudged the popularity of a new line, resulting in toy rationing, queues forming in shops to buy limited stocks, and disappointed parents and children on Christmas Day. While predicting demand in fashion markets is not easy, consumers expect product to be widely available, when they want it. If companies do not have adequate monitoring and distribution systems in place and run out of stock, not only might they lose a consumer to a rival but trust in that brand may be diminished.

The branding aspects discussed above normally fall within the remit of the marketing function. Although the corporate values and image may also impact on brand decisions, many of the day-to-day brand decisions about target markets, products, prices, promotions and distribution are made by the marketing managers/directors and these have a direct influence on consumer trust. This leads to the fourth proposition:

Research Proposition 4 - Marketers, in particular, have the opportunity to play a key role in determining the levels of brand trust between the company and its different consumers.

3.3 Trust dimensions

The conceptual model postulates that trust is related to four main correlated dimensions termed 'Integrity', 'Benevolence', 'Commitment', and 'Satisfaction' (see Figures 3.1 and 3.2), the first two being linked to ethical constructs and the second two to marketing constructs. Within each dimension, key related descriptor variables are proposed which have been drawn from a review of the literature (discussed in Section 2.8). The dimensions have been selected as they have been used and linked in other trust models and they appear to neatly draw together highly relevant trust variables from both ethical and marketing perspectives. This leads to the fifth proposition:

Research Proposition 5 - Trust in consumer/brand relationships is determined by both ethical and marketing constructs.

The dimensions have also been chosen with the specific research context in mind. For example, the emphasis on benevolence and caring (bearing in mind the vulnerability of children) and the emphasis on integrity (fairness, openness and honesty) in marketing to children and on recognising and accepting moral responsibility.

The initial stakeholder interviews identified that, apart from the pre-school market, most toy companies use their marketing budgets to primarily target children rather than adults. Companies are however aware that in many cases, if the toy sale is to be made, they must also gain parental approval and to help them understand parental motivations syndicated research studies are available. A 2002 BMRB/Mintel survey, for example, identifies the ten most influential factors in parental toy purchase decisions (see Table 3.1):

	Most Influential Factors	1 = Most Important
1	Toy safety	
2	Educational value	
3	Price	
4	Durability of the toy	
5	Well designed	
6	Toy the child specifically wanted	
7	The brand/manufacturer's name is well known	
8	The toy was unlikely to go out of fashion in the near future	
9	It was a toy you could add to or buy accessories for (for example, LEGO or Barbie)	
10	It was a toy suitable for various age groups	

**Table 3.1 - Most influential factors for consumers in purchasing a toy
(Source: BMRB/Mintel, 2002)**

The survey also notes that low down in terms of factors was that the toy was advertised on television or that it was the latest craze. This is perhaps explained because the advertising messages are aimed at children and it is children who create the crazes. This may have influenced factor six.

Such studies may also have encouraged companies to focus more on the tangible elements of the marketing offer such as safety, price, and quality that can contribute to trust. Less explored are the more intangible, emotional factors that might exist in the purchase decision and that might distinguish the more trusted brands. Proposition six is therefore:

Research Proposition 6 - Toy companies have tended to focus more on the tangible marketing factors of their brand offering than on the more intangible emotional and moral elements.

3.4 Consumer boundary conditions

It was argued in Chapter one that a trust model which only examines trust or trustworthiness from one perspective, either the trustee's or trustor's, is likely to be incomplete but that there is likely to be some incompatibility between what companies and consumers look for in, and get out of, a trusting relationship. The dimensions in the conceptual framework have been selected from contributions in the literature and it is believed that many of these have relevance for both company and consumer perspectives. However, as many of the models analysed were founded on empirical studies using managerial rather than consumer samples, it is important to consider trust from the consumer perspective to identify what factors (experiences, emotions, and expectations) might influence their trust in a toy company or brand and how these fit with the proposed dimensions. This is particularly necessary as there is evidence that consumers are becoming more cautious, more exacting, and more resistant to marketing (Smith, 2004), making trusting relationships even harder to achieve through traditional means of brand communication.

Parents are faced with a bewildering choice of toy products at different price points. Some of the branded companies and products are familiar to them from their own childhood and this prior experience and satisfaction/dissatisfaction undoubtedly adds to their trust or mistrust in these particular items, as can more recent purchase experiences. Companies can positively enhance this experience through product quality, innovation, design, and consistency, through the level of customer service, and the handling of critical episodes for example, but there are also influences beyond

their control. The child might not appreciate a product purchased by the parent, a toy may be abused and broken, or a parent might misread the instructions, all leading to a negative experience.

Many products have unfamiliar brand names in the toy industry where companies tend to promote individual rather than company brand names, and parents and other consumers have to decide whether to risk purchasing them for the first time. Recommendations from friends, toy awards and even the reputation of the retail outlet stocking the product may help allay some of their fears but consumers' propensity to risk or trust will vary and may be also influenced by other factors such as the cost of the product, its design and perceived safety, quality, and play value. The propensity to take risks is probably lower when young children are involved as recipients. Society today seems to be obsessed with fears, whether proven or not. Reports that around 120,000 children every year are injured by toys in the USA (Jacobs, 2001) as well as concern over sugary or fatty foods aimed at children, radiation from mobile phones, and a host of other current issues highlighted in the media contribute to this sense of wariness and a general belief that all companies targeting the children's market are only interested in their margins.

Parental attitudes towards certain products may also differ. Some are drawn to educational products, as previously mentioned, or are strongly opposed to character licensed or fun brands. Fathers may be more tolerant than mothers of toys that lead to more aggressive play patterns. Parents may have different attitudes to what they consider value for money or what constitutes play value. Some parents' trust may be influenced (positively or negatively) by their child's strong demands and desires for a brand, whilst others may be more inclined to trust or mistrust brands they have heard about through promotional activity or publicity. Reast (2003) has also demonstrated that females tend to exhibit higher levels of trust in consumer brands which may also be significant in a market where mothers are the predominant buyers.

Consumers seem to be becoming increasingly aware of their own power in competitive markets and companies need to be mindful of their opinions or they may go elsewhere. Many consumers these days expect brand owners and distributors to not only keep their brand promises in supplying products and services of good quality and

value, but also to demonstrate a morally and socially responsible attitude in conducting their business whether it be through their marketing behaviour, their production processes or local community work. Studies have found, for example, that the ethicality of a firm's behaviour is an important consideration in a consumer's purchase decision and that they are prepared to reward ethical behaviour by paying higher prices for a firm's products (Creyer, 1997: 426). This is also demonstrated by the increasing sales of 'Fair Trade' products. What Creyer also found was that although consumers would still buy from a company they considered unethical, they would only do so at a lower price, which in effect punishes the unethical act. The consumer's perception of how responsibly toy companies target and market their brands to children may therefore be a key influence on the level of trust that develops. This leads to proposition seven:

Research Proposition 7 - Parents and other stakeholders expect organisations marketing to and through children to act in a morally responsible way and to be mindful of children's vulnerabilities.

3.5 Summary

In competitive markets, where differentiation of product and service is often minimal, companies need to strive for every scrap of advantage. A trusted brand and a trusting consumer relationship own many such advantages - customer loyalty, personal recommendation, price premium, enhanced asset value, and favourable publicity, amongst others. In the fashion-orientated toy industry, many brands are on the market for such a short time that it is often difficult for consumers' experience of the product to build up significant trust. If trustworthiness was therefore developed more in companies themselves rather than in individual brands, such trust might add value to the whole portfolio. A trusted brand would then be, as Basu (2000) suggests, a composite of both experience (looking back) and expectation (looking forward).

Following an analysis of the consumer and business trust literature in Chapter two, a conceptual model of consumer trust is proposed which will be qualified and developed further in the light of findings from the primary research. Key influences on a trusting relationship were considered from both the company and consumer

perspectives and consideration was given to other stakeholders who might influence that trust in some respect - Retailers, legislators, the media, and consumer/pressure groups were identified as having a potentially significant impact. A number of variables were identified from the literature and grouped under four key dimensions, two relating to predominantly moral behaviour and decisions, and a further two to marketing and management behaviour and decisions. Where empirical research has been conducted in other studies to support or develop consumer trust theory, a quantitative approach has almost always been taken. Whilst these have attempted to evaluate or rank trust factors in terms of perceived importance and/or to measure against hypotheses, few studies have attempted to explore in any depth through qualitative research how companies strive to gain and manage trustworthiness with their end market, or have sought to understand consumers' underlying purchase motivation, in particular their deeper psychological needs, emotions and moods beyond the basic product/service offering.

From a philosophical perspective, trustworthiness is often considered a virtue, something all companies and individuals should strive for in a 'good' society. As trust also concerns relationships, this brings ethical issues of rights, responsibilities, due care, and vulnerability to the fore. Surprising few of the consumer trust contributions reviewed have given prominent consideration to its moral dimensions. This is not to say that morality is the only foundation of trust nor that morality and trust should be treated the same - "Trust is not a moral elixir" (Brenkert, 1998a: 199). Rather, trustworthiness in a company should be a transparent recognition and reflection of its social and moral duties, responsibilities and considerations in marketing to customers and consumers.

Having developed a conceptual framework, the next stage in the theory-building process was to explore trust development in the practical context. The following chapter discusses the methodological approach, research design, and sampling strategy adopted to obtain rich data from the case participants, and how these data were analysed.

Chapter 4 - Research Methodology

4.0 Introduction

This chapter is divided into two main parts. Part A discusses the research process and the rationale for how the research was conducted, the overall strategy adopted, and the design and techniques used. It also considers how far the methods provide a basis for the issues of generalization, validity, reliability and objectivity. Part B then focuses on the techniques selected to analyse and present the data.

The choice of positivistic or non-positivistic approaches to research gathering and analysis has been the subject of considerable debate in the social sciences for many years and is one of the first considerations for any research study (Silverman, 2000). Whilst some social scientists still regard quantitative research as the 'gold standard' to which all researchers should aspire (*ibid*), others have argued that the qualitative research approach, or a combination of qualitative and quantitative, should be the preferred method of probing and understanding the difficult area of organisational behaviour and decision-making (for example, Liedtka, 1992). The strengths and limitations of the qualitative research paradigm are discussed in more detail in Section 4.3.1.

The chapter argues that the choice of a qualitative research strategy is the most appropriate for meeting the research aims and addressing the propositions, based around a case study of the toy industry and the personal interview and focus group methods of data collection. The qualitative approach is *interpretivist* in favouring an emphasis on the ways in which individuals interpret their social world over the practices and norms of positivism and the natural scientific model. Ontologically, it is *constructionist*, embodying a view of social reality as, "a constantly shifting emergent property of individuals' creation" (Bryman and Bell, 2003: 25). It is recognized that the qualitative approach has weaknesses but that no other available research method is without limitations. Compromises have had to be sought and challenges overcome. Careful consideration has also had to be given to securing managerial and organisational co-operation, the potentially sensitive nature of the topic of trust, and the time and resources required when there are multiple units of analysis.

Being aware of the particular criticism of the qualitative approach concerning inferences drawn from small samples, a coding approach has been used to analyse the raw data, using NUD*IST Vivo software. This has classified the data into common themes (via tree nodes) linked to the conceptual model and propositions with relevant quotations then attached to each theme. The benefit of using this method is that there is more transparency in the data showing how the conclusions have been reached and providing a clear audit trail.

The author's approach is most akin to that of the social anthropologist with an interest in behavioural regularities, everyday situations and relationships (Miles and Huberman, 1994). As Van Maanen (1979, in Miles and Huberman, 1994: 8) puts it, the prime analytical task for the social anthropologist is, "to uncover and explicate the ways in which people in particular (work) settings come to understand, account for, take action and otherwise manage their day-to-day situation." Social anthropologists are also concerned with the genesis or refinement of theory that may start with a conceptual framework which can then be tested, refined or qualified from fieldwork findings (Miles and Huberman, 1994).

Part A - Research Process and Design

4.1 The research design

“Without theory, research is impossibly narrow. Without research, theory is mere armchair contemplation” (Silverman, 2000: 86).

A research design is the logic that links the data to be collected (and the conclusions to be drawn) to the initial questions, aims and propositions of the study (Yin, 2003). In deciding upon an appropriate strategy for the research, the first step was to evaluate the different epistemologies to select an approach most likely to provide sufficient valid data to meet the theory-building aims of the thesis. The design has been influenced by a number of other factors. These include previous empirical work and model building in the academic literature on consumer trust and recognition of its limitations and the knowledge gaps, as discussed in Chapter two. It has also been guided by comments, suggestions and criticisms made by the academic communities at Brighton and Brunel Universities and from feedback to papers presented at the European Business Ethics Conference (PhD symposium) in Brussels in August 2002 and at the Academy of Marketing conference at Aston University in July 2003 (Hogan, 2003). Additionally, ideas were shaped following initial stakeholder interviews with representatives from the British and European toy industries and from the researcher’s prior work experience as a consumer-marketing manager.

The research design framework selected is based around a process suggested by Sekaran (2000), with some minor adaptations (see Figure 4.1). The changes were considered necessary as the original framework appeared to be more appropriate for a quantitative approach. The order of some of the design process has been changed and an extra consideration relating to ethical issues in the research process added.

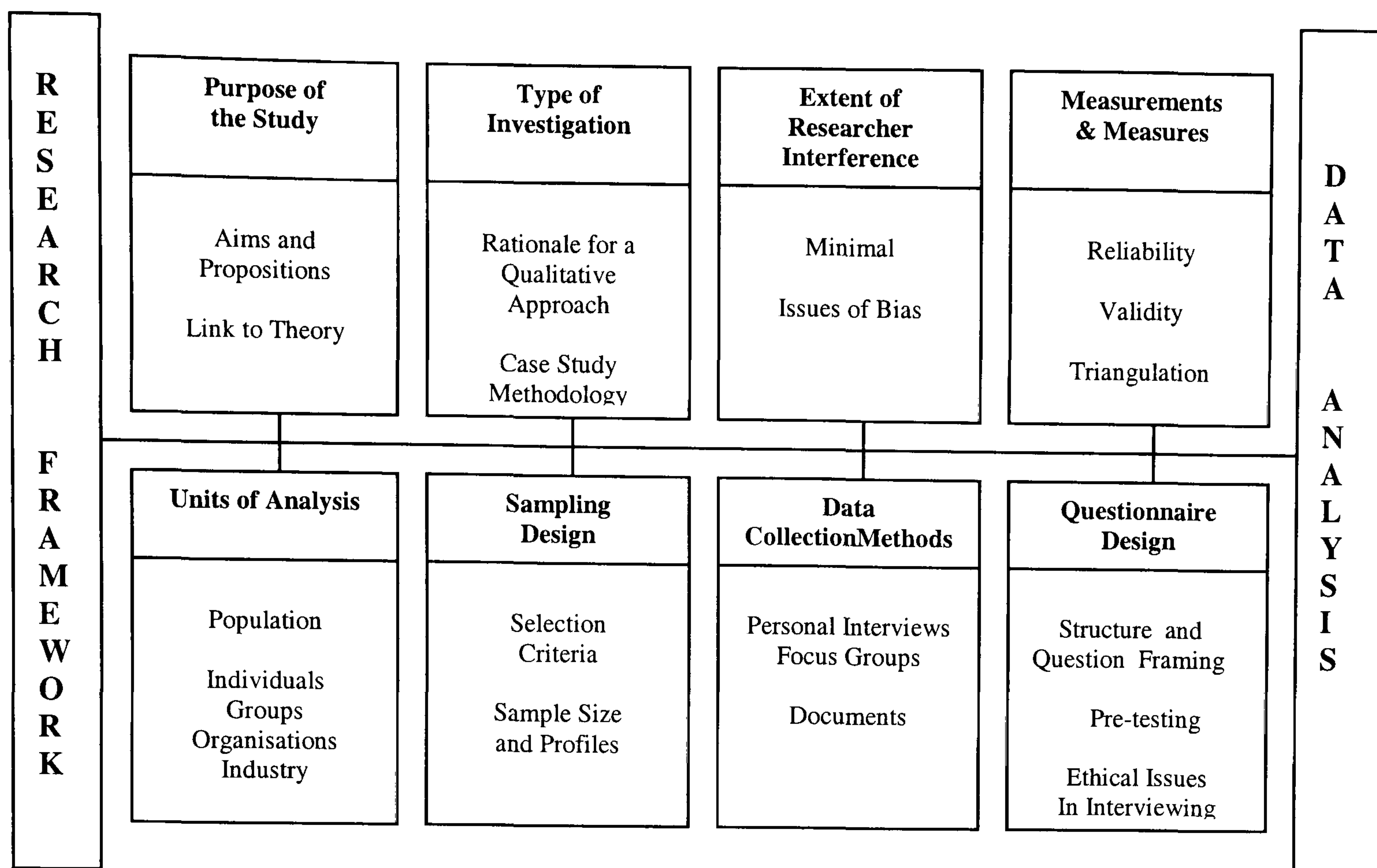


Figure 4.1 - Research Design Framework (adapted from Sekaran, 2000: 122).

4.2 Purpose of study and theoretical foundations

In designing an appropriate methodology, it is important to consider the aims and research propositions as well as the theoretical underpinnings of the research (Bryman and Bell, 2003). Any scientific finding is usually to be assessed in relation to the theoretical perspective from which it derives and to which it may contribute (Silverman, 2000). Whilst the discovery of new facts is never unimportant, they are always “subsidiary to theories” (*ibid*: 75). There is some debate about what constitutes a theory but this research adopts the following definition by Kerlinger (1973: 9): “A theory is a set of interrelated constructs (concepts), definitions and propositions that present a systematic view of the phenomenon by specifying relations among variables, with the purpose of explaining...the phenomenon.”

Silverman (2000) describes theories as ‘self-confirming’ in the sense that they instruct us to look at phenomena in particular ways, arguing that they can never be disproved but only found to be more or less useful. It is the researcher’s responsibility therefore to ensure that he/she is developing theory from regular observations, comprised of

reliable and valid data that allows for the deduction of some unknowns and is parsimonious enough to avoid any situation ‘bearing out’ the theory (Eckstein, 1992).

The methodology used for this research takes a ‘theory-first’ approach whereby theory is developed via a ‘deductive strategy’ with the researcher identifying, “some orienting constructs and propositions to test or observe in the field” (Miles and Huberman, 1994: 155). This option is preferred to a ‘theory-last’ or inductive approach where theory emerges purely from grounded data.

Miles and Huberman suggest that the development of a conceptual framework at the outset of the research which graphically explains the main issues to be studied - the key factors, constructs or variables and the presumed relationships among them - can be useful in giving the research some direction, at least in the early stages. A conceptual framework is, “the researcher’s first cut at making some explicit theoretical statements” (: 91). Whilst Wolcott (1982: 157) suggests that there is merit in open-mindedness and a willingness to enter a research setting looking for questions as well as answers, he also argues that it would be impossible to embark on research without some idea of what one is looking for and foolish not to make that quest explicit. The conceptual framework (discussed in Chapter three) therefore provides guidelines to the fieldwork questions.

In this thesis, the framework is theory-driven having been built up from the literature and the research has aimed to build on and develop that framework based on the grounded experiences of the case respondents, thus retaining some openness to new discoveries from actual practice.

In moving towards building theory it has been important to consider the fit between the research questions, the theoretical propositions, the most appropriate sources of data evidence, and the data collection methods. These links are shown in Table 4.1 overleaf.

Key Research Question	Related Research Questions	Propositions	Source(s) of Evidence	Data Collection Method(s)
How do toy companies create and foster trust with parents?	<ul style="list-style-type: none"> ▪ How do toy companies create trustworthiness and trust in themselves and their brands? ▪ What part do moral considerations have in its development? ▪ Do company values impact on levels of trust? ▪ What responsibilities do toy companies have? ▪ In what ways do toy companies act responsibly/irresponsibly? ▪ In what areas are they mistrusted? ▪ What does trust mean to toy companies and consumers? ▪ How important is trust in a brand or company in the selling and buying of toys? ▪ Do trusting relationships benefit consumers as well as companies? 	Trust in consumer relationships is determined by both marketing and moral behaviour/actions (RP5).	Toy companies	Personal interview
	<ul style="list-style-type: none"> ▪ What are the internal and external influences in the development of trust? ▪ What other stakeholders are key to the development of trust in toy brands? 	Marketing rather than moral considerations have determined toy company behaviour in building trust (RP6).	Toy companies Toy industry reps. Toy retailers Parents	Personal interview Personal interview Personal interview Focus group
	<ul style="list-style-type: none"> ▪ How can toy companies improve their trustworthiness? ▪ Can trustworthiness be communicated and if so, through what means? 	Trust is vital in company-consumer relationships and can lead to a win-win situation for companies and parents (RP3).	Toy companies Parents	Personal interview Focus group
	<ul style="list-style-type: none"> ▪ Who within companies has responsibility for developing trust? ▪ What attempts are made to measure or monitor trust? 	Trust in toy brands is partly influenced, positively and negatively, by other stakeholders and processes outside of the companies' control (RP2).	Toy companies Toy industry reps. Toy retailers Documentation	Personal interview Personal interview Personal interview
	<ul style="list-style-type: none"> ▪ How do toy companies attempt to understand their consumers? ▪ Do toy companies acknowledge children's vulnerability and take account of it in their decision-making? ▪ Is corporate moral behaviour important to parents in selecting a particular brand? 	Toy companies should be more proactive in demonstrating their concern and care for consumers (RP1).	Toy companies Toy industry reps. Parents	Personal interview Personal interview Focus group
		Marketers have a key role to play in developing trust/trustworthiness with toy consumers (RP4).	Toy companies	Personal interview
		Parents and other stakeholders expect toy companies to act responsibly in targeting children (RP7).	Toy companies Toy industry reps. Toy retailers Parents	Personal interview Personal interview Personal interview Focus group

Table 4.1 – Links between Research Questions, Propositions, and Sources of Evidence

4.3 Type of investigation

4.3.1 Rationale for a qualitative approach

The study of any aspect of ethics in business can be a sensitive and complex issue because of, “the unstructured nature of the ethical dilemmas themselves, the multiple roles of the individual in the organizational setting and the differing value systems present at personal, group and institutional level” (Liedtka, 1992: 163).

In order to consider the orientation to adopt for the potentially complex empirical research, it was important to be aware of the changes in thinking and the debate surrounding positivistic and non-positivistic approaches to researching (Miles and Huberman, 1994; Bryman and Bell, 2003). The choice of research methodology is related to epistemology and the relationship between the researcher and the observable phenomena. The extent to which the ‘world’ influences the researcher and the influence of previous knowledge on the individual are methodological and epistemological concerns.

Past research in science and the social sciences has laid a great deal of emphasis on positivistic epistemology, with empiricism being associated with quantification, measurement, and the testing of hypotheses based on large samples. Qualitative researchers might argue that such an approach would be useful if you want to discover, for example, where consumers buy toys or how much they spend on them, when a quantitative technique such as a social survey would be most appropriate. However, when it comes to exploring people’s experiences or everyday behaviour (for example, why they choose one toy brand rather than another), they would argue that qualitative methods should be favoured (Silverman, 2000).

It appears that there are well-founded criticisms of both quantitative and qualitative methods. Critics of the quantitative approach argue that much quantitative research leads to the use of a set of *ad hoc* procedures to define, count and analyse its variables (Cicourel, 1964; Silverman, 1975). Other criticisms reported by Silverman (2000: 7) are that it can sometimes amount to a ‘quick fix’ involving little or no contact with people or the ‘field’, that statistical correlation may be based on ‘variables’ that in the context of naturally occurring interaction are arbitrarily defined, and that after-the-fact

speculation about the meaning of correlations can involve the very common-sense processes of reasoning that science tries to avoid.

Some critics of qualitative researchers on the other hand label them as ‘journalists’ or ‘soft scientists’, describing their work as, “unscientific, only exploratory, or entirely personal and full of bias” (Denzin and Lincoln, 1994: 4). Other criticisms of the qualitative approach discussed by Bryman and Bell (2003) are issues of reliability and consistency in carrying out and analysing transcripts of findings, and issues of anecdotalism in which research reports on only some of the findings giving ‘examples’ of some apparent phenomenon without any attempt to analyse less clear (or even contradictory) data (Silverman, 1989).

Past empirical studies of marketing ethics and consumer trust have tended to try to provide ‘scientific’ findings on which to base theory. Vitell and Ho (1997), for example, present a comprehensive synthesis and evaluation of all the published marketing ethics scales measuring the components of the decision-making process in the marketing ethics literature, while Delgado-Ballester, Munuera-Aleman and Yague-Guillen (2003) and Gurviez and Korchia (2002) have developed scales aimed at measuring brand trust. It is perhaps this obsession with quantifiable measurement that has restricted the advance in marketing ethics/consumer trust theory to an extent, discussed in the literature review. If the variables you are measuring are insufficiently researched, unsubstantiated, incomplete or even incorrect, the value of any quantitative findings is likely to be, at best, limited.

Whilst both forms of research have merit in addressing particular research questions, it was considered that the exploratory nature and behavioural focus of this research over a relatively small sample and covering very personal, sensitive and individual issues would be best served by adopting a qualitative approach. With adequate planning, execution, and a carefully selected sample the researcher believed that this would yield sufficient rich data from which to develop theory and build on existing knowledge. In addition to being an important source of well-grounded, rich descriptions and explanations of processes in identifiable local contexts, qualitative data also have an element of undeniability. As Miles and Huberman (1994: 1) point

out: “Words...have a concrete, vivid, meaningful flavour that often proves far more convincing to a reader...than pages of summarised numbers.”

It should perhaps be mentioned finally that the two approaches are not mutually exclusive. As Hammersley (1992: 163) indicates: “We are not faced, then, with a stark choice between words and numbers, or even between precise and imprecise data; but rather with a range from more to less precise data. Furthermore, our decisions about what level of precision is appropriate in relation to any particular claim should depend on the nature of what we are trying to describe, on the likely accuracy of our descriptions, on our purposes, and on the resources available to us; not on ideological commitment to one methodological paradigm or another.”

Having decided on the qualitative epistemology for this research, the next stage was to consider an appropriate case for the research from which to explore and examine consumer trust in a practical context.

4.3.2 Case study methodology

Although there are a number of different types of case study as reported by Yin (2003), this research adopts the definition of Schramm (1971 in Yin, 2003: 12) who argues that, “the essence of a case study...is that it tries to illuminate a decision or set of decisions: Why they were taken, how they were implemented, and with what result.”

The case study approach was selected to give focus to the research and facilitate both the data analysis and generalization of findings within an industry. The case method in which the researcher engages in the world of the practitioner permits extended discussion and allows for possible new insights to be identified that may be important in identifying and constructing theories. Case material can be used to infer theoretical principles (Becker, 1968) and can enable the analyst to reject or support theoretical propositions (Mitchell, 1983). By concentrating on companies and major stakeholders within one industry, and in particular on toy companies holding a significant market share and sharing similar opportunities, challenges, and target markets, it was

considered that this approach was most likely to lead to a clearer understanding of how such organisations create trustworthiness in themselves and trust in their brands.

The case study method allows the researcher not only to explore the behaviour, decisions and actions of marketers and other senior managers in developing consumer trust in a broad range of companies, but also enables the findings to be compared with and contrasted to the concerns, expectations and experiences of parent consumers and other important stakeholders, thereby offering a form of double-checking (Yin, 2003).

The case study methodology has a strong pedigree within social science research (Miles and Huberman, 1994; Silverman, 1993; Yin, 1994). Yin (*ibid*) views case studies as empirical inquiries that investigate, “a contemporary phenomenon within its real life context especially when the boundaries between phenomena and context are not clearly evident” (: 13). As a research endeavour, the case study can contribute uniquely to our knowledge of individual, organisational, social and political phenomena.

Taking the realist’s view (for example, Miles and Huberman, 1994), case studies support research aimed at understanding, expanding and generalizing about theories. Yin (1994) uses the term ‘analytical generalization’: “...Case studies, like experiments, are generalizable to theoretical perspectives and not to populations or universes. In this sense, the case study, like the experiment, does not represent a sample and the investigator’s goal is to expand and generalize theories (analytical generalization) and not to enumerate frequencies (statistical generalization)” (: 10). He also suggests that case studies are the preferred strategy when ‘how’ or ‘why’ questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context (: 1).

Using multiple units of analysis (in this case, different companies and stakeholders within the same industry) adds some complexity to the study, but allows for better analytical generalization and for reassurance that the events and processes in one well-described setting are not wholly idiosyncratic (Miles and Huberman, 1994), and are therefore more robust (Yin, 2003). Moreover, using multiple companies can deepen understanding and explanation and strengthen theory by examining

similarities and differences between the responses. Discussion of what is considered to constitute an appropriate number of sample companies for this research can be found in Section 4.6.1.

4.4 Researcher interference

The epistemological approach used is one in which the relationship between the researcher and the respondents is not entirely detached. This approach has its problems, and in particular the risk of subjectivity on the part of the researcher which may lead to bias in the questioning of respondents and in the analysis of findings (Bryman and Bell, 2003). The risk of subjectivity is not exclusive to qualitative research, however, as in positivistic methodologies bias may also arise in the interpretation and discussion of statistical data.

Miles and Huberman (1994) identify three sources of bias that it is important for any qualitative researcher to be aware of:

- The holistic fallacy – interpreting events as more patterned and congruent than they really are.
- Elite bias – overweighing data from articulate, well-informed, usually high status informants.
- Going native – losing perspective and being co-opted into the perceptions and explanations of local informants.

These potential problems have been addressed in this research in a number of ways:

a) In analyzing the data, consideration has been given to all the respondents' comments and differences of behaviour and opinion have been sought as well as similarities. The approach taken to interviewing has been one of open-mindedness rather than a rigid adherence to the constructs of the conceptual framework, to allow new patterns and ideas to emerge through the experiences of the respondents.

b) By selecting senior personnel from the leading toy companies for interview, it was considered that all would offer informed and articulate opinion, as proved the case.

There has also been a conscious effort made to giving equal weighting to all the units of analysis, no matter their size or reputation.

c) The author set out to research the toy industry objectively and to learn from a wide range of experiences. One of the aims was to look for examples of good practice within the industry and within individual companies in building consumers' trust. At the same time, in interviewing, analyzing the data, and triangulating with other documents, it has been important to challenge some views and actions that have seemed contradictory. In this way, a balance has been struck in not being drawn into one particular camp.

d) Finally, seeking primary data from sources other than the companies themselves (that is, from industry bodies, consumers and retailers) has helped to keep a perspective on subjectivity.

4.5 Issues of generalization, reliability and validity

In addition to the potential problems of bias discussed above, it is necessary to consider the issues of generalization, reliability and validity that are often cited as weaknesses in qualitative research by advocates of positivism (Silverman, 2000; Bryman and Bell, 2003), and reflect on how these may be tackled.

Generalization - One of the main concerns facing case study researchers is the extent to which one case is 'typical' and can be considered to be representative of similar cases and hence used to support theoretical development. Some qualitative researchers argue that such issues of generalization are a concern of the positivists and not of qualitative researchers, particularly in an intrinsic case study (for example, Stake, 1994). For other qualitative researchers however such as Mason (1996: 6), there is a need, "to produce explanations which are generalizable in some way, or which have a wider resonance." Strauss and Corbin (1990) take an intermediate position arguing that generalizations can be made but, "...to specific sets of action/interaction pertaining to a phenomenon...and...to those specific situations only" (: 251). This is the position adopted in this research. Generalizations will only

be made in respect of the specific phenomenon of trust/trustworthiness within the context of the traditional toy industry.

Silverman (2000) suggests that one way of obtaining generalization in qualitative research is by using theoretical sampling (that is, choosing cases or units of analysis in terms of the theory being developed). The issue is then, “couched in terms of the generalizability of cases to the theoretical propositions rather than to populations or universes” (Bryman, 1988: 90). This is the method chosen for this research and is discussed further in Section 4.6.

Reliability – This refers to, “the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions” (Hammersley, 1992: 67). Some social researchers argue that concern for the reliability and validity of observations again arises only within the quantitative research tradition. Marshall and Rossman (1989), for example, argue that once we treat social reality as always in flux, then it makes no sense to worry about whether our research instruments measure accurately. Others argue however that qualitative researchers cannot overlook issues of reliability or, “its results will (reasonably) go ignored” (Kirk and Miller, 1986: 72).

To ensure reliability is calculated, Silverman (2000) argues that it is incumbent on the scientific investigator to document his or her procedure and to demonstrate that categories have been consistently used. Reliability can therefore be enhanced through standardization of the questions, the avoidance of spontaneous probing, and interviewer detachment. Having too tight a design and not deviating from script though might result in losing one of the key benefits of the qualitative tradition and the personal interview method in particular, namely the richness of probing personal experiences. A compromise for this research has been to use a semi-structured approach that adds to reliability but allows for some deviation, where appropriate.

Validity - This is another word for truth; “interpreted as the extent to which an account represents the social phenomena to which it refers” (Hammersley, 1990: 57). Silverman (2000: 188) suggests that we cannot say that the claims of a research study are valid when:

1. Only a few exemplary instances are reported,
2. The criteria or grounds for including certain instances and not others are not proved, or
3. The original form of the materials is unavailable.

It is incumbent on the researcher therefore, when using case study method as a basis for theoretical development, to ensure that the data and analysis are made explicit (Mitchell, 1983; Strauss and Corbin, 1998). This helps the reader evaluate the logic of the argument and validity of the theory and propositions. Throughout the analysis of the data, the author has explicitly provided pointers to the sources of the data and references to paragraphs in the case transcripts. This provides the reader with a clear audit trail to the original documentation.

Hammersley (1992) suggests that to have validity, an empirical account must be plausible and credible and the amount and kind of evidence used should be taken into account when assessing it. He also suggests that relevance is an important criterion in assessing qualitative research, both in terms of its contribution to the literature and its contribution to practitioners (those who are part of the social setting being investigated and who have a vested interest in the research question and the implications derived from the findings). Hammersley (*ibid*) notes that although practitioners' interests in a piece of research and the researcher's are often different, there are occasions when researchers can combine the two. This has been the case in this research and has perhaps helped in securing access to major toy companies and senior managers.

The question of validity concerns all research epistemologies. The challenge facing qualitative researchers is how to convince themselves (and their readers) that their 'findings' are genuinely based on critical investigation of all their data and do not depend on a few well-chosen examples (Silverman, 2000). One approach to tackling this problem is by 'triangulating'. Triangulation, as a means of analysis, can assist in corroborating findings using multiple modes of evidence, thereby adding to reliability. Miles and Huberman (1994: 267) describe triangulation as, "a way of getting to the finding in the first place, by seeing or hearing multiple accounts of it from different sources by using different methods, and by squaring the finding with others it needs to

be squared with.” Sources of triangulation include using different data sources (such as people, times and places), using different methods, (such as observation or interviews), different researchers to collect data, and through gathering different types of data (for example, using both quantitative and qualitative techniques in the same research).

In this research, triangulation has been used in two main ways. Firstly by using multiple data sources, not only have twelve separate toy companies been interviewed, but also their responses have been cross-checked against comments from other important stakeholders. Secondly, findings have been cross-checked against a variety of documents, some provided by the companies themselves (for example, promotional literature, web site materials, packaging), some obtained from the industry bodies (for example, codes of conduct, safety and manufacture, consumer information sheets, and industry research findings), and others gained from independent sources (consumer groups, toy industry magazines, the national press, research organisations such as NPD and Carrick James, and from other empirical studies reported in journals).

Liedtka (1992) views validity issues as not being overly problematic, arguing that interview research, especially with an interpretive orientation, is uniquely positioned to ensure both semantical and construct validity, both of which are enhanced by research that focuses on understanding, in depth, the particular. McCracken (1988) also argues that the use of tape-recordings and transcriptions of the interviews themselves are important safeguards of both reliability and validity.

4.6 Sampling strategy – the research contexts

The research uses theoretical sampling as the key method of constructing the sample. Similar to purposive sampling, theoretical sampling means, “selecting groups or categories to study on the basis of their relevance to your research questions, your theoretical position...and most importantly the explanation or account which you are developing” (Mason, 1996: 93/94). This means seeking out organisations where the processes being studied are most likely to occur (Denzin and Lincoln 1994 in Silverman, 2000). Although this form of sampling was predominantly advocated by Glaser and Strauss (1967) and Strauss and Corbin (1998) for grounded theory

analysis, because of its advantage of ‘refining ideas’ (Charmaz, 2000), it was considered the most appropriate strategy for gaining the data which would lead to the further development and evaluation of the conceptual framework discussed in Chapter three.

4.6.1 Units of analysis

The choice of case and units of analysis was the subject of much thought over the first two years of the doctorate. In selecting a case, the initial criterion was to identify an industry with the United Kingdom that was likely to be accessible and was predominantly child-orientated as these industries were of particular interest to the author and were perceived to be industries in which the phenomena of trust and trustworthiness were likely to be particularly significant. The important role of toys in child play and development, the significant size of the market, and the amount of both favourable and critical media comment about the industry led to the selection of the children’s toys and games context. Consideration then had to be given to product type and the division between ‘traditional toys and games’ and ‘electronic games’ that form separate industries, often involving different consumers and retailers. The traditional toys and games industry was finally selected as the key product users are young children, mostly under twelve years of age, who are considered by many to be particularly vulnerable as consumers (see Section 2.6.4).

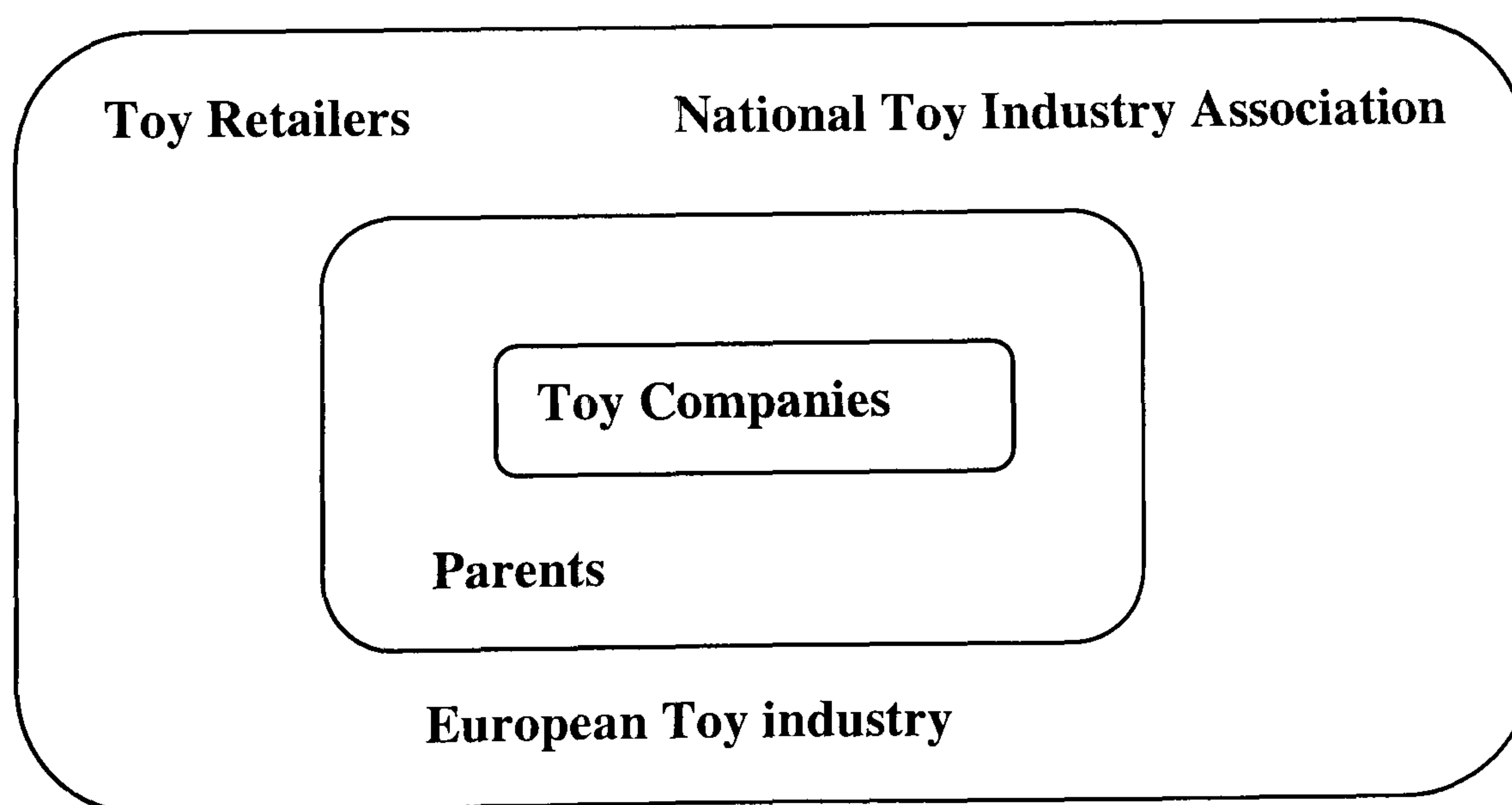


Figure 4.2 – Primary Research Sources

Once the case was selected, as the author had no contacts in the industry, the next stage was to consider which companies to approach (and which managers within

them), the number of interviews that would be needed to gather a sufficient range of data, and which other stakeholders it would be important to interview to gain different perspectives. The units of analysis finally selected are shown in Figure 4.2 and are discussed in the following sections.

4.6.2 Selection of toy companies

The aim in selecting a sample for the research was to identify companies that would be most likely to provide rich information and that would manifest trust intensely but not extremely (Kuzel, 1992; Patton, 1990). These would therefore be a selection of companies that were perceived as being trusted (by dint of their apparent economic success) but were not necessarily either the most or least trusted. The companies were selected from the membership list of the British Toy and Hobby Association (as at December, 2002), which was comprised of 300 full and associate member companies varying in size from multi-nationals to micro-businesses and who between them accounted for 95 per cent of total UK traditional toy production. Within this membership, companies tend to specialize in one or two toy sectors apart from the top five companies whose products span multiple sectors and age groups. The market is highly fragmented and in 2003, there were 575 UK (VAT-registered) enterprises engaged in the manufacture of toys. However, of these the majority (67 per cent) had turnovers of less than £250,000 and only 30 companies had sales of over £5 million (Key Note, 2004: 15/16).

The decision was made to focus primarily on companies that fitted the criteria shown in Table 4.2. Market-leading companies were selected, not only because of their major influence and marketing spend in the market, but also because they were more likely to have formal marketing departments, and consumers were more likely to be aware of their brands. The author also made the assumption that if they were successful in terms of sales, that large numbers of consumers would have some trust in them or their products.

Sample Selection Criteria – UK Based Toy Companies

- Companies would be full members of the BTHA and would preferably hold the BTHA Lion Mark brand for toy safety.
- Companies could be of any ownership (in terms of financial structure or parent nationality) and with no restrictions placed on the length of time they had operated within the toy industry.
- Companies would have a turnover in toys and/or games in excess of £5 million (based on NPD data) and would therefore be from within the top 30 companies (in terms of UK turnover) as at December 2002, and/or be market leaders in their sectors.
- Companies would predominantly market products for children under 12 years of age.

Table 4.2 - Sample Selection Criteria for Toy Companies

The sample organisations interviewed were both brand owners and manufacturing companies (rather than merely toy distributors), most being multi-nationals with overseas headquarters. As the product ranges, target markets and marketing policies have much in common across the industrialized world, this was not perceived as a hindrance to the study. Indeed, although the empirical work focused on managers and organisations operating in the United Kingdom, the ensuing theory is likely to have some relevance on an international scale.

It was felt initially that in-depth interviews with around 12-15 companies matching the above criteria would yield enough rich data from which to further develop the theory and be sufficient to tackle the question of generalization by demonstrating the similarities and differences of the managers and their organisations across a number of settings (although all operating within the same market/industry).

Yin (2003) suggests that the issue of what is an ideal number of cases or units of analysis is in the main judgmental. Eisenhardt (1989) recommends that cases should be added until 'theoretical saturation' is reached and Lincoln and Guba (1985: 204)

recommend a sampling selection “to the point of redundancy”. Yin distinguishes between ‘literal replication,’ where each case is selected to predict similar results (based on a few cases, for example 2-3) and ‘theoretical replication,’ which produces contrasting results but for predictable reasons (based on a few other cases, for example 4-6). Yin argues that, if after 6-10 cases the findings confirm initial predictions, then this is, “compelling support for the initial set of propositions” (*ibid*: 46).

During the research, 12 leading toy companies were interviewed amounting to a total of 16 hours of taped material and generating 194 pages of A4 typed transcript. Combined with the fieldwork findings from the other stakeholders, this was considered to provide sufficient data to meet the research aims. A summary of the respondent companies and the managers/directors interviewed is given in Table 4.3 and more detailed profiles of the companies and respondents are provided in Appendix IV.

4.6.3 Final sample selection

From the outset it was considered important to interview ‘senior’ marketing personnel in the toy companies, as they were more likely to play a major role in the organisation’s marketing and branding decisions, thereby influencing trust. Identifying and reaching such senior personnel in the leading companies, both willing to give sufficient time to the research and agreeable to discuss sensitive topics such as trust and ethical responsibility, has been a major challenge in the research.

With persistence however it has been achieved and the sample includes the three leading companies in terms of market share, Mattel, Hasbro and Vivid Imaginations, who control around 25 per cent of market sales and six of the top seven companies, controlling 31.4 per cent of the market (NPD - Full Year Data, 2002). In addition to the three leading companies who offer a wide variety of top selling products across numerous toy sectors, the sample also includes many brand leaders within their particular sectors; for example, Crayola (Arts & Crafts), Zapf Creation (Dolls), Leapfrog (Electronic Learning), LEGO (Construction), Tomy (Pre-School), Early Learning Centre (Own-Brand), and Racing Champions (Collectables).

Toy Company (Ref. No.)	Key Product Sector	Ownership	Respondent	Position	Date of Interview
1. Mattel (UK) Limited	Multi-Sector	American	Simon Waldron	Joint Head of Marketing	08.04.03
2. Tomy (UK) Limited	Multi-Sector	Japanese	Sally Plumridge	Marketing Director	07.05.03
3. Leapfrog Toys (UK) Limited	Electronic Educational Toys	American	Richard Body	Managing Director	03.06.03
4. Zapf Creation (UK) Limited	Dolls	German	Mary Wood	Managing Director – Sales and Marketing, (N. Europe)	02.10.03
5. Binney & Smith UK Ltd (Crayola)	Activity/Craft Toys	American	Judy Robbertsee	European Marketing Director	15.10.03
6. Hasbro (UK) Limited	Multi-Sector	American	Alison Berry	Corporate Branding Manager	22.10.03
7. RC2	Collectables	American	Robert Mann	Managing Director	25.11.03
8. BRIO Limited	Pre-School	Swedish	Bob Hand	Managing Director	25.03.04
9. LEGO Company Limited	Construction	Danish	Raymond Hastings	Marketing Research Manager	30.04.04
10. Flair Leisure Products PLC	Pre-School	British	Peter Brown	Chief Executive	08.04.04
11. Early Learning Centre(Chelsea Stores PLC)	Pre-School Own Label	British	Nigel Robertson	Chief Executive	13.04.04
12. Vivid Imaginations	Multi-Sector	British	Emma Sherski	Marketing Director	20.04.04

Table 4.3 – Toy Company Sample – Interviews conducted

Identification of contacts and leads has come from a variety of sources such as the Toy Press and BHTA directory, and early in the research a cold-calling approach was taken, with limited success. The most important source was adopting a snowballing technique and identifying other companies, names and personal e-mail addresses through the introduction of the respondents themselves (that is, their personal contacts and/or previous colleagues). An approach to a potential respondent was generally made first through e-mail highlighting the purpose of the research and this was followed up by further e-mails or by telephone when no reply was received. In total, senior managers in 23 companies were approached. Twelve agreed to be interviewed, three offered to reply to written questions only (but this was not followed up as it was considered inconsistent with the main personal interview approach), two declined citing interest but lack of time, and six did not respond at all.

Most of those interviewed were Marketing Directors or senior Marketing Managers although in five smaller companies the Managing Directors or Chief Executives were interviewed (of these, four had backgrounds in sales or marketing, and one in finance). The sample managers' experience of the toy industry varied from one year to over thirty-five years with an average of around 15 years, therefore most had a very detailed knowledge of the market.

4.6.4 Sample selection of other key stakeholders

Although the main focus of the fieldwork has been the toy companies, as the developing theory concerned how toy companies build trust with parents, rich data was also likely to come from the trustors (parents). It was therefore decided that a cross-section of parents who regularly buy toys for their children would also be interviewed using small focus groups. This would explore how trustworthy they believed toy companies to be, what was important to them in choosing a toy brand or company and what aspects about toys or toy marketing they trusted or mistrusted.

Four to five groups were considered to be a sufficient number for patterns to emerge in line with Jankowicz (2000) who suggests that two to four groups are adequate for fairly structured, exploratory work. Parents were recruited through contacts in a number of local schools in East Sussex and through the University of Brighton. In total, four focus groups were conducted involving 11 parents (10 mothers and one

father), all with children less than 12 years of age (ranging from 8 months to 11 years). Participants were from a mix of socio-economic backgrounds but were primarily from A/B, C1 groups. Some had full-time employment but most were full-time mothers or had part-time jobs. Details are shown in Table 4.4. Only the first names of the participants have been shown to protect the confidentiality that was offered to them.

Focus Group	Location	Date	Length (Minutes)	Participants/ Reference (Sexes/Ages of Children)
One	Seaford	19.10.2004	80	Jan JA1 (Boy<1, Boy 3, Girl 5) Sharon SH1 (Girl 1, Boy 5, Boy 7) Lesley LE1 (Boy 5)
Two	Seaford	07.12.2004	70	Jeanne JE2 (Boy 5, Girl 10) Margotia MA2 (Boy 5)
Three	Brighton	21.01.2005	90	Sue SU3 (Boy 10) Matthew MT3 (Girl 2, Girl 9, Boy, 14) Lyvia LY3 (Girl <1)
Four	Brighton	26.01.2005	60	Julie JU4 (Girl 8) Virginia VR4 (Girl 10) Vicky VI4 (Girl 3)

Table 4.4 – Parental Focus Groups

Miles and Huberman (1994: 34) suggest that a researcher should not just go to “the meatiest, most study-relevant source,” but work a bit at the peripheries – to talk with people, “who are not central to the phenomenon but are neighbours to it...” Interviews with other stakeholders were therefore sought to add different perspectives to the case and provide both confirming and contrasting opinions.

The views of representatives from the British and European toy industry bodies were sought at an early stage to gain knowledge of the industry, the way it works and the key challenges being faced, and to gain further contacts. The interviews also provided an opportunity for pre-testing some of the more delicate questions to be used later in the company interviews. Finally, the interviews helped to understand the role of organisations such as the BTHA (British Toy and Hobby Association, TIE (Toy

Industries of Europe) and the AEF (Advertising Education Forum) in encouraging responsible practice in the industry and these interviews have also determined the current voluntary and statutory controls at both national and regional level that influence toy production and marketing (discussed in Section 5.2).

In addition, following the suggestions of a number of senior toy company managers, interviews were conducted with the heads of two of the leading toy retailers, Toymaster (the leading independent toy shop chain) and the Early Learning Centre (the third largest toy retailer), who operate at the interface of consumer sales and who are perhaps best placed to objectively observe the areas where consumer trust may be strong and where it might be breaking down.

Organisation/ Reference	Sector	Respondent	Position	Date of Interview
A. British Toy and Hobby Association	Industry Body	Roland Earl	Head of Marketing/ Deputy Director General	30.09.02
B. British Toy and Hobby Association	Industry Body	Bryan Ellis	Chair of the BTHA Council	11.12.02
C. Toymaster	Independent Toy Retail Group	Roger Dyson	Managing Director	16.12.03

Table 4.5 – Stakeholder Sample - Interviews conducted

Table 4.5 summarizes the other interviews conducted. Topic guides for all interviews are provided in Appendix V.

Although it may also have been useful to have sought the views of an even broader spectrum of stakeholders such as advertising/research agencies, licence holders and consumer groups, Silverman (2000) points out that there is a danger in selecting too many viewpoints from differing perspectives, the research may lose sight of the key aim and theory-building purpose: "Inevitably, some trade-off between breadth and depth is unavoidable for the qualitative researcher" (Liedtka, 1992: 167). The aim has therefore been, "to do less, more thoroughly" (Wolcott, 1990: 62).

4.7 Data collection methods

4.7.1 Rationale for the personal interview method

Personal interviews have been used as the main data collection vehicle from the toy companies, the industry body representatives and the retailers. The personal interview has long been recognized as one of the primary methods for pursuing research in the social sciences. Liedtka (1992) argues that, “along with participant observation, it forms the cornerstone of a tradition of qualitative research” and that, “it is particularly appropriate for the kind of exploratory and complicated theory-building research that ethical decision-making, as a topic, represents at present” (: 161).

A qualitative, interview-based approach allows the researcher to accomplish an objective of fundamental importance to ethics research – to move beyond the analysis of observable outcomes by capturing the ‘Weltanschauung’ (Churchman, 1971), or worldview, of the observed. This involves both distinguishing between cognition and behaviour and exploring the organisational context in which both occur. Liedtka (1992: 162) points out that behaviour which examines the action itself, should be both distinguished as well as linked with cognition, or sense making, which attempts to understand the meaning behind the action. A focus on cognition looks at how people frame, evaluate and choose among their alternative courses of action and rationalize their choices. The goal of interview-based research is therefore first to develop an understanding of the meaning of an action as experienced by the individual and embedded in the decision context, before moving on to interpretation and theory-building (*ibid*: 163).

4.7.2 Rationale for consumer focus groups

The use of focus groups has been adopted for obtaining the views of parents. Focus groups are a respected means of gathering qualitative data and are commonly used by business for research purposes (including by toy companies), although they have been criticized for an over-reliance on findings gained from only a few groups (for example, Gordon and Langmaid, 1988). Their value however lies in gaining insights or discovering the unexpected, which can result from a free-flowing group discussion, when skilfully guided by the researcher (Kinnear and Taylor, 1986: 308). They can be less inhibiting for interviewees, particularly if other focus group members are known

to them and may therefore result in more openness. They are also useful as a form of triangulation (Jankowicz, 2000), in this case in comparing parental comments about toys, toy marketing and brand relationships with toy companies/brands with those of the toy companies themselves.

Keeping the groups small (2 or 3 participants with the facilitator) has allowed fuller exploration of each individuals' feelings and experiences than would have been possible in larger groups whilst still gaining the group interview benefits of being able to bring matters of greatest importance to the fore, observing group interaction (for example, how the participants probe each other's reasons for holding a certain view), and identifying areas of consensus and disagreement. Morgan (1998) particularly recommends small groups when participants have a lot to say on an issue (such as toys) or when they are very involved in or emotionally pre-occupied with a topic. By tape-recording the interviews it has been possible to both capture not just what they have said, but how they have said it, their strength of feeling on particular issues for example (Bryman and Bell, 2003).

4.7.3 Use of documentation

As discussed in Section 4.5, a range of documentation has been used as an additional source of data evidence. In considering the quality of such data, criteria such as its authenticity, credibility, representativeness and meaning have had to be evaluated (Bryman and Bell, 2003). This has had to be judgmental in many instances as much of the information has emanated from potentially biased sources. For example, information has come from sources within the toy industry such as from the BTHA and BATR, from the companies themselves, and from related sources such as the toy industry journals (Toy News and Toys'n'Playthings) and research agencies serving the market (such as NPD and Carrick James). This generally (but not always) has contained a positive 'spin' on issues such as consumer relationships, toy company behaviour, toy safety and toy marketing.

On the other hand, documentation often critical of the toy industry that emanates from pressure groups and consumer publications (such as Ethical Consumer) also appears to offer a one-sided viewpoint. In the main, more independent sources have been sought to compare to the fieldwork findings including prior studies reported in

academic journals, case studies from texts, practitioner papers (in journals such as *Young Consumers*, formerly the *Journal of Advertising and Marketing to Children*), media articles from quality newspapers, television programmes and marketing magazines, the reports of more perceived independent research organisations studying the toy industry such as Mintel and Key Note, and the internet sites of organisations such as the European Advertising Education Forum.

4.8 Questionnaire design

The design of the fieldwork questions needed careful thought with the main considerations being how to obtain reliable data for the theory-building (and addressing the aims of the research and propositions), how structured to make the questionnaire, and whether there were questions from other empirical studies that could be used or adapted. Where possible, similar questions were posed to all the participants/stakeholders to aid continuity.

A challenge to be faced was how to get managers to respond openly and frankly to some sensitive questions and not to respond in a manner that they would merely deem appropriate (the social desirability response), or politically correct. Offering confidentiality, using open-ended questions, subtly probing responses, asking the most searching questions at appropriate times, and cross-checking answers where possible, have helped to minimize this potential problem.

Using a semi-structured question format was deemed to be the best strategy as this would keep a focus on the main constructs of the conceptual framework but would also allow flexibility to discover new approaches and concepts (Miles and Huberman, 1994). In designing the questions, there was a conscious awareness not to ask leading questions or attempt to prompt for responses that would necessarily 'fit' the framework. The free-flowing, open-ended questioning method therefore allowed respondents to report their personal experiences that sometimes fitted, but sometimes did not fit, the framework's constructs.

The lack of previous qualitative studies on consumer trust meant that new questions had to be devised and the author drew on the conceptual framework and propositions

as well as on his previous experience as a practicing marketing manager. Once the initial questions had been devised, they were discussed with other academics and some of the more sensitive questions pilot-tested in the initial interviews with the industry body representatives. During these interviews some concern was expressed that, as ethical issues about marketing toys to children are very sensitive in the industry, the researcher might encounter some resistance by the companies to discussing such topics openly. Some questions were subsequently revised to lead to discussion on ethical issues but not in such a pointed way as originally planned.

Questions were grouped into six main themes and structured so that one section would flow logically into the next (see Appendix V). The first section was designed to put respondents at ease, to gain information about the company, its products and status in the market and the experience of the respondent. This led to a section probing the main challenges facing the organisation, and in particular the challenge of marketing to children, assessing their views on child vulnerability and their responsibilities and actions in light of these. The third section explored the relationship between the companies and parents investigating communication links, parental buying decisions and the importance of trust in these. The next section looked at the different ways in which the companies created trust, exploring both marketing and non-marketing tools and techniques. The fifth section was designed to examine responsibility for trust development within the companies and scrutinized the role of other stakeholders (such as retailers and license holders) in influencing trust in their brands.

The final section sought to explore how consumers' trust might be improved, the adequacy of the current toy legislation and codes, the treatment of the industry by the media, and the areas that the managers considered consumers might still mistrust the industry. The last question, and probably the most contentious, solicited their views on the Hasbro fine for price fixing and on how this might have affected consumer trust in the industry. Adopting this form of 'critical incident technique' (Flanagan, 1954) was designed to evaluate the different reactions of each respondent to what appeared to be an unethical action. It was positioned as the final question in the hope that by that stage the respondents would be relaxed and a rapport with the researcher established so that they would respond openly and honestly.

4.9 Data collecting

Data collection commenced in November/December 2002 with the initial interviewing of the toy body representatives. Data collecting from the toy companies took place over a 12-month period from May 2003 to April 2004. This was longer than expected for a number of reasons. Firstly, obtaining names and personal contact details took a long time. A number of the managers and directors needed chasing and took several weeks to respond to e-mails. It was often difficult to find available dates for interviews as many managers travelled extensively overseas, were involved in trade fair activity and in major product launches. Finally there were also limitations in the researcher's time availability due to commitments to full-time employment.

The data was collected using a combination of tape-recording and note-taking. All respondents agreed to the interview being taped so relatively few notes needed to be taken. Transcripts were carried out by the researcher himself as soon as possible after the interview, and completed normally within two weeks. This meant that the recording of the discussion was as accurate as possible and emphasis could be given to particular passages, to record strength of feeling for example. A variety of documentation was given to the researcher during the interviews including consumer publicity materials, trade catalogues, copies of research reports, handbooks, toy trade magazines and contact lists, providing an additional source of information.

All the companies were based in England with the majority having offices in London and the South East. Interviews lasted from 30-120 minutes (averaging 80 minutes per interview). Eleven of the interviews took place at the company offices and one in a hotel foyer halfway between the company's and the researcher's bases.

Data was collected from the consumers between November 2004 and February 2005. The focus groups were held at two locations, two at the researcher's house and two at the University of Brighton's Mithras House site.

4.10 Ethical issues in the research gathering

Ethical issues in conducting any piece of research cannot be ignored as they relate directly to the integrity of the research and of the discipline involved (Bryman and Bell, 2003). Diener and Crandall (1978) have identified four main areas of concern:

- Whether there is harm to participants.
- Whether there is a lack of informed consent.
- Whether there has been an invasion of privacy.
- Whether deception is involved.

Harm to participants does not relate just to physical harm, but also to harm to career prospects or future employment. The aim of the questioning was to get participants to freely comment and some of the areas discussed in the research covered potentially sensitive issues relating to their own and their company's behaviour. To ensure no harm was involved, participants were offered confidentiality although all ultimately agreed for their comments to be tape-recorded and freely quoted in the findings. The trade-off between offering additional detail and preserving anonymity needs to be recognized and dealt with in a way that respects the respondent's desired level of disclosure (Fortado, 1990). The researcher has used some discretion in quoting respondents and where there have been particularly controversial statements made, names have been kept anonymous.

The lack of informed consent (also linked with deception) relates to disguised or covert observation or research purpose. In order for participants to be clear about the purpose and aims of the research, some information was given in the initial e-mail contact and in subsequent contact by e-mail and phone (prior to interview) on occasions when interviewees had further questions. At the outset of each interview more details were given about the aims and which other organisations had participated although no specific information provided by the other companies was divulged.

On the issue of invasion of privacy, the researcher was aware of the likely time limitations of senior managers and therefore only the initial e-mail requesting an interview was sent to each and one subsequent chaser when no reply was received.

Where names of other contacts were obtained from respondents, personal e-mail addresses were also sought so that messages could be directed personally to prospective participants. Early approaches via gatekeepers (switchboard operators and personal assistants) had generally proved unsuccessful.

Having discussed the research approach, sampling strategy and methods of data gathering, the next part discusses how the data has been analysed.

Part 2 - Data Analysis

4.11 Methods of analysis

This part discusses the approaches taken to examining, categorizing, tabulating and testing the qualitative evidence to address the initial propositions (Yin, 2003) and to further developing the conceptual framework. Qualitative data are often complex to analyse because of their generally unstructured nature and, unlike quantitative data analysis, no clear-cut rules have been developed to assist in this process (Bryman and Bell, 2003). The analysis in this research (Chapters five and six) has followed the four stages of data analysis suggested by Miles and Huberman (1994: 21/22):

Data reduction - the process of selecting, focusing, simplifying, abstracting, and transforming raw data (that is, making decisions about what to include and what to leave out).

Data display – organizing the assembly of data to facilitate conclusion drawing and action taking (using charts, networks, tables and so on).

Conclusion drawing – deciding what things mean, noting regularities, patterns, possible explanations and considering new propositions.

Verification – testing the provisional conclusions for their plausibility, sturdiness and confirmability (that is, their validity) and comparing them with previous findings.

To analyse the content, coding has been used in conjunction with the NUD*IST Vivo software system which has assisted in reducing and organizing the data. Coding is commonly used in qualitative analysis where some or all of the data is grounded in findings from the fieldwork. Coding and analysis interact and are part of the conceptualization and theorizing process (Strauss and Corbin, 1998). In analyzing the data, the aim has been to identify patterns of trust development (both antecedents and dimensions) and build a general explanation that fits the majority of companies interviewed, even though the units vary in their details (Yin, 2003). The findings have been compared with the variables proposed in the conceptual framework and links have been drawn between the variables, where appropriate.

In carrying out the analysis, the researcher has born in mind the principles for best practice for producing high quality analysis suggested by Yin (2003: 137). These are that you should attend to all the evidence, you should compare your explanation with alternative (rival) ones, you should address particularly the most significant aspect of the study, and you should use your own prior, expert knowledge.

4.11.1 Coding

Coding is the starting point for most forms of qualitative data analysis (Bryman and Bell, 2003). Codes serve as, “shorthand devices to label, separate, compile and organize data” (Charmaz, 1983: 186). Although some qualitative researchers do not code their data, arguing that a reduction in text may lead to the omission of essential opinions, comments, and important facts and events, researchers from the interpretative school of qualitative research feel that pre-coding of data bounds the study in the terms and thinking of the researcher. Coding can therefore help to reduce the data to manageable levels and focus the analysis on the more important issues relating to the theoretical framework and propositions.

The coding system used went through a series of iterative stages based initially around the research questions and then around the key constructs of the conceptual framework, also integrating new findings as the research progressed. Using the Nvivo software has also allowed for the creation of a full audit trail to the original data source and this is made explicit in the form of section and paragraph numbering against each quotation.

4.11.2 Coding levels and analysis

The first-level application of the coding system used different fonts, underlining, bolding and colour-coding on the transcripts for each of the six main question themes (described in Section 4.8) to look for patterns within each unit and between the stakeholder and toy company findings to consider an appropriate tree structure. The second level analysis then coded the case documents into 19 main categories (trees) and related topics (children and siblings) based around the questions posed in the fieldwork with a free node allocated to capture diverse, but interesting, comments falling outside the main themes (see Table 4.6).

Node Listing		
Nodes in Set: All Tree Nodes		
Created: 30.07.2004		
Modified: 30.07.2004		
Number of Nodes: 19		
Tree Nodes	Child Nodes	Siblings
1. Toy Industry Challenges	Retail Power Sales/Prices/Profits Children as Consumers Parents as Consumers Other Challenges	
2. Responsibilities	Child Vulnerability Parental Responsibility Industry Responsibility Societal Responsibility Charity Work	
3. Consumer Relationships	Relationships with Children Relationships with Parents Relationships with Others Consumer Research	Toy Research with Children Toy Research with Parents Other Research
4. Trust and Consumer Purchase Decisions		
5. Consumer Concerns	Toy Products Toy Marketing Toy Prices Play Value Licensed Products Pester Power Peer Pressure	
6. Consumer Service		
7. What is Trust?		
8. Importance of Trust		
9. Company Values and Culture	Parental Perceptions of the Company/Brand Children's Perception Demonstration of Caring	
10. Creating Trust	Quality Standards Awards	
11. Monitoring and Measuring Trust		
12. Personal Ethical Standards		
13. Role of Toy Industry Bodies and Codes	Lion Mark Scheme/CE Mark ICTI Manufacturing Code	
14. Toy Legislation	Comments on Hasbro OFT Fine Adequacy of Legislation	Safety Advertising/Marketing
15. Other Stakeholders' Influence on Trust	Retailers Licence Owners Consumer Groups Agencies The Media	
16. Developing Toy Brands	Fashion Brands Perennial Brands Toy Companies as Brands	

	Individual Toy Brands Licensed Brands	
17. Targeting	Children Parents	
18. Trust and the Marketing Mix	Products Packaging Pricing Distribution Advertising/PR In-School Promotions Internet/Web Sites Direct Marketing In-Store Activities Other Promotions	Guns and Aggressive Toys
19. Miscellaneous (Free Node)		

Table 4.6 – Level 2 Coding and Analysis

At the third level of analysis, each tree was assigned to the one of main constructs (antecedents and dimensions of trust) in the conceptual framework (see Table 4.7). This then allowed findings from the fieldwork to be assessed against the variables proposed in the framework and new variables integrated, where appropriate.

Antecedent/Dimension in the Conceptual Framework	Relevant Tree(s) - (Tree Number)
Organisational Influences on Trust	Toy Industry Challenges (1) Company Values and Culture (9) Responsibilities (2)
Control Influences on Trust	Toy Legislation (14) Role of Toy Industry Bodies and Codes (13) Other Stakeholders' Influence on Trust (15)
Individual Influences on Trust	Personal Ethical Standards (12) Comments on Hasbro Fine (14 – Part)
Relational Influences on Trust	Consumer Relationships (3) Children/Parents as Consumers (1 – Part) Targeting Children and Parents (17) Consumer Service (6) Consumer Concerns (5)
Brand Influences on Trust	Developing Toy Brands (16) Trust and the Marketing Mix (18)
Creating, Fostering and Monitoring Trust	Importance of Trust (8) What is Trust? (7) Creating Trust (10) Monitoring and Measuring Trust (11)
Other Unassigned Issues	Miscellaneous (19)

Table 4.7 – Linking of Nodes to Framework Constructs (Level 3)

4.12 Presentation of results

The analysis of qualitative data raises the issue of how to present results and whether any attempt should be made to quantify the data, even in a limited way. Silverman (1984, 1985) has argued that some quantification of findings from qualitative data can be useful in uncovering the generality of the phenomena being described and some scholars have suggested simple quantification methods such as counts of common statements (Gabriel, 1998) or content summary sheets (Miles and Huberman, 1994), summarizing themes from each interview. Many researchers engage in 'quasi-quantification' (Bryman and Bell, 2003: 476) through the use of terms such as 'many', 'several', 'rarely', 'often' and 'some'. While these terms may be perceived by some as being too imprecise, Bryman and Bell (2003) suggest that, if they are used, the qualitative researcher should have some idea of the relative frequency that each term refers to.

Term(s) used	Frequency (of mentions made by the 12 company respondents)
A Few	2-4
Some/Others	3-6
Several	3-6
A Number Of	3-6
Many	5-8
Most	7-11

Table 4.8 - Researcher's quantification of terms used

Whilst little quantification is used in this research, choosing the logic of analytic generalization over statistical inferences, some of the terms described above are used in assessing the findings. For general guidance, Table 4.8 indicates the researcher's thinking in applying frequency to the various terms.

4.13 Limitations of the research

Conducting research is a learning process and inevitably mistakes have been made which will hopefully enhance the researcher's subsequent work. In this case, such mistakes were considered minor and lessons have been learnt particularly about

conducting qualitative interviews and how much can be covered in the limited available time, where interviews are conducted, and how to control them.

It is important to also recognize that most pieces of research will have some limitations. Throughout this chapter, a number of weaknesses of the qualitative approach have been noted and discussion has been provided on how these have been tackled in conducting the fieldwork and in analyzing the results. These issues generally relate to providing evidence of generalization, validity, and reliability, and to matters of subjectivity. There are however other areas where the research may have limitations which should be acknowledged.

By examining only one case, the UK traditional toy industry, the findings and ensuing theory relate just to that context. Therefore such theory cannot claim to have validity to other children's markets nor necessarily to traditional toy industries in other countries, although the international profile of the sample companies and the general global standardization of toys would probably support a claim that the theory would hold for many other industrialized toy markets.

Although the sample size of toy companies is considered sufficiently large to be representative of the main players in the UK market and consists of both smaller and larger organisations, it is recognized that the sample of other stakeholders is on the small side. It may have been useful to have interviewed more retailers, perhaps buyers or managers of the two largest retailers, Argos and Woolworths, and to have interviewed representatives of some of the leading licensors to the toy industry such as the BBC, HIT, or the Disney Corporation, as licences form such an integral part of the industry. It is also recognized that the parent sample is very small compared to the population but nonetheless, valuable data has been gathered from these participants that are consistent with other studies and with much of the data gleaned from the toy companies.

The design of the interview and focus group questions has used the research questions, propositions, and conceptual framework as the starting point as the researcher was unable to draw on previous qualitative empirical designs on trust development by other scholars. The questions used therefore were untried apart from

the pilot-testing with the stakeholders. This is not necessarily a weakness in exploratory work, but a proven set of questions used elsewhere might have added to the reliability and comparability of the findings.

Finally, fully utilizing a software package such as Nvivo in sorting and organizing qualitative data is reliant on the user-friendliness and reliability of the software, and on the computer skills of the researcher. The limitations of the latter have perhaps meant that full benefit has not been gained from all the functions offered by the software.

4.14 Summary

The chapter has explained the rationale for the research strategy, methods and techniques used to address the theory-building aims and propositions of the thesis, the research process of how the data was gathered and from whom, and explained how the data was analysed.

The main benefit of selecting a qualitative approach has been its focus on, “naturally occurring ordinary events in natural settings” (Miles and Huberman, 1994: 10) that has made it possible to gain an understanding of the ‘real life’ context and to probe and explore managerial behaviour and decisions. This has been underpinned by the fact that data were collected face-to-face and on company premises rather than through the post, e-mail, or over the phone.

Although no research method is without flaws, the main criticisms and limitations of the qualitative approach have been discussed as well as the approaches taken to minimise their impact on the research. The often unstructured nature of qualitative methods, unpredictability of results and uncertainty of outcomes do present particular challenges with regard to reliability and validity, as does the sensitive and personal nature of the subject of trust. To attempt to get around these potential problems, an initial framework was constructed, initial propositions set and the fieldwork questionnaires designed in a semi-structured rather than unstructured format.

In response to the issue of qualitative research being too impressionistic and subjective, the fieldwork has sought to gain a broad spectrum of views and experiences from different toy companies as well as a range of other key stakeholders from which data could be compared and contrasted. The response to the potential problem of generalizing from a small sample has been to carefully select respondents and organisations and to gather in-depth, rich data. The emphasis has been to generalize to theory rather than to populations.

Finally, in response to concerns about the lack of transparency such as what data was gathered, how it was reduced, and how conclusions have been drawn from it, the adoption of the Nvivo software package has helped build and organise the database and provided clear paths for anyone seeking clarification or further evidence. A key intention in the research has been not only to look for commonality of behaviour and opinion in developing the framework, but also to report and consider different, and sometimes controversial views.

The aim of the thesis has been to develop theory that adds to academic knowledge but also provides managerial value. In support of Rorty (1991), the author advocates a philosophy of pragmatism with a focus on the concept of usefulness rather than single-mindedly trying to prove validity. As Liedtka (1992: 171) points out, the fact that the interviewees are allowed to speak in the first person, in their own words, is a guarantor of validity; “the words of the individual in question - unadorned and unedited - offer convincing testimony to support the theories which evolve from studying them.” However it is important to recognise that that such words are self-reported accounts that have needed to be crosschecked, compared and verified, wherever possible, in seeking an accurate picture. The next chapter discusses the fieldwork findings in depth.

Chapter 5 – Research Findings and Data Analysis

5.0 Introduction

Having discussed the process and methods of gathering and analysing the data to address the theory-building aims and propositions in Chapter four, the following two chapters display, analyse and interpret the data evidence from both the fieldwork and other documentary sources. The findings are evaluated against the conceptual model proposed in Chapter three which is then further developed, verified, and compared and contrasted to existing knowledge about consumer trust.

As discussed in the previous chapter, the thesis uses coding as the key method for analysing the data (Strauss and Corbin, 1978) and the coding process has involved going through a series of levels to reduce the data and draw out the key quotes from each unit of analysis that have a relevant bearing on substantiating or refining the framework constructs and variables. While any data reduction involves a degree of subjectivity (what to leave in and what to leave out), the process has been driven by the conceptual framework with an additional free node to gather data that do not readily fit in the framework's key headings but that are considered potentially relevant to the theory development.

The analytical process has followed the steps used by Carney in his 'Ladder of Analytical Abstraction' (1990), moving through three key stages:

- Level 1 (a) Creating a text (making transcripts of the interview tapes).
(b) Trying to find a set of coding categories that fit (linked to the conceptual framework).
- Level 2. Identifying themes and trends in the data (searching for relationships in the data. Finding out where the emphases and gaps in the data are).
- Level 3 (a) Reducing the bulk of the data and testing the propositions (cross-checking tentative findings).
(b) Delineating the deep structure (integrating the data into one explanatory framework).

Throughout the process, the author has been mindful of the need for valid analysis that, “requires, and is driven by, displays of data that are focused enough to permit a viewing of a full data set in the same location, and are arranged systematically to answer the research question at hand” (Miles and Huberman, 1994: 92). Organising the data around the framework constructs, highlighting common and contrary comments, and reporting and analysing the company and other stakeholder findings at the same time have attempted to address this. An example of a toy company transcript (uncoded) is also provided in Appendix VI.

The format of the chapter therefore follows the pattern of the conceptual model by considering the antecedents of trust in Part A, the companies’ views on trust development in Part B and then finally, the parental perspectives on trust in Part C. Fieldwork quotations are shown in italics and are followed by the company reference number in brackets (as per Table 4.3) and by the section and paragraph numbers in the fieldwork transcripts (for audit trail purposes). Quotations from the sample parents are followed by letter codes referenced in Table 4.4 and other stakeholder comments by the letter codes in Table 4.5.

Part A – Trust Antecedents

5.1 Organisational factors – Data analysis

5.1.1 Challenges facing the toy industry

To understand the context in which decisions influencing trustworthiness and brand trust were made in the toy industry, it was considered important to ascertain the pressures and challenges faced by the toy companies. The main challenges mentioned related to the power and oligopolistic nature of the toy retail market, the growth of own label copies, the severe pressure on profits and prices, and the short-term life cycle of toys and games and implications of these. Some companies, however, also talked of consumers representing a major challenge. The fickleness and unpredictability of children and the need to often target two separate sets of consumers (children and parents) with different messages and through different media were mentioned by a number of managers. Competition has also grown, not so much from within the toy industry, but from companies in other industries that are now targeting children and their parents' wallets, summed up by one of the retailers:

Competitive Pressures

“When I joined the toy business, it was a toy business and a toy industry. That’s gone. We are a children’s entertainment industry and the children’s entertainment industry contains everything from Sky Television to McDonald’s and holidays, and toys are a small part of it... So, we are competing with Manchester United’s new shirt, we’re competing with the next Playstation new game that comes out... But hey, it’s a competitive business. There are a lot of people competing for those kids’ money or the money that’s going to be spent on those kids, and we’ve got to be fairly sharp if we’re going to get our share.” (Stakeholder C) S. 1.4: 102

5.1.2 Retail power

Many managers raised the issue of the dominance of the three largest toy retailers, Argos, Woolworths and Toys’R’Us who account for around 50 per cent of all retail toy sales (C). A problem for the toy companies is that the national ‘Toy Fair’ attracts thousands of visitors every year, but there are only about 200 buyers in the whole

industry (B). This is not seen as being a healthy situation for either the toy companies themselves or consumers whose choices may be being restricted.

Their dominance of the market gives the large retail groups the power to influence trade prices, to control which products make it on to the market and therefore have a stronger chance of succeeding, and to largely dictate the terms of business. In some cases, this can have a positive influence on trust in toys as the change to more responsible overseas manufacturing practices, environmentally-friendly packaging, and ever better toy safety, appears to be being partially driven by the larger retailers. In other ways, however, their power may in the longer term not be beneficial to consumers, as one stakeholder pointed out:

Pricing And The Consumer

“I am not sure I am in favour of rampant consumerism. The impact on the toy industry has been to reduce retailers’ margins, driven retailers out of business which has reduced the ranges the majors take because there is a limit on the toy profitability in relation to other categories. Result? Fewer manufacturers and less choice. It is all very well saying that we are driving down prices and the consumer is benefiting. I am not sure that is a proven case, because you are actually removing the fuel of innovation, ‘money’, removing a considerable amount of choice, and driving lots of small manufacturers and retailers out of business.”

(Stakeholder B) S. 1.2: 401

Other concerns were raised about the supermarkets and part of the broader trend of what the toy companies saw as the copying of their products by own label retailers, described by one company as *“private label rip-offs”* (anon). Own label toys are now not only sold by supermarkets, but also by the three largest toy retailers one of which is Early Learning Centre that stocks 85 per cent of its own branded product and, as one manager claimed, *“ELC are well-known for copying”* (anon).

Although some companies might view copying others’ ideas as morally acceptable as a business practice providing they keep within the law (that is, not breaching copyright or patents), others seem to view the practice as a form of theft. But is it an issue that affects consumers’ trust? It would appear not as in the focus groups, the

Early Learning Centre was cited as the parents' favourite (most trusted) toy brand and issues of safety, play value, and value for money seemed to far outweigh other considerations. The original (and often more expensive) brands were not always losing out however. Many companies have copied the BRIO train system but parents still claimed to purchased BRIO products for their quality and longevity.

5.1.3 Prices and profitability

All of the companies raised the issue of falling toy prices and the lack of profitability in the toy market at retail and producer/distributor levels. Even the larger, long-established companies talked of current business being very tough. In LEGO's case, this has resulted in losses of around £186 million globally in 2004, a cut of one in eight of its work force, and a new non-family leader appointed for only the second time in its 72-year history (Wallop, 2004a). Whilst LEGO's demise might be partly attributed to its employee loyalty in maintaining Scandinavian production and a subsequent 75 per cent price premium on some of its rivals' products produced in China, other managers argued that it is more likely the result of its over-diversification and a loss of focus on its core building bricks ranges.

The squeeze on prices is not only attributed to pressure from the retail groups, but also because today's consumer expects good value for money, summed up by one respondent:

Consumers' Expectation For Value

"We are not immune to the commercial world. Anyone who thinks they are is going to become a museum item very quickly. The reality is that this is the way the new market works and you just have to appreciate it. People don't want to pay all these premiums. They do expect to have more and more, for less and less. Somehow you have got to square the circle. You've got to produce ethical products that are what people want, that do have value, and try to command something of a price for them but, at the same time, you have to keep re-engineering the business model."
(Company 9) S. 3: 227

Toy prices are viewed as being very competitive both in relation to the past and in relation to other industries. Those companies that were offering premium quality, at a premium price, were particularly feeling the challenge:

Pressure On Prices And Margins

“Our crayons are far and away superior. What will come out of the East is a fraction of the price and even markers - we can demonstrate all the technology we have in our markers - but you can go into IKEA and get 12 markers for 35 pence, and we are 12 markers for £2.99...we do have a real pricing issue and we haven't taken a price increase for seven years, as we try to continue to compete.”

(Company 5) S. 1.3: 81

Consumers are also influencing pricing in other ways. One manager talked of living, *“...in an age of charity shops and car boot sales,”* which was, *“... having an effect on the nation's awareness and psyche.”* (9). He pointed to the growth of second hand sales and had recently searched the e-bay web site to discover 17,500 entries for his product in Germany and 2,500 entries in the UK.

5.1.4 Other challenges

A number of other challenges were raised. Some managers spoke of the fashion aspects of the market that result in short lifecycles for many products and a need for regular updating of the more established brands. One director felt that the toy companies themselves are partly to blame by fuelling consumers' expectations by constantly introducing new products (2).

The need to constantly innovate for one of the top companies resulted in 80 per cent of its product range changing every year (6). The tooling, set-up, and other development costs therefore have to be realized in a very short period of time (2). Another challenge is that the development process is lengthy caused by the logistical problems of manufacturing in the Far East,¹⁰ and the need to build both quality and safety into every new item (6).

¹⁰ China alone manufactures 80 per cent of global toy output (The Times, 19 December, 2003: 3)

The above issues represent a stern challenge to the toy industry and for many companies it is a fight for survival with the industry looking ripe for further consolidation. The companies interviewed included some already under financial pressure as well as others that are growing rapidly. These latter companies are testament that if the product, price and promotion are right, such challenges are manageable.

5.2 Company values, responsibility and caring

5.2.1 Values

Trust for many organisations is framed by their values and around half of the sample companies have publicised values statements on their websites and sometimes in promotional literature. Many of these outline moral responsibilities and lay down standards for employees to meet. For LEGO¹¹, for example, ‘upholding quality and ethical values – and a consistency in all our actions that engender an ongoing feeling of trust’ is important. The company also claims that, ‘though we make money, we are not driven by profit,’ although the economic realities may now be changing their position.

In Binney and Smith’s ‘Vision and Culture,’¹² they emphasize an obsession with consumer needs that requires employees, ‘to constantly ask: What are the implications for the consumer?’ For others, important values relate to children’s development. LEGO’s philosophy is that, ‘good play enriches the child’s life - and its subsequent adulthood’, and on similar lines, Leapfrog¹³ maintains that it is, ‘passionately devoted to delighting and engaging big and little kids in a meaningful way that will inspire a lifelong love of learning’.

Finally, a number of companies refer to acting responsibly. Mattel’s code of conduct¹⁴ states that, ‘as an organization and individually, Mattel employees are responsible for acting with integrity, treating others with dignity and respect, being honest and fair in all transactions and constantly striving to do the right thing.’ But do the words match

¹¹ www.lego.com/values, accessed 01/05/2004.

¹² www.binney-smith.com/page.cfm?id=20, accessed 14/05/2004.

¹³ www.leapfrog.com/our_approach, accessed 14/05/2004.

the deeds? Interestingly, all of the above companies were mentioned in favourable terms by many parents in the focus groups.

Whilst some respondents felt that the corporate values should be clearly communicated, others felt that it was better to demonstrate the values, through appropriate actions:

Values In Practice

“The values are sacrosanct and they should be the guiding principles for the business but the trick is to interpret those values in the light of the modern day commercial world...It’s just a question of being awake and aware of consumers and where you can exploit those values to the best advantage.” (Company 9) S.3: 109

“If every time you advertised Action Man you then added, ‘and here are the Hasbro values’, I don’t think it would be a meaningful message...there are some very genuine things we could say about our wonderful brands and all that stuff, but actually it would be very easy for people to be very cynical about it and I actually think that the best way to promote Hasbro is very much to make our actions speak for us.” (Company 6) S. 1.1: 248-250

Many of the companies appeared very conscious of their added responsibilities with children as key consumers and the fact that therefore, “*you have to do things the right way*” (anon). For this manager, what was driving this was not necessarily a sense of moral responsibility, but more the fear of being found out and the consequences of that.

A number felt that children would not think in adult terms about whether they trusted the brand or not, but would think more about whether it was ‘cool’, or something their friends at school would have (5). Most framed the hope that their brands would create an ‘emotional connection’ with children and would be perceived in terms such as ‘fun’, ‘innovative’, ‘exciting’, ‘different’, ‘something I really want to do’, the ‘here and now product’. These often mirrored the aspirations of their corporate values. Two

¹⁴ www.mattel.com/about_us/Corp_Governance/ethics.asp, accessed 14/05/2004.

managers however admitted that, whatever the company and societal values, the ultimate goal was one of self-interest and their financial responsibility to shareholders that secured employment and company survival:

Values Versus Commercial Goals

“Delivering shareholder value to Hasbro Inc. is absolutely what we are about! Our number one priority, otherwise none of us would be here.” (Company 6)

S. 1.1: 311

“I would never, ever, begin to suggest that we put social awareness before our need to be commercially successful. It’s what we are here for!” (Company 5)

S. 2.9: 304-306

5.2.2 Responsibility

The companies were asked about what they perceived to be their main responsibilities to their consumers and responses ranged from comments about their responsibility in targeting children, to their responsibility in producing good quality, safe toys, to their responsibilities to the environment, local community, and society in general. They commented both on where they saw their separate duty as a company, and on where the toy industry generally shared responsibility.

5.2.2.1 Responsibility and children

On the targeting of children, a number of companies thought that they had to take account of children’s limitations and possible vulnerability, and to step carefully:

Considerations In Marketing To Children

“It’s the age-old question, advertising to children, should you be doing it and should you be trying to influence children? But I think we take the view that you know, children are people in their own right and okay, maybe they are not grown up so they are not as informed, they are not able to see things in their entirety, if you like, so you have to take that into account, but at the same time, we would say that we are helping them to make their choices in life; we are introducing them to different things in life and to growing up.” (Company 1) S. 0: 32-39

All the managers considered product safety to be a key priority and would come first, ahead of routine commercial decisions (9):

Toy Safety As A Key Responsibility

“There are clearly safety standards and responsibilities and I don’t think you’d talk to a toy company who wouldn’t say that that was the number one point on their agenda when they are launching a toy. So we take the social responsibility of that incredibly carefully.” (Company 12) S. 4: 83-85

The emphasis on safety fulfils an important moral obligation not to cause harm, particularly to more vulnerable populations (Smith and Cooper-Martin, 1997). Ross (1938) also argued that humans have a *prime facie* duty of nonmaleficence, that is, a duty not to cause harm or injury through one’s action (for example in supplying shoddy or unsafe products, or insufficient instructions, information or warnings). This responsibility could however extend beyond physical harm and also apply to psychological harm (for example, a duty not to create relational stress within families through encouraging pester power). The companies were noticeably less forthcoming on this latter issue (discussed further in Section 5.5.4).

Finally, Bryan Ellis, Chair of the BTHA Council, claimed that, *“the toy industry has accepted its responsibility for recognizing that, in some senses, children are vulnerable consumers”* and that, *“the industry is aware that there is a responsibility to look after children” (B)*. Part of this need to be responsible, he claims, has arisen because companies’ unethical practices can be so easily exposed:

The Risks Of Exploiting Children

“... If we foul up with consumers, we do our industry considerable damage. I don’t think big companies are irresponsible because they know that being irresponsible always bites you in the bum. If you put out unsafe products you will be found out, somebody will get hurt, and you will get a massively bad reputation. If you openly exploit children and you mislead children, you will be found out. Probably people outside the toy industry have pushed the barriers further...in terms of exploiting children.” (Stakeholder B) S. 1.2: 113

If, as claimed, the toy industry does acknowledge that children are in some ways ‘vulnerable consumers’ and that they have ‘a responsibility to look after children’, it was not evident as to how companies could then justify targeting children directly when they are aware that young children are easily influenced and cannot make rational decisions about product choices, prices, and value in the same way as an adult, nor understand marketing intent, as Brenkert (1998c) has pointed out. To an extent, the toy companies were justifying their actions on the argument that it is the parents’ or other adults’ ultimate decision that results in a toy purchase, thereby shifting the responsibility away from them. However, by involving children through their marketing activities, gaining their interest, and activating their influencing skills, the companies do carry a responsibility that is not merely discharged by referring to children’s rights or by producing safe, quality products that may ultimately enhance a child’s development.

5.2.2.2 Responsibility and ‘aggressive’ toys

Nearly all the managers felt strongly about toys that might involve aggressive play and believed they had a responsibility not to encourage any anti-social behaviour in children. One respondent argued that for her, responsibility in this area was the highest outside of safety (12). Another stated that he disliked, “*this culture of television violence which I think is all wrong*” (10). Where the line was drawn however differed between the companies although no company interviewed offered any kind of ‘real-life’ war toys. At one extreme, one company excluded any form of conflict from its products:

Exclusion Of Conflict From Toys And Toy Marketing

“Corporately we have a set of guidelines that we are not allowed for guns to feature anywhere in our material. We are not allowed shooting, or killing, or hurting, or maiming, or any of that. So, if we are doing a colouring-in book, you will never get cowboys with guns as a picture to colour in.” (Company 5)

S. 1.4: 145

Some toys, it was claimed, had changed in the light of consumer concerns. Hasbro’s Action Man, who had traditionally been a soldier, was now described as more adventure-orientated, a mixture between James Bond and Indiana Jones. The view

was taken generally that there is a substantial body of research evidence, independent of the industry, that supports the view that violent play does not lead to violent children.¹⁵ Most boys go through aggressive play patterns at some stage and if they have not got a toy to play with, they will often use a stick (B).

Whilst all the companies interviewed drew the line at replica tanks (9) and rifles (11), some saw no problems with selling toys that involved fighting in some sense such as the Bionicle range (LEGO), the Mutant Hero Ninja Turtles and Spiderman (Vivid). Their justifications were that these characters are, “*of a more abstract and imaginary nature*” and that conflict within the children’s world of good versus evil goes back many years to fairy tales (9). Another reminisced that, in his childhood, it was the English against the Germans and Cowboys versus Indians, and so what is the difference now? (C)

The difference bizarrely now appears to be that toy companies want to protect children from the violence of the ‘real world’, but killing, death, and aggression in a fantasy world can result in ‘healthy’ play. It was explained that the Ninja Turtles range, for example, was not about fighting and street violence, but that Ninja is actually a form of martial arts. Role-playing an action hero was described by this director as an important part of a child’s play pattern (12).

5.2.2.3 Responsibility and the environment

All the companies claimed to be acting responsibly in protecting the environment. Those manufacturing in wood claimed that their materials came from renewable resources and others talked of making their components and packaging as recyclable as possible although the only evidence forwarded was a reference to the green point symbols on their packaging.

Most toys are made out of plastic, a material that has attracted some negative publicity over safety concerns in recent years and one respondent felt that the toy industry was being forever hounded over the safety of plastics. One manager talked of

¹⁵ Some research however has linked toys with unsocial behaviour. A survey of 9000 children in the United States of America found that children who play with toy guns are more likely to be violent in later life (Harris, 2002).

Greenpeace's campaign against the oil companies that had had an indirect impact on the toy industry, even though it was not the target of their action. Another owned up to being both an environmentalist and a member of Greenpeace (by his own admission, much to the consternation of the BTHA as he was a council member) but believed that, in the main, toys are both ethically and responsibly manufactured (C).

Many of the companies believed that there would be few consumers who would particularly care about the environmental credentials of toy companies and any such considerations would be unlikely to influence their choice of a particular product. However, some of the managers felt that the consumer naturally assumed that toys would be environmentally sound. One talked about this being a part of the trust in the brand:

Environmental Friendliness And Trust

"I think it does come from the trust. I think that if it wasn't [from renewable resources], you would lose more than you'd gain, so you might as well get it right to start with. So nobody can point the finger and say, 'we trusted BRIO but we are not so sure now.' ... We would prefer to be in a position where we are trusted, where we are not questioned because we are trusted." (Company 8) S. 1.2: 373-375

Not everyone believed that promoting oneself as a socially responsible company was necessarily always wise as organisations may be exposing themselves to additional scrutiny:

How Far Should You Promote Your Ethical Values?

"If you promote the ethical values too far, it is easy to find fault... and there's always something you may not have done quite right. For example, the company has been working on a set of values. It's not only to do with the physical product but how you treat your employees, how you deal with your customers, all your stakeholders. And we have put it on hold a bit because we had to go through the process of shutting down a factory in Germany. So if you are there, actively promoting that you are an ethical company, you always run the risk of being shot down. So, whilst I think it is something you have to do from a manufacturing

perspective, all those good things, it may not be something you actively shout about. There are very few companies that could be whiter than white in every single area.”
(Company 4) S. 1.1.1.1: 255-265

There is a body of opinion that believes the toy industry could and should improve on its environmental record. The extensive use of plastics in toys has been criticised on environmental grounds because they use more natural resources and are more difficult to dispose of than other materials (Ethical Consumer, 2002). The wide use of batteries in toys also contributes to further waste with over 600 million domestic batteries being consumed in the UK each year, creating 40,000 tons of toxic waste (*ibid*). Although the toy industry only accounts for a proportion of this, it does not appear to have heavily encouraged the use of rechargeable batteries, for example, or sought alternative energy power sources (for example, wind-up toys).

Consumers as well carry a responsibility to the environment and a 2005 survey¹⁶ identified that 8.5 million working toys are thrown away each year by parents rather than passing them on, giving them to charities, or getting broken toys repaired. Concern has now spread to the European Union legislators who have included electronic toys in their Waste Electrical and Electronic Equipment Directive that is aimed at stopping households filling landfill sites with discarded electrical goods. The directive is expected to become law in late 2005 and will put the responsibility of toy recycling on manufacturers rather than consumers (Wallop, 2004b).

5.2.3 Caring

The companies attempted to demonstrate their concern and care for their consumers in a number of ways. As parents, some of the respondents also discussed their own children's interactions with toys and their views as purchasers as well as vendors of toys. The emphasis on safety and quality, coupled with the earnest desire never to harm children through sub-standard product, were frequently cited. Some took exceptional steps on safety issues. LEGO, for example, although it claims not to promote it widely, uses 'ABS' plastic in its products which is a more expensive compound than 'PVC' but may be safer because of the, as yet unproven, concerns

over the leeching of Phthalates (softening agents) used in PVC. Many of the companies highlighted their stringent quality assurance procedures that ensure products in the market are of good quality. Some claimed that if there was ever a concern in the development process of a new toy it would not be brought to the market (2) and that if there were the slightest concern about the safety of any product currently in the market, it would be recalled quickly, regardless of cost (9).

There appeared to be a genuine passion for providing children with fun and enjoyment through playing with their toys and in many cases, companies believed that they also played a valuable social role in educating children through the development of important academic and social skills, as well as giving them guidance, confidence and encouragement:

Children, Play, And Toys

<i>“Play is a child’s work at the end of the day and we are helping them to do things that will help develop their skills at lots of different levels.” (Company 1) S. 4: 213</i>

One company, recognising the importance of a toy to a child, had created a repair facility that it termed the ‘dolls’ hospital’. If a doll needed repair, it was sent to the hospital and returned to the child with a note saying that, ‘dolly has been very brave.’ This was seen as important by the manager, recognising that the toy is not merely a child’s doll, but also a friend (4).

Some of the managers talked about their work in the local community, particularly with local schools (6) while others spoke of their work with charities. Tomy, for example, works closely with the National Institute for the Blind in developing many of its toys, a particular cause encouraged by the Tomyama family. Other companies are involved in charity fundraising, such as the Early Learning Centre through its stores, and in cause-related marketing initiatives where there is a particular synergy. Vivid Imaginations, has raised £60,000 for the Royal Society for the Prevention of Cruelty to Animals through its ‘Animal Hospital’ range, and £30,000 for the ‘Make A

¹⁶ The 2005 YouGov survey of 1,900 people was commissioned by the consultants Envirowise (The Daily Telegraph, 18.5.05).

Wish Foundation' through its 'Care Bears' ranges, donating a portion of sales revenue.

At an industry level, the BTHA is also working with pre-school playgroup associations, supplying toys, leaflets, and brochures on children's play, particularly in deprived areas of the UK, as well as special leaflets for handicapped, deaf, and blind children (A). The Association runs a 'Toy Trust' that annually collects charitable donations from member companies and raises funds through special events with proceeds donated to charitable organisations involved with disadvantaged children and their families. In 2002, the Trust raised over £265,000 for 92 different causes (A). Cynics might argue however that this is trifling amount compared to the £2.1 billion sales value of the industry!

Finally, although it was one of the smaller companies interviewed, BRIO support and encourage global academic research into children's toys through sponsorship of the 'BRIO Prize,' awarded for exceptional contribution of knowledge to the industry.

The attention to care and to strong values amongst the sample companies can in many cases be attributed to the influence of the founders and their descendents, many of whom are still involved in the businesses (for example, at LEGO, Tomy, BRIO, Vivid, and Flair). Others are perhaps influenced by the culture of their home countries. The Scandinavians have a history of protectionism for children (B), and in the United States, there appears to be a strong emphasis in many industries to post clear ethical statements and policies.

It does appear that the pressures facing toy companies may be influencing their behaviour in ways that do not always fit so well with their worthy values. Many of the sample companies are quoted on stock exchanges and hence have shareholders looking for an increasing return. With the toy market shrinking by around two per cent globally (Wallop, 2004a), growth for many companies is challenging and costs have to be trimmed. With limited marketing budgets, companies need to make difficult choices about whom to target, children or parents, even though they recognize the importance of each in the buying decision process (Handel, 1998). Experience has taught the companies that the targeting of children is often the most expedient method,

even though they seem aware that they may be alienating parents by doing so. It is a risk that most take and ultimately this may limit parental trust.

5.3 Control factors – Data analysis

As an industry heavily focused on children as users, the toy industry appears to be quite tightly regulated both in terms of toy safety and how toys can be advertised. In the UK, regulation is by means of legislation drawn up within the frameworks of European Union directives,¹⁷ and a number of codes implemented by the industry bodies, the BTHA (representing toy companies) and the BATR (which represents 75 per cent of the toy retailers). The Associations work closely together on many issues such as toy safety, toy marketing, the introduction of the ICTI (International Congress of Toy Industries) code to improve the ethical standards of overseas manufacturing (discussed in Section 5.3.3.2), and the promotion of the Lion Mark scheme (discussed in Section 5.3.3.1).

The BTHA has a Code of Practice that members have to agree to, and abide by, to continue their membership. The BTHA are founder members of TIE (Toy Industries of Europe), an organisation formed by toy industry bodies around Europe to discuss important topical issues concerning toys and to agree common minimum standards. A summary of the main regulations, codes, and guidelines relating to toy companies operating in the UK is provided in Appendix II.

5.3.1 Current legislation

All of the companies interviewed considered the current legislation and codes governing toy safety and toy marketing to be adequate. Some talked of them as being ‘thorough,’ and ‘tougher’ than in many other industries marketing to children.

¹⁷ The key directives affecting the toy industry are: The Toy Safety Directive 88/378/EEC as transposed by the Toy Safety Regulations (1989, amended 1995), the Television Without Frontiers Directive, (1989, amended 1997) which requires that advertising must protect minors (Article 16), and the Misleading and Comparative Advertising Directive, 1984, amended 1996). Article 3 relates to deception caused by advertising and its effect on economic behaviour (http://www.btha.co.uk/toy_safety.html, accessed 14.05.2004; Gonzalez del Valle, 1999).

Although controls sometimes impacted on the bottom line, most considered that they were necessary to keep out the rogue traders that existed.¹⁸

Although there was agreement about the general effectiveness of the BTHA codes, there were several comments about the need for more enforcement at times by the Association and the need to keep promoting them and making sure companies understand them (8). All the companies were eager to affirm that they complied with (and some claimed exceeded) the legislation. As one manager pointed out, the risks of non-compliance are just not worth it:

Risks Of Non-Compliance

<p><i>“...We go over and above to make sure that our products are built, manufactured in the right way, because if we don’t, we lose forty or fifty years of all the hard work that we’ve built up in actually establishing these brands, because they are our lifeblood. We don’t do anything that would sort of leave us open to suspicion, because it is not worth it; we don’t need to operate that way. We’ve built our reputation on doing things the right way, so we don’t do anything by the back door.” (Company 1) S. 4: 229-233</i></p>

One respondent argued that he had no problem with most of the legislation when it was designed with the right intentions but he did feel that there were occasions when bans were introduced for political reasons, to appease voters or the European Authorities (10). On similar lines, Bryan Ellis in commenting on the policies of Sweden and Greece¹⁹ in banning or severely restricting toy advertising to children, believed they had been introduced for political rather than the child welfare motives. He considered both countries to be in breach of the Treaty of Rome on the issue and stated that they would be challenged in the European Parliament.²⁰

¹⁸ It is estimated that one toy in ten is counterfeit, costing the toy industry 1.5 billion Euros each year (source: Toy Industries of Europe, in Toy News, January 2003: 9).

¹⁹ In Sweden, all television commercials aimed at children are banned on national television (under its Marketing Practices Act, 1996 and its Radio and Television Act, 1996), although companies can still broadcast children’s commercials via cable and satellite television, under the ‘De Agostini’ ruling of 1997. In Greece, all toy advertising is prohibited on television and radio between 07.00 and 22.00 hours, under its Consumer Protection Act, 1994.

²⁰ An appeal was subsequently lodged by TIE (Toy Industries of Europe) arguing that Sweden’s law banning children’s television advertising violated single market rules by restricting the free flow of advertising. It was however later rejected by the European Commission, which could pave the way for further bans by other Member States (The Times, 10 July, 2003: 14).

5.3.2 Safety legislation

Most respondents commented on the need for, and the effectiveness of, the current toy safety legislation:

Toys And Safety Legislation

“The area of toy safety is very good. Very, very, few children get harmed by toys. The odd one that does involves serious abuse of the toy, often with parental neglect involved.” (Stakeholder B) S. 1.2: 202

“...We are always very careful to conform... A child in a European country died just recently, not on one of our products, but the cap did not conform to safety standards and the child choked to death on it. We would hate for anything like that to happen, and it never has!” (Company 5) S. 1.3: 129

The safety legislation was seen as being constantly tightened but for some, there was always room for improvement. A few managers referred to the banning in 2003 of the Yo-balls that had initially met all safety standards and had the necessary safety certificates but were forcibly withdrawn from the market because of the perceived danger of the product's elastic string getting caught around a child's neck, even though no serious injuries had actually occurred. Additional tests called for by the Department of Trade and Industry concluded that the toy did not meet the Toys (Safety) Regulations, 1995. The ban was the first imposed on a toy by a British Government for over a decade (Bird, 2003).

The same safety legislation applies to both cheaper and more expensive toys. To one manager of a premium-priced product range, this was eroding the competitive advantage that his range had once had and was putting pressure on his company to lower prices to compete (9). At the other end of the price spectrum, the director of a company selling less expensive items bemoaned all the safety constraints and conditions that also applied to his range (10).

The retailers interviewed also felt that toy safety was paramount and they made every effort to buy safe product. They strongly believed that consumers trusted that toys bought from reputable retailers would be totally safe:

Retailers' Views On Toy Safety

"We run our own import programme here, as does every other major retailer. If we don't have a valid, up-to-date toy safety certificate and we weren't absolutely sure of the safety of the product, we wouldn't order it under any circumstances."

(Stakeholder C) S. 1.6: 172

"...I never get the feeling that consumers buying from reputable stores like ours think that they [toys] will ever be anything than perfect. I don't think you can say the same about the pound or swag shops where, when I look around, there is no CE mark, no age grading on it and all this stuff. But even then, I don't think consumers are nuts. They know, if they are getting a real cheap deal, there is a reason for it."

(Stakeholder C) S. 1.6: 177

The toy manufacturers, retailers and the trade associations take toy safety very seriously although the main driving forces behind the stringent safety regulations seem to be the national governments and the European Commission. The retailers also play an important role by insisting toy safety certificates are up-to-date. The legislators perceive toy safety to be an important consumer (and political) issue and are continually tightening the requirements, and acting cautiously by, for example, imposing an emergency ban on toys for the under 3's that contain Phthalates²¹ and forcing potentially unsafe products off the market in response to consumer concerns.

The regular occurrence of toy recalls might indicate that there is still room for improvement in toy design, manufacturing and quality control standards for most companies. The Royal Society for the Prevention of Accidents also report over 40,000 accidents each year in the UK involving toys, although many of these involve tripping over toys, or babies playing with toys intended for older children (RoSPA, 2005). This might indicate a need for better warnings on packaging, in instruction leaflets and in other literature.

²¹ Phthalates are softening agents used in some plastics. When toys are sucked, there is some evidence of leeching of Phthalates, which may be carcinogenic. Further testing is taking place to assess the danger (A).

5.3.3 Role of the British Toy and Hobby Association

Most of the sample spoke positively about the role played by the BTHA (perhaps not surprising as five of the respondents either worked for the BTHA, or were members of its governing council).

The Head of Marketing for the BTHA, Roland Earl, outlined its codes, its current initiatives, its organisational structure and its roles in organising the national Toy Fair every spring and in representing the interests of the British toy industry at the European Commission. He also described its work with the Playgroups' Associations, producing consumer information literature (on topics such as the value of play, understanding aggressive toys, toy safety, and toy advertising), supporting ITRA (the International Toy Research Association), its fundraising efforts for disadvantaged children, and its support of the toy lending libraries.

Its codes were generally viewed as effective; one manager even described them as 'quite strict' (3). The codes include a Code of Practice governing safety, compliance and marketing, and the ICTI code on ethical manufacture to which members must adhere. On examination, however, apart from the recently added requirement relating to the ICTI code, the stipulations of the Code of Practice (see Appendix II) seem rather general and appear to go no further than to require members to conform to the safety legislation and the advertising codes.

The Code of Practice is self-regulated and administered, and enforced by a council of 26 experienced senior personnel drawn mainly from the leading toy companies. Although when interviewed, the Chair of the Council, Bryan Ellis, indicated that some members had received warnings about breaches of the Code in the past, he was unaware of any companies that had been expelled. This either indicates that the Code and warning system is effective and BTHA membership is coveted, or that the Association fears it may have a diminishing role if toy companies fall outside its sphere of influence.

Two key initiatives that the BTHA are involved in are the Lion Mark Scheme and the ICTI code.

5.3.3.1 *The Lion Mark scheme*

The Lion Mark scheme, introduced in 1989, is a safety and quality mark awarded by the BTHA to toy companies whose products meet the most rigorous safety criteria in the UK and the European Union (BS 5665/BS EN 71). 64 members had gained the Mark by early 2004 (BTHA Handbook, 2004). Retailers can also be awarded 'Approved Lion Mark Retailer' status to indicate that all toys sold in that shop conform to the Lion Mark standard. Companies awarded this mark may use it on their packaging and are mentioned in various BTHA publications such as the annual 'Official BTHA Handbook.' A leaflet is produced for consumers explaining the scheme and details are provided on the Association's web site.

All of the companies included in the sample had been awarded the Lion Mark and the respondents felt that the scheme was a good idea but that it needed better communication to consumers and more aggressive promotion by the BTHA.

5.3.3.2 *The ICTI code*

The International Congress of Toy Industries (ICTI) code was adopted by the BTHA in 2003 and is part of a broader international initiative to improve the conditions of workers producing toys and games. It is essentially an ethical manufacturing code backed up by four independently executed audit procedures (B). The code governs issues such as labour working practices (hours worked, wages, prohibition of child labour under 14 years of age, employee representation) and working conditions (risk protection, sanitation, medical facilities, adequate housing, use of mental and physical punishments – BTHA Handbook, 2004).

Bryan Ellis estimated that around 80 per cent of the value of toy production would come from ICTI-certified factories by the end of 2004. He also believed the code to be more advanced than in any other manufacturing industry in the world in terms of getting on top of the ethical manufacturing issue.

The respondents felt that the code had been introduced for a number of reasons. Firstly ethical marketing is becoming more important to consumers and they are becoming more educated (4):

Perceived Consumer Interest In Ethics

“[Consumers are]...now much more aware of a range of [ethical] things; where products are made, how they are made, what they are made of, to what extent the end use is positive, all those things.” (Company 11) S. 1.2: 51

Two respondents mentioned the influence of European and Far East pressure groups. One argued that many such groups were extremely well funded and very vocal (B) and another that their position in many instances was largely based on ignorance (10). Another suggested that a fire tragedy in a Malaysian toy factory, resulting in a loss of lives, might have been another contributing factor. Finally, it was claimed that it was the retailers who particularly sought the introduction of the code. In the past, all the leading retailers had sent out their own separate teams to audit overseas factories and some factories in China had been receiving over 40 inspection visits per year (B). For the toy companies too, all these inspections created extra paperwork (8).

One of the retailers confirmed that all stores feel under a lot of pressure to only buy from companies that are not exploiting their workers, whether it be financially exploiting, or working them in hazardous conditions (C). The same retailer welcomed the code as it provided, *“a standard to work from, a benchmark that wasn’t there before”*. At the same time, however, he was not sure how quickly changes would be implemented as most manufacturing was in the developing world, and *“...you don’t start with great factories, they come after a while”* (C). The managers were asked whether they felt where the product was made, and by whom it was made, would be important issues to consumers. The majority thought it would only be of concern to a few:

Do Consumers Care About Toy Factory Ethics? – The Company View

“I don’t think consumers give a toss [if something is made in China]. What I know about consumers is simply, in the main, they want to buy what is cheapest. I genuinely think when people go into a store to buy a Barbie or an Action Man, they don’t really care where it is being made, or who makes it.” (Stakeholder C)

S. 1.8: 185/193

There is some evidence that the introduction of the code and reforms to toy manufacturing practices in the Far East are overdue. The National Labor Committee (2002a, 2002b) cite what they claim are examples of worker exploitation in toy factories in China by some of the leading brands including Mattel, Disney, and Hasbro. More recently, there have been reports of strikes and protests over pay and conditions in Guangdong province that accounts for 70 per cent of global toy production (Spencer, 2004). The toy industry there employs almost one million people in 5000 factories, many with barred windows, where workers are locked in for up to 18 hour shifts (August, 2003). Other reports have highlighted seven-day working weeks, 360-day working years, and fines for non-attendance. Pay also seems low with a minimum wage of 450 Juan per month, around £30 (Spencer, 2004).

The toy industry argues that the Code will make it one of the best industries in the world for ethical manufacture. However, if they consider that consumers are not overly concerned about the toy production, the question remains as to why are they introducing it and how committed they are to it? Is it for philanthropic or economic reasons? The industry is perhaps mindful of its reliance on China and factory unrest could severely damage their supply lines. They are also aware that the media can cause significant damage through highlighting any worker abuse. A further incentive for the toy companies to make the code work is if the major retailers decide to accept the independent auditing procedures.²² This would then stop the numerous factory inspections being carried out by the different retailers and reduce both the paperwork and time spent hosting such visits.

5.3.4 Other influencers and controls

5.3.4.1 Retailers

The concentration and power of the toy retail groups were mentioned as key challenges facing the toy companies but they may also be important in the spread of brand trust as they have day-to-day contact with consumers (parents, children and others) that the companies do not have and therefore have more direct dialogue and a closer relationship. How they display products and use in-store promotions (display

²² Argos officially recognised the ICTI CARE Process in January 2005 as an 'Argos approved programme.' BTHA Press Release dated 8.01.05. www.btha.co.uk/pr/pro60105.html. 21/06/2005

units, leaflets, window features and other merchandise), what they say to consumers about toy products, and how they handle complaints and so on, could have a bearing on consumers' attitudes towards various toy brands and companies.

A number of companies talked of their retail customers as 'partners', recognising that close co-operation would maximize the consumer sales potential and benefit both parties financially, but others admitted that, in reality, even the largest toy companies did not have much control over them and all they could do was to advise and work with them (1).

The choice of partner was also raised. Some mentioned that they try, where possible, within the European legislation,²³ to select key partners to work with whom consumers also trust. Hasbro has chosen Argos for example, in terms of majors, to exclusively promote its pre-school range. Others talked of selecting retail partners who reflect their products' positioning. One director talked about not wanting to see her products selling in very down-market retail outlets.

The companies were asked about how they ensured retailers say the right things about their products to consumers. Some thought this was difficult to control but considered most retailers did a good job. One talked of his desire to see a bit more 'motivation' sometimes in retail and a bit more 'knowledge' (8). Some companies run training sessions with shop staff but not all retailers have the infrastructure that allows for training and there is also a problem with the often fast turnover of staff in toy outlets.

For some they keep control, if not of trust, at least of their image, but this comes at a price. Many retailers require payments from the company to feature in promotional campaigns (such as the Argos catalogue). The companies therefore, in most cases, supply the information, photography, and product descriptions:

²³ Articles 85/ 86 of the Treaty of Rome prevent companies within member states from restricting the supply of goods and services. Hence toy companies must sell to any retailers within the European Union that wish to purchase their products (and at the same prices).

Cost Of Retail Promotions

“The funny thing is that they [retailers] don’t say anything about our product without us paying for it. We have to spend a lot of money just to get the product on shelf. You certainly don’t get your product in their catalogues without paying for it. Where we do feature, we tend to do the work. We would give them the artwork. Where they do their own artwork, we see it before it goes out, nine times out of ten. So generally the retailers hoist that effort and expense onto us, so that gives us the control.” (Company 5) S. 2.9: 312

Toy retailers appear to have been finding trading as difficult as the toy companies. Two of the largest retailers have recently been sold to other parties - The Early Learning Centre in April 2004 and Toys’R’Us in March 2005. Woolworths has also received bid approaches in early 2005. Whilst there is no evidence to indicate that consumers have suffered from their economic woes, and may in fact have gained through lower prices and heavy promotions, their demise seems to have put further pressure on the toy companies. Far from the cosy partnerships sought, toy companies and retailers seem to be more focused on their own survival strategies.

5.3.4.2 *Licensors*

All of the companies interviewed had obtained the rights to use licences of some kind. In most cases, these were licences of fictitious television, film, or book characters such as Bob the Builder or Harry Potter. Others held licences from toy creators, for example MGA/Bratz, or branded companies such as Landrover and Ford when replica toy cars were produced. In a few instances, toy companies such as Mattel, Hasbro, and LEGO licensed out their brands, for a royalty.

Character licenses form a large proportion of some companies’ portfolios. For Vivid Imaginations, a top three toy company and one of the fastest growing companies in Britain,²⁴ licenses account for 75 per cent of its product range. Most have sought some toy exclusivity for the character so that another company would not be, *“benefiting from all our aggressive advertising”* (12). Some licenses were awarded to different toy companies simultaneously, however, where different materials were employed.

²⁴ Vivid Imaginations was ranked at 61st place in Britain’s 100 fastest profit-growth firms in 2004 (The Sunday Times, Profit Track 100, April 4, 2004).

Thus the Thomas the Tank Engine license might be produced in wood by one company, in plastic by another, or in metal by a third. The licence owners in most cases carefully control the use of their property:

Influence Of Licensors

“Most of these characters come down with extremely detailed style guides. Mostly, but not always, they are most precious about what toy categories it goes into and they approve all product before it goes on the market. So they like to maintain their ownership and control.” (Stakeholder B) S. 1.2: 325

The product though is always produced to the companies’ quality standard and there is an ongoing discussion with the licensor about what the product does and how it should look, so that a mutually agreed compromise is reached (1). When younger children are targeted, managers generally select licence partners who share similar values (2) and who offer characters that fit with the company image. Some are looking for characters, such as Percy the Park Keeper, that are from “...a nice, clean, wholesome story” (8) or Angelina Ballerina, “...an example of the innocence associated with young children that toys ought to be about” (10). Others seek more action hero characters, boys-orientated products, such as Spiderman or the Mutant Hero Ninja Turtles (12).

In most cases, the smaller companies carry out little advertising of the character brands relying on the license owners to fund the promotions through television programmes and films, through developing special web sites, and other activities. These companies also rely on licensors to sort out problems when grey imports hit the market, or when copycat or counterfeit brands appear. Some managers admitted that these activities do pass some of the trust-building responsibilities back to the licensors:

Licensors’ Key Role In Trust Building

“ We are not true brand owners from that point of view. As much as my background is branding and I would love it to be, the market doesn’t seem to need it and we are very much in the hands of the brand [license] owners.” (Company 12) S. 4.1: 128

The phenomenon of licensed character brands such as Star Wars, Spiderman and Harry Potter, so popular with today's generation of children and generally disapproved of by parents (according to the focus group findings), represents a significant proportion of toy sales (around 23 per cent in 2002) although there are signs of their popularity waning (see Appendix III). Toy companies have found them to be an effective means of communicating with children. Lawrence (2003) describes these characters as acting as a form of shorthand for brands. Although parent's dislike of them may be due to the sheer number of them in the market and the fact that many have short shelf lives, Lawrence believes it may also partly be that parents cannot relate to or appreciate the special communication process between character and child. Whilst they can understand the role of characters in media entertainment, they find it harder to comprehend their role as brand icons (ibid).

5.3.4.3 The Media

Most companies recognised that the media have a job to do and they try to work with them through personal contact, press packs, and press releases. As one manager pointed out though, you cannot control what the media are going to say:

Media Influence
<i>"Sometimes they might not write nice things about your toy but again in business those are the risks you take, if you like. We actively talk to them about what we're doing ...we've nothing to hide here. At the end of the day, we encourage them to write about what we are doing and if they don't like it, well they don't like it. And if they write they don't like it, that's their prerogative..." (Company 1) S. 4: 201</i>

A few managers saw the media's role as fair and sometimes even of benefit to the industry and particularly to responsible toy companies:

A Responsible Role For The Media?
<i>"In principle, I think that our children do need protecting, but I believe in freedom of the press and investigative journalism and if they find something, they should bring it out. And that's fine. I am all for toy companies that are unfairly exploiting children being exposed!" (Company 5) S. 2.9: 342</i>

A number of other respondents however considered the media to be overly negative, arguing that it is headlines about the psychological and physical dangers of products rather than their play and educational values that tend to be the norm. Some considered that the industry was sometimes picked on because of its focus on children and the fact that toys and toy giving are still such an important part of Christmas:

Does The Toy Industry Receive An Unfair Press?

“I think it probably is unfair. At the end of the day, for children to learn, they have to play. There are lots of different ways children can play but a lot of play is through toys you would buy. It’s always one of those emotive things that makes the headlines and will continue to do so. Many people have children, and even those that don’t have an opinion, so it’s an easy topic to target. But the toy industry does do an awful lot of good, whether it is directly in bringing the simple pleasure of playing with the toys to the work with charities, on child safety and everything else.” (Company 4) S. 1.1.1.1: 327

Perceived ethical abuse of children by commercial organisations will often make the media headlines as will the topics of parents under stress, poor parenting, and greedy retailers - It seems nobody is immune from the media spotlight. From the toy companies’ perspective, the solution might be to operate within the established legislation and codes governing the industry, as any breach seems to implicate all companies. The reality is also that with a competitive and gradually shrinking market, some toy companies may be tempted to push the boundaries of what is ethically acceptable to many to ensure their survival and thereby providing the media with its future storylines and the legislators with the grounds to tighten regulation further.

Trust in toy brands is not totally within the remit of the toy companies. The growth of licensed product, the concerns of some politicians about children’s marketing, the move to production in distant shores, the power of the leading toy retailers, the growth of own label merchandise, and a customer base increasingly price- and value-aware, means that other parties have a significant influence on the perception of toys and toy company behaviour.

5.4 Individual factors – Data analysis

In analysing research findings, it is sometimes difficult to separate personal views from those comments given on behalf of the company. It was decided that one way to compare personal ethical standards might be to ask all respondents to comment on a particular dilemma or ethical incident. The issue chosen was a controversial one and one that appeared unethical as it involved a case of price fixing, clearly in breach of both UK and European ‘competition’ legislation.

The company concerned, Hasbro, was fined £4.95 million by the Office of Fair Trading (OFT) in November 2002 for fixing toy prices with some of its wholesalers in contravention of the Competition Act (2000). It escaped a further fine by agreeing to fully co-operate with the OFT and whistleblowing on a second offence of fixing retail prices with Argos and Littlewoods, both of whom later received substantial fines (£17.28 million and £5.37 million respectively). Hasbro decided not to appeal against the fine but Argos and Littlewoods did launch appeals that were subsequently rejected in December 2004 (Rankine, 2004: 30).

All the respondents were asked to comment on the case including two representatives in the sample from Hasbro. There was considerable support for Hasbro, some sympathy for them, and in most cases, a clear understanding of why they done it:

Understanding Of Hasbro’s Actions

“...All that Hasbro were trying to do was to provide some stability within the marketplace so that people could make money out of it, which I know technically is illegal but the fact is, the consumer gets a hell of a deal. In fact, they were being fixed in order to prevent them from selling at a profit level that wouldn’t sustain retailers. The argument goes both ways. Frankly, when I joined the industry, there were 4000 independent retailers, today there are 400, and the 400 struggle because they can’t make a decent profit out of selling what they have got, partly because it is so heavily discounted.” (Company 10) S. 4: 219/223

“I felt sorry for the manufacturer to be honest because we have discussions with major retailers and they say to us what price is such and such a company going out at and we have to say, ‘we can’t tell you.’ But at the end of the day, it doesn’t take long for one to find out and then they’re undercutting that one, or matching the price, and it does create mayhem in the market place.” (Company 7) S. 2: 274

But although there was some sympathy for the company, a number also commented on the duty to keep within the law:

Importance Of Compliance

“...And if the law says this is the way you must do it, then adhere to it.”

(Company 3) S. 1.7: 235

“It [Hasbro’s action] was inappropriate. I can see why it would occur, but I couldn’t support it.” (Company 12) S. 5.1: 325/336

“We have to be aware of those things, absolutely, and we have to make sure we are operating with the right levels of integrity at all times and that is one of our company mantras.” (Company 1) S. 4: 225

One of the retailers was also adamant that he did not believe prices were fixed in the toy industry:

Are Toy Prices Fixed?

“The only people in this whole world who could believe that prices are fixed in the toy industry are the OFT! I find it quite amusing that Argos have been fined, if they ever have to get round to paying the £17 million, because the truth of the matter is I don’t believe Argos are at all guilty of price-fixing. As I said to you earlier, I’ve been in the toy business since 1966 and there are numerous toys in the business now that are cheaper than they were ten years ago and many that have certainly not gone up.” (Stakeholder C) S. 1.2: 44-45

The respondents disagreed on whether the incident would tarnish the reputation of the company concerned. Some believed that it would more likely cause trade rather than

consumer damage, “...because of course what it does say to the trade, in particular, is there are some people in the trade that are treated in a more preferential way than others...” (7).

Another felt that Hasbro would not suffer as it mostly sold products under individual brands, and the company name ‘Hasbro’ was not widely known (12). One director, echoing Benetton, even argued that, “there’s no such thing as bad publicity.”(3) A few believed however that such incidents do not just harm the company concerned, but tarnish the whole industry (1) (4).

Finally, Hasbro’s Public Affairs spokesperson, Bryan Ellis, did comment briefly on the matter arguing that the problem of tight margins in the industry, driven by very low prices from Toys’R’Us, Woolworths, and Argos, was forcing other retailers out of business and he did not believe there was any evidence that consumers were being exploited. He confirmed that the Hasbro management involved at the time of the incident were no longer with the company (information which was already in the public domain) and there was an admission from him that the company had acted illegally:

Hasbro’s Perspective
<i>“Hasbro pleaded leniency because they co-operated with the OFT. There is no doubt that Hasbro did break some of the rules. There was information exchanged with customers that should not have been exchanged.” (Stakeholder B)</i>
<i>S. 1.2: 391-393</i>

The Hasbro case came to light because one wholesaler involved in the arrangement reported it to the OFT and, subsequently, the case involving the two retailers was then discovered. Whether this was an isolated incident in the industry, or whether such practices are widespread, is not easy to discover. However, the strength of feeling from many of its competitors that Hasbro was acting not purely in its own interest, but also in the interests of others, indicates that there is neither widespread support for this legislation, nor a belief that it necessarily benefits consumers in the long term. The respondents did not seem to be advocating breaking the law, but rather questioning its outcomes.

Other evidence suggests that the ‘arrangement’ with the retailers did penalize consumers. According to the OFT, with price fixing a game of Monopoly (no irony intended) cost £17.99 in the 2001 spring/summer catalogues of both retailers but following the competition law enforcement, the game is now sold for £13.99 by Argos and £13.49 by Littlewoods. Argos argues this is due to high street competition, not the OFT action (Rankine, 2004: 30).

5.5 Consumer relationships – Data analysis

5.5.1 Toy company relationships

A relationship involves at least two parties and can only develop through some kind of contact or dialogue, through understanding of each other’s position and concerns. For most toy companies, there are limited opportunities for direct contact and trust building with consumers (parents, children, and others) as the negotiation and sales process is usually handled by the retailers. Companies must therefore take proactive measures to communicate with parents and children if they are to understand their needs and problems, and build meaningful relationships. This can however involve considerable time, effort, and expense.

Toy companies have relationships with a wide range of parties but most important are arguably those with its consumers. Two clear sets of consumer targets were identified by the sample; children themselves (particularly those of school age); and parents (and in particular mothers with children under five years of age). Fathers were also mentioned as being influential for some boys’ toys such as railway sets and racing cars, and grandparents are a growing market as they have become more affluent and are increasingly involved in minding their grandchildren on a daily basis.

5.5.1.1 Children as consumers

The respondents expressed a wide range of views about today’s children as a legitimate target, and as toy users, influencers, and buyers (using their pocket money). The companies appeared confident in understanding what motivates children in brand and toy preferences, about the pressures they face with their peers, about what they want, and how they get what they want.

Many of the companies considered that children, as consumers, present them with a major challenge for a number of different reasons. Firstly, children are influenced by so many different people around them (1). This creates a challenge because, whilst television advertising is still seen as crucial, and what drives the business in targeting children (9), there are many different influencers around them and reaching all of them individually would be impossible.

Some recent consumer research by the WFA (World Federation of Advertisers) was mentioned that had commissioned a survey of 5000 parents across Europe, asking them what they thought were the biggest influences on their children. This had found that almost universally, advertising was only sixth or seventh in the list of influences below parents, schools, friends, and grandparents. However, perhaps the objectivity of this research should be questioned. It was also pointed out that many products such as mini scooters and in-line skates had succeeded with minimal or no advertising because, *“kids will find great products, and so much of what children do and have is a result of playground talk and peer pressure, not the result of TV advertising.”* (B)

A second challenge commonly mentioned was that today’s children appear to be different to previous generations. They are fickle, brand-conscious, and always seeking something new. An often-cited expression by respondents was that children are ‘getting older, younger’, that is, becoming more sophisticated at ever younger ages. One claimed that, *“if you look at a girl of eight, she’s looking like going on eighteen!”* (3)

Children were more developed in other ways; in being technically able and computer literate; in understanding and being able to critically judge advertisements; and in being able to discern the limits of their influence with their parents:

Children’s Abilities
<i>“Children are smart at the end of the day and I think, as adults, we all have to appreciate that they are smart... they don’t know everything about what is best for them, but they do know a certain amount and a lot more than we probably give them credit for.”</i> (Company 1) S. 2.4: 79

These views are generally supported by the academic literature that has found that high levels of advertising awareness and brand recognition can occur from a very early age (for example, Hite and Hite, 1995).

A third challenge mentioned was that the market for children's toys is diminishing. Not only have social changes resulted in lower birth rates, but also children are appearing to be abandoning toys at an ever-decreasing age. One manager claimed that the 4-5 year olds received the most toys, after which, "*their toy careers diminish*" (9).

5.5.1.2 Children as targets

The overall impression gained was that, whilst the toy companies are conscious that they have to step very carefully in everything they do, children are a fair and interested target for their products and marketing. The companies claim to be simply satisfying their legitimate needs and acknowledging their human rights, as discussed in Section 2.6.2:

Children As A Legitimate Target
<i>"This is a subjective area; what is acceptable or not. But children have rights; they have a right to information; the right to opinions."</i> (Stakeholder B) S. 1.2: 115

When asked at what age children become direct targets for toys, most companies considered that they would be marketing to children directly from about the age of 4 because the first grouping you can buy television advertising for is the 4-9 years segment. Although each child varies, from age 4 children also tend to be more articulate and to have more influence.

5.5.1.3 Children as influencers

Almost eleven per cent of the population in the UK are aged fourteen or under. These children wield considerable purchase power in their own right and influence over their parents. They appear to be indulged in terms of receiving gifts but this often comes at a cost.

Parents spend an average of £140 on birthday gifts on each child, grandparents spend up to £50, and aunts/uncles £25, according to an Abbey National commissioned

survey (Narain, 2002). Parents seem so concerned about their child's 'social standing' that one in six parents interviewed in the survey admitted that their generosity was motivated by a need to ensure their child kept up with his or her peers when it came to the latest toys. Children are also receiving increasing levels of pocket money. Mintel's research suggests 7-10 year-olds receive an average £3.10 per week and 11-14 year-olds, £7.30 (Whiteside, 2004).

Changing social and family lifestyles however are putting many family relationships under strain.²⁵ This has meant the need for adaptation for many children and their families:

Children As Toy Consumers

"...Grandparents really seek to indulge children. They are becoming disconnected through divorce from grandchildren so they're struggling to break through, to have some sort of emotional connection and obviously one way of doing it, is buying them things. So if you stack the shelves in Toys'R'Us you see this happening. You see kids coming in, or dog-leading grandparents in, and almost getting the credit card out of the handbag thing. It's a marvellous sight to see! Kids are perfectly in tune with the fact that people do wish to spend money on them. (Company 9)

S. 3: 45

The companies were clearly aware of the influence of children in choosing which toy products they wanted and of their persuasive talents, particular over parents. Some also acknowledged the pressure that this was putting on parents:

Children As Important Toy Influencers

"The consumer in most cases is the child and they will dictate to a large extent what it is that is the right thing for them." (Company 1) S. 2.4: 79

"Certainly when you get into school age, children are more fickle and there are a lot of things being bombarded at them. You only have to look at all the boys' opportunities available on the market this year, and the demands on parents in

²⁵ In Britain, one in four children experience a family break-up before they turn 16 and 1.5 million families are 'lone parent units' (Greenhalgh, 2002).

terms of purchase can be very intense. And quite frankly, a child will push itself that it is not cool unless they have got a Spiderman, a Ninja Turtle, an Action Man.”
 (Company 2) S. 2.3: 211

But are children as sophisticated as many seem to believe? Some studies suggest not. McCann Junior (2003) found that children might appear to be interested in more adult-orientated products when in the company of their peers but in the privacy of their own homes, they will often revert to type, with toys temporarily hidden under beds, reappearing. A report from Mintel on ‘Marketing to Children’ (1998), again whilst acknowledging that children are reaching milestones in the growing-up process sooner, tellingly concluded that, “beneath all the layers of supposed sophistication, they are not mini-adults, but children, with limited experience of the world.”

5.5.1.4 Relationships with children

Although some managers had mentioned the need to act carefully in targeting children, all of the companies were trying to build relationships with, and influence children through, a diverse range of communication vehicles, as per Table 5.1:

Communication Vehicle	Companies
Primary Research	1, 2, 3, 4, 5, 6, 7, 8, 9, 11,12
Special Web Sites/Pages	1, 2, 5, 6, 9
TV Advertising	1, 2, 4, 6, 7, 8, 9, 10, 12
Children’s Magazines/Comics	1, 2, 5, 6, 8, 9, 10, 12
PR/Competitions	1, 5, 6, 8, 9, 10, 12
Children’s Clubs	1, 6, 9
Brochures/Mail Shots	1, 2, 6, 8, 9, 10, 11
Packaging	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
In-Store Activities	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
In-School Activities	1, 3, 4, 6, 12

Table 5.1 – Communication Activities with Children

One of the most direct means of learning about children is through research and most of the companies conducted some primary research with them. With the under five’s, such research is generally carried out in ‘play’ or ‘fun laboratories’ that Mattel and Hasbro have created in the USA. These are essentially playschools where children can be observed playing with toys and playing together. Research with older children is conducted in a variety of settings; in children’s homes, in local schools, in stores, and

in neutral venues. Much of the research is focused on evaluating new product ideas and concepts, and sometimes testing advertising but data are also gathered to track lifestyle changes and the latest playground trends (1).

The companies appeared to argue that parents have a far greater role and influence than they have in which toys are bought and in how successful children are at getting what they want. Many pointed to a spoilt generation of children who copy their parents' behaviour as consumers such as always desiring the latest fashions, keeping up with peers, buying the original and best known brands, and buying now rather than waiting. This view is generally supported in the literature (for example, Watts, 1998).

It is also perhaps not surprising that television advertising appears to be successful for many companies. Whilst this research and other studies have suggested that parents dislike advertisements aimed at their children, the majority still allow their young offspring to have access to television commercials in their bedrooms. A Sunday Telegraph study of children's television viewing habits, polling 2100 children, found that 67 per cent of primary school children and 87 per cent of secondary school have televisions in their bedrooms.²⁶ This survey also found that 78 per cent of primary school children and 92 per cent of secondary school children watch television after the 9.00pm watershed with traditional afternoon children's programmes largely abandoned in favour of adult-orientated programmes such as Eastenders and Big Brother. As one commentator pointed out, by allowing such things: "We give children access to the world, then berate the world for eroding their innocence. We can't bombard children with information about the adult world and then expect them to remain immune to its influence" (Abrams, 2002b: 1). Clearly parents must therefore take some of the responsibility for allowing their children such easy unlimited access to the commercial world.

5.5.2 Parents as consumers/targets

The companies commonly expressed the importance of communicating with parents to gain their support for the product or brand, recognising parents' role in the final purchase decisions:

²⁶ The Sunday Telegraph, July 25 2004. 'Children watch more than 4 hours of TV a day.'

The Importance Of Parents In The Toy Purchase Decision

“...Obviously we talk to parents as well, because it’s the parent who parts with the money. There’s some pocket money spending going on but ultimately, if the mother says no, the product won’t be bought.” (Company 5) S. 1.3: 105

The companies were very defensive to the charge that advertising contributes to pester power and most considered that it is the parents who have the ultimate responsibility to choose products that are suitable, to regulate the television viewing habits of their children and not to yield to their nagging:

The Responsibility Of Parents In Toy Purchasing

“We obviously make sure that there is product in the market that children will demand but then it’s up to parents as to how much is made accessible to them [children] and as to how much they can afford to spend on them.” (Company 12) S. 5: 281

It was acknowledged that changes in society have resulted in more pressures on parents, but a number of managers intimated that the quality of parenting is not always good and that often parents will yield to their children’s demands, just for a ‘quiet life’:

Parental Shortcomings?

“They [children] say, ‘I want a so and so. I want a Playstation and I can then be as good as my friends at school.’ Or, ‘so and so has got one at his house, I’ve played with it, I like it and I want one of those.’ So the purchase comes from the child, first and foremost and there’s lots of anecdotal evidence about dads saying: ‘ Well you try to argue for something, you try to explain that it is plastic and it will break within ten minutes, but they wear you down.’ And as an act of submission, they go and buy whatever they have been pestered for, and it does break. But you buy for the moment and that’s how the purchase decision works.” (Company 9) S. 3: 97

A number of respondents talked about the relationship between today’s parents and their children. The overall picture painted was one of spoiled children whose parents want to indulge them for a number of reasons - first and foremost, to make them

happy (4) (9). They also do not want to feel that their children are disadvantaged against their peers or are excluded because they do not have the ‘right’ toys and brands. This puts many parents under pressure:

Parents Under Pressure

“...I think they can’t ignore pester power, and they will want to make sure that their kids have the latest product as well because it’s a social responsibility that their kids have the latest playground craze and they’re not discriminated for not having it.” (Company 12) S. 4.2: 176

“...[Children will say,] ‘ I want it because all my friends have got it.’ You don’t want to be the parent of the only child in class that hasn’t got one of these. These are the type of negotiation ploys that are being used.” (Company 9) S. 3: 95

5.5.2.1 Parental purchasing behaviour

The toy companies, retailers, and the industry body argued that they invest a lot of time promoting the importance of play and the role of toys in play. There were a number of comments about particular types of toys that today’s parents would choose if there was not any child influence, and what toys they might avoid.

Most managers felt that parents would be generally very positive towards toys, appreciating their important role in child development as the growth of the educational toy segment might indicate. One company saw this as a reflection of the shift towards private education and the fact that many parents are aspirational, wanting their children to be ahead of their years in key subjects (3). Educational toys are also bought as they give benefits to the parent as well as the child:

Benefits Of Educational Toys

“People like to think they are buying things that have some educational value. People feel guilty about the fact that their children sit glued in front of the television the whole time. They want to feel good about the things they buy, that they are buying things for their children that are to an extent good for them.” (Company 11) S. 1.2: 53

There were a number of comments about spending patterns on toys with today's consumers seen as, "*more savvy and able to compare prices*" and, "*more willing to communicate*" (11), particularly if they are dissatisfied. They are also constantly looking for the latest thing:

Parental Purchase Behaviour

"I actually think there are only two emotive words in marketing; one is 'free', and I think the consumer is bright enough to know that nothing is free. And the other is 'new'. So what we try to do are product launches so that people can see new product coming through; they can see that it's new, see that it's been refreshed."
(Stakeholder C) S. 1.3: 71

And what of consumers' ethical considerations in the purchase decision? Although most believed that ethical influences would be some way down the list of purchase criteria, for one company they are a key issue:

Ethical Issues And The Purchase Decision

"Consumers have never been more aware, not only in children's toys but everything, of the environment. They are aware of how people are treated, they're aware of a much wider range of issues relating to the products they buy than they ever were in the past. And this is because they are better educated, they are more affluent, they read more, many more things are available to them, they travel..."
(Company 11) S. 1.2: 51

There might be some support for this latter view from evidence in the sales growth of fair-traded products and ethical unit trusts but why is such behaviour not translated to other products such as toys? Perhaps the answers lie both with retailers, who have not particularly promoted the more ethical brands (such as LEGO) and with the consumers, who have shown no inclination to spend more money on traditional toys and games.

5.5.2.2 Relationships with parents

The respondents were asked about how they establish communication with parents to understand their needs, motivations, and concerns. A variety of direct and indirect methods are used, as per Table 5.2:

Most of the companies conduct primary research with parents, usually through focus groups of mothers. These are used for testing out new product and advertising concepts as well as identifying their shopping habits and attitudes to pricing and value. For some, however, focus groups with adults were considered a waste of time as their feedback was too predictable (10).

Communication Vehicle	Companies
Direct Sales	1, 2, 5, 6, 9, 11
Primary Research	1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12
Telephone Helplines	1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12
Web Site	1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12
Press/PR	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
Advertising	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
Brochures/Leaflets	1, 2, 4, 6, 7, 8, 9, 10, 11
Packaging	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
In-Store Merchandising	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
Schools Promotions	3, 4, 6, 12

Table 5.2 – Communication Activities with Parents

5.5.3 Consumer service and support

All the companies talked proudly of their consumer service back-up. Most of the help is provided through telephone support and e-mail, and is generally handled by staff based within the companies. The objective is, “to come across as giving as good an impression as possible” (6). The companies view this as a rare opportunity for some personal contact with consumers, albeit the contact often comes about because of a problem or complaint such as a malfunctioning toy or a missing part. The companies normally do not quibble about such complaints and just replace product or refund money. Consumers also use the helplines for queries about servicing and spare parts, for identifying local retailers, and in some cases for the direct ordering of products.

The companies identified where they felt their service excelled. This included fast resolution of problems (2), freephone helplines (6), and lifetime guarantees on products (10). The personal aspect was thought to be important for a number of the managers who talked about consumers' surprise when their problem or complaint was handled personally and promptly. This was an area where trust could be built:

Consumer Service And Trust

"...Individual cases of going the extra mile can do huge amounts in terms of building up trust. So if it's important, I will phone the consumer, speak directly to a mum who wants to know about a product or something, and it's amazing what a fantastic reaction you can have. I am not just a marketing manager, but I am a mum myself and I have got two young girls. Sometimes, if you give the consumer a totally personal touch, from what is a big organisation, it can throw all their misconceptions out of the window and although that's only one person, it's amazing what effect that can have in terms of a knock-on effect." (Company 6) S. 1.1: 274

Customer Complaints

"...We had a complaint the other day from a woman who said her baby's head got trapped in a Stickle Bricks bucket. So we thanked her for the letter and said we would go and investigate it. We did various investigations with safety people, Trading Standards, talked to other toy companies, that sort of thing, and then told her everything we were doing and sent her copies of the Trading Standards letters and everything, so she could not say we were not taking her complaint seriously. So when she comes to, in our case, buy more Stickle Bricks, or buy more of the products she recognises from Flair, she will know it can be a company that can be relied on." (Company 10) S. 3.1: 96-98

In a number of cases where the complaint was genuine, not only will the companies replace the product (or refund the cost and postage), but they will also send vouchers (5) or a little gift (8) as a gesture of goodwill.

Most claimed to receive few complaints although many admitted to having had a product recall at some stage. The majority of complaints are effectively handled at the retail level and it was believed that sometimes they came from consumers who were

looking for 'extra value' (C), for example vouchers, free product and so on, as well as a replacement. Retailers also do not handle complaints there and then where they suspect that the consumer does not have a valid claim, that is, that the toy has either been misused or deliberately damaged (C). This points to the fact that toy companies and retailers also have to trust consumers on some issues and that there are times when this trust can be abused.

5.5.4 Consumer concerns

If a relationship is to thrive and the parties are to trust each other, it is important to consider what potential barriers exist and how these might be overcome. The sample was asked to identify any issues about toys, or the marketing of toys, that might still concern parents, whether they had any responsibility in creating such concerns, and how they tackled them. A number of concerns were raised about television advertising and the fuelling of pester power, the growth of peer pressure amongst children, toy prices and play value, the use of the Internet and other forms of new technology, and in-school marketing activity.

5.5.4.1 Television and pester power

It is estimated that British children are exposed to around 20,000 advertisements every year, the highest level in Europe (Neilson Media, 2004), and up to 100 television commercials in three hours of programmes on a Saturday morning (Swain, 2002). It is therefore not surprising that many of the respondents believed that some parents would object to the volume of television advertising of toys:

Do Parents Object To Advertising?
<p><i>"I think parents will say that three months before Christmas, they are constantly getting asked for this, that and the other from their children, things they want for Christmas. And I think if I was a parent, I would find that very irritating, and they want so much and they don't realize the value of everything they want."</i></p> <p><i>(Company 4) S. 1.1.1.1: 311</i></p> <p><i>"I think they will say that they hate to think their kids are exposed to such advertising that makes them want, want, want. A thing like a Barbie doll – I'm not</i></p>

going to slag off Barbie dolls – but you do get girls that will get the next one, and the next one, until they've got fifteen Barbie dolls, and they are all expensive..."
(Company 5) S. 2.9: 382

Although many admitted that there is a lot of television toy advertising and this does lead to the nagging of parents by children, they appeared to think that the toy industry and the television viewing culture are easy targets to blame in encouraging pester power when parents themselves, and even the retailers through issuing catalogues, shared the responsibility:

The Toy Industry As A Scapegoat

"I would say there is more pester power involved in going to McDonald's than in buying toys, that's what I always hear, 'Can we go to McDonald's, dad?' Of course there is pester power but if you remove advertising to children, do you think pester power is going to disappear? Of course it won't! ...Children live, we live, in a very commercially active world. Kids should be aware of commerce right from the beginning. You wouldn't not give them pocket money until they were fourteen, would you? You give them money and they understand what it is for, it is to buy things that they want." (Stakeholder C) S. 2.1: 303

"There's this horrible expression 'pester power' which I really loathe. What we are doing in our advertising is saying to kids, there's something new in the marketplace that's called this. The biggest source of pester power is probably the Argos catalogue; every home has one. It's got the leading 600 brands in the UK and kids regard it as their toy bible. They know the price of everything. So I think parents feel that pressure because their kids are consumers." (Company 10) S. 4: 195

One stakeholder believed that parental concerns about television are misplaced with many parents being totally unaware of the ITC rules and how the broadcasting committees work (B). He felt that most parents are used to the culture of television advertising and many now feel more threatened by some of the new media being used such as the Internet and schools sponsorship.

Despite the ITC regulations, many parents in the fieldwork were critical of toy commercials particularly concerning the quantity of advertisements and the fact that many toys and games do not perform as advertised. This corresponds with other research. A study by the Chartered Institute of Marketing, for example, found that 75 per cent of the general public believed children saw too much advertising, over 50 per cent would support further restrictions on children's advertising, and 20 per cent would like to see a television advertising ban to the under twelve's, as in Sweden (Swain, 2002).

The European Parliament is also still concerned about some aspects of advertising aimed at children and particularly the pester power phenomenon. It has resisted the challenge of the toy industry to overturn Sweden's ban and is introducing a new directive, the 'Unfair Commercial Practices Directive', which comes into force in 2007. This directive includes stricter controls on advertisements aimed at children and bans any that include, "a direct exhortation to children to buy or persuade their parents or other adults to buy advertised products for them" (Browne, 2005).

5.5.4.2 Peer pressure

The respondents, many of whom were parents themselves, could empathise with other parents on the issue of peer pressure:

Parents And Peer Pressure
<p><i>"Parents really want their children to be happy; they want their children to be socialized; they do not want their kid to be left out at school. Every other child has the latest Pokemon toy; their kid has to have it because otherwise they are left out."</i></p> <p><i>(Company 5) S. 2.9: 384</i></p>

Some managers however found it difficult to equate television advertising with generating peer pressure:

Does Television Advertising Contribute To Peer Pressure?

“...Actually, irrespective of what any legislative body or person thinks, peer pressure has always been there and will always be there, and there is a groundswell of peer pressure for people to be ‘cool with’, whatever that means. And I have seen products, which nobody advertises at all becoming the hot favourite, and products that have been advertised to death that nobody wants. I don’t think you can influence the peer pressure group.” (Company 7) S. 2: 261

*“ What’s the biggest driving force in what kids want, do you think, particularly boys between 5-8? It’s peer pressure! It’s b... all to do with advertising.”
(Stakeholder C) S. 2: 295/298*

This latter view corresponds with Goldstein’s research (1994) that also suggested it was peer pressure rather than advertisements that was the major influence on children’s tastes and demands.

Peer pressure is a phenomenon that seems to be a source of tension for children at school, for many parents, and in a number of parent-children relationships. For the toy companies, peer pressure is a powerful, uncontrollable, and often short-term means of promoting their products. How detrimental it actually is to children is difficult to assess but it seems to add to their vulnerability and that of some parents.

5.5.4.3 Toy prices and play value

Some of companies thought that the price and value of toys would be issues of concern for some consumers. A few agreed that some toy prices are high although consumers still get good value particularly when compared to alternative gifts:

Are Toys Expensive? - Yes

“We’ve had that charge [that toys are expensive] thrown at us for many years and to be fair, it could be an argument. But then again, we are producing in Scandinavia, we are very careful about our production, our care, and everything else.” (Company 8) S. 1.2: 483

Are Toys Expensive? - No

“If you look at children’s Christmas present lists, toys are often the fourth or fifth on the list after trainers, mobile phones, mini hi-fi systems, portable televisions. As I always say to the media when I am interviewed about this, toys are a very cheap present solution. You can get a lot of toy for ten or fifteen pounds. You won’t get a pair of trainers for fifteen pounds. How much bicycle do you get for fifteen pounds? So don’t tell me toys are expensive, they are not!” (Stakeholder B) S. 1.2: 74

Some consumers were identified as always buying on (the lowest) price, but most thought that today’s consumers are more discerning and actually look at what they are getting for their money. Because most toys are made out of plastic, which is often considered cheaper and inferior to natural materials such as wood, does this therefore mean that consumers feel that they do not get value for money? One of the retailers believed that they do expect more and that while they are prepared to pay for technology, many have a problem in, *“paying large amounts for big lumps of plastic”* (C). Countering this, two managers argued that the value of a toy comprises of a lot of elements and not just the materials it is made from:

Consumer’s Value For Money

“ It’s more than plastic in a box in most cases. It’s all about different activities, different actions, different mechanisms, different electronic innovations, and I think that is where you’re constantly trying to deliver at the same price as it was 20 years ago. All that extra play pattern and value into it as well.” (Company 12) S 5: 309

But for the retailer, not all toys whether cheap or expensive do offer value for money, even when they are very popular:

Toys Do Not Always Represent Value For Money

“I think there are still issues about consumers buying products where there is insufficient play value within that product. It is not general. We’ve talked about radio control where you get phenomenal value, and at the same time, you could talk about Barbie, and action figures, and boxed games. But there are always some toys...Two years ago, the big toy was the candyfloss machine, which was a huge

seller. Consumers bought it in huge numbers but actually the end product was pretty pathetic.” (Stakeholder C) S. 1.8: 255

One director acknowledged that the cost of a license can make a toy expensive (7) and a few others thought that consumers might question the value of some licensed products:

Do Licenses Offer Value To Consumers?

“ I think that sometimes they think some of the licensed products are a little over-the-top. I think Harry Potter was a well-loved movie but it does create a huge pressure to buy, buy, buy, like trading cards for example. It’s such a huge business and there’s nothing in it; you don’t get anything out of it.” (Company 5)
S. 2.9: 370

Another company pointed out that by offering licensed product, the toy companies are merely satisfying consumers’ needs and wants and that it is the consumer who ultimately makes a success or not of the license. They should not therefore have any complaints about licensed products (7).

This argument could be extended to many other children’s toys and games in that it is the consumer (parent or other adult) who should ultimately dictate what is successful or not by providing the purchasing power. The reality appears to be however, as the toy companies are well aware, that the child’s influence will regularly often override a parent’s more rational decision-making process and concerns about a toy.

5.6 Branding factors – Data analysis

5.6.1 Brand building

Many of the companies discussed the importance and advantages of having a strong, distinctive brand:

The Importance Of Branding

“We believe it [ELC] is a brand that resonates with people. They think about, when buying these things for their children and their families, things like integrity, safety, innovation, all that stuff that is important. ELC is a fantastic brand in their minds for those reasons.” (Company 11) S. 1.2: 33

Building a toy brand is not seen as simple and the major challenge is getting some brand differentiation in a competitive market where there is already a lot of innovation. Two managers talked about the intangible aspects of brands that have helped them. One such aspect are word-of-mouth recommendations that are very important, but difficult to control (6). Another talked about the importance of the company’s charity and local community work which she considered to be superior to all other toy companies in the market, but the benefit of which was difficult to measure.

Another manager believed that there is some confusion about brands in parents’ minds and that they do not understand and appreciate the difference between a product and a brand. This is leading to a product rather than brand-driven market:

Toy Brands Versus Toy Products

“...A brand in today’s market is actually worth a bit less than some really outstanding products. That’s what the retailers are telling us and that’s a lesson LEGO is currently trying to learn.” (Company 9) S. 3: 134

This manager also argued that children do not have a good knowledge of brands and are merely mimicking their parents in desiring them. Brands “*compensated them for a perceived insecurity*” and they use them to, “*make a statement about themselves*” (9). This corresponds with other studies that have focused on children’s relationships with brands. Gerry (2000) argues that brands strive to create, “the illusion of exclusivity in a world of plenty,” appealing to a sense of individualism and identity that children crave. And amidst this vast consumption, he contends that, “we come to trust these friendly trademarks [brands] that offer the promise of security and permanence in a world where few things last long” (: 15).

5.6.2 'Fashion' versus 'Perennial' brands

Many of the companies offer a combination of both established products (referred to by some as 'evergreens' or 'perennials') and fashion products. For companies such as LEGO, there is still reliance on the long-established building bricks range, and for Mattel, the leading toy company, Barbie still contributes a significant portion of its revenue. For others though, it was the fashion brands that were important. Hasbro, the second largest company, claimed that around 80 per cent of its product range changes each year.

For many companies it is this more fashionable, fickle area where the growth is to be found although as one of the stakeholders pointed out, companies still need the financial stability of established product and it is therefore important, "*not to be confused with what is hot, and what is selling, and what makes money*"(B).

Success is dependent on being what is termed 'on-trend', in 'following what children are following' and in being 'aspirational'. What the managers agreed on was that for every successful product, there are many more failures with even the successful lines rarely lasting more than a year at the top.

The best way for some to be on-trend with children is to buy licenses of popular characters in television programmes and films. This however leads to the problem of having to make decisions about whether to promote separate individual brands or to generate company branded product.

5.6.3 'Individual' versus 'Company' branding

Within the United Kingdom, there are probably relatively few toy company names that would be highly recognised by consumers. Companies such as LEGO, BRIO, Hornby, Tomy and the Early Learning Centre might be identified and perhaps Mattel and Hasbro to a lesser extent. Some might recognise brand names such as MB or Parker Games, Fisher-Price, and Waddingtons, without necessarily knowing which company owns them. Most brand recognition would be for individual product brands such as Barbie, Action Man, Bratz, K'nex, Scalextric, Connect 4, Pictionary, and so on.

For five of the twelve companies interviewed the company brand name was seen as an important asset and was prominently included on packaging and in all other forms of promotion. One manager talked of the company name being, “*the quality endorsement of the product*” (4). Another claimed that, “*in BRIO packaging, you will sell twice as many as you would in an anonymous package. You are talking about BRIO trust now!*” (8)

Even when companies believed that the company name gave the consumer some reassurance, they were not always promoting it prominently. Tomy, for example, in launching its popular Micropets range, had focused on the name ‘Original Micropets,’ even though its director argued that, “*from a brand perspective, people seem to see Tomy like a really reliable family car, a bit like a Volvo, really well-built, really good value...*” The rationale was that the company brand is important in the pre-school area where mothers are the key deciders but Micropets is aimed at an older age group, children of seven plus, who are far more interested in the product brand identity than the company that makes it. Hasbro described this as a balancing act between using the company name as a ‘stamp of approval’ and bearing in mind the communication is also aimed at children:

Balancing The Company/Brand Image

If they [children] want Action Man, or Micro Machines, or Bey Blades, they don't give two hoots that it comes from Hasbro; that for them is irrelevant. But we would do things like, on our TV advertising, the Hasbro logo is 'ghosted' so you can see it behind the screen all the way through the advert.” (Company 6) S. 1.1: 139

None of the three largest companies promote their company name strongly. For Mattel and Hasbro, this is partly because of their acquisitions over time of other established brands. Mattel has acquired brands such as Fisher-Price and Spears Games, and Hasbro has acquired Parker and MB games. Parker’s games have been on the market since 1923 and MB from around 20 years later and as a retailer pointed out, why are you going to get rid of that brand value by replacing it with another name? (C)

Hasbro had carried out some recent benchmark research to assess recognition of its company name and admitted that at a nine per cent recognition rate, consumer awareness is low despite their long history. This was not seen as too much of a problem because, *“at the end of the day, our company’s success is down to the individual brands”* (6). Inadvertently, this strategy has probably helped reduce the impact of the negative publicity regarding the OFT action.

Mattel believed some parents would know a little bit about their organisation:

Mattel – Company Awareness

“They [parents] will recognize Mattel primarily because Mattel is behind Barbie, so they will understand Mattel from that perspective. But at the end of the day, it’s more the brand interaction that they have. They will be very, very aware of our brands because those are the assets that we’ve got and those are the things that we promote. We don’t promote Hot Wheels from Mattel, or Fisher-Price from Mattel. It’s Scrabble, it’s Fisher-Price, it’s Hot Wheels, it’s Barbie, so it’s the brand first and foremost. But, underpinning all that, is the Mattel process.” (Company 1)

S. 2.4: 103

Vivid Imaginations was only formed in 1993, so awareness of the company name would be expected to be lower. The company has though made little effort to promote its corporate name to consumers although, for CE mark purposes, the company name and a consumer support phone number has to be included on all packaging. For this company, the child-targeted, individual brands are key:

The Importance Of Vivid’s Individual Brands

“It’s just locking into what is ‘edgy’ and appealing to kids of that age group... it’s all about creating new brand identity for kids to buy into. They are not interested in the manufacturer. From a parental point of view, when they are buying a Spiderman toy, it’s not like Tomy where they are looking for that secondary reassurance of a brand, they are buying a Spiderman brand.” (Company 12)

S. 4: 73/S. 4.1: 123

This director thought that too many brand names on the same pack actually confuses consumers.

There are examples of companies that have been successful both with and without a strong company endorsement and there is nothing to indicate that one branding strategy has led to more consumer trust than another. As one of the stakeholders pointed out: “ *I don't think that a brand is one size fits all*” (C).

5.6.4 Brands and the marketing mix

The sample was asked about the marketing tools they used to create both demand and trust. For all but the largest five companies, marketing budgets are generally small. A lot of investment has to go into developing new product, which does not always leave enough funds for promotion and research. One manager stated that this meant her money had to work a lot harder than that of her larger rivals and she had to be very focused (that is, targeting either children or parents but not both, however desirable) (2).

5.6.4.1 Products

A common thread that emerged amongst nearly all the sample companies was that they were producing high quality products and were often charging premium, or above average prices. The quality came in different aspects - design and innovation quality; manufacturing quality; quality of raw materials; quality checks; packaging quality; and after-sales service quality.

Most companies were manufacturing products in the Far East and mostly in China. A few companies (such as LEGO, BRIO, Binney and Smith, and Hasbro) however still had European plants but even in these cases, production was gradually being switched to the East and their tardiness in transferring production was seen to have been costly in market share as their costs were higher than competitors and these had to be passed on to consumers. A number of managers commented that, although the main reason for transferring manufacture had been the lower labour costs, there were other advantages. The quality of Chinese produced product and quality checking was described as very good and often superior to European production (C, 7, 8), although this was not the experience of all the consumers interviewed.

A number of the respondents cited where they felt their products had a competitive advantage. One talked of when consumers open one of her boxes, the product in it always 'over-delivers' (2). Another talked about the development of his educational products and the 250 specialists employed in the United States developing its content. Another talked of attention to detail with his replica car models having rubber rather than plastic tyres and carrying the Goodyear logo (7). Others talked of the durability of their product that could survive the rigours of a nursery school or could be handed down from generation to generation in families (8).

Packaging is viewed as an important means communicating information to consumers and BRIO put messages on the backs of its boxes to indicate to consumers what cognitive skills the toys develop. Packaging is also important for display purposes and generating excitement and a number of companies designed their packs to allow potential consumers to try out the product on the shelf. There was also general praise for the system of age appropriateness that is put on all packaging to assist consumers in finding suitable products for the right age groups. Were companies always honest in terms of what they put on their packaging? One retailer thought so: *"Toys always do what they say on the box...One wouldn't put on the box anything it wouldn't do. That would be absolutely shooting yourself in the foot!"* (C)

This again contrasts with the consumer research, which indicated disappointment with the performance of many toys and games that did not live up to the promotional promises.

5.6.4.2 Pricing

Pricing was a difficult issue for all the companies as toy prices have been falling for the last ten years. Some of the companies were being selective about which products carried higher prices and only when there was some clear distinction in terms of design, innovation or superior quality, did they feel justified in charging a premium price (1).

For the Chief Executive of one of the smaller companies, profitability was considered to be more of an opportunity than a problem. For his company, a key criterion when sourcing products was that the price would allow his retail customers to make a

decent return. This strategy had served the company well as a competitive advantage and had led to the company's inclusion in The Sunday Times top 100 companies for sales growth in 2003 (10).²⁷ Pricing was also less of an issue for the Early Learning Centre as their own private retail label gave the company both a cost advantage and uniqueness because no one could offer exactly the same product on which to compare price.

In light of the Hasbro, Argos, and Littlewoods fines, many companies were clear in pointing out that they have no say in the setting of retail prices but can only recommend a price. Some considered the situation rather ironic that the motive for outlawing price fixing is to keep consumer prices low and yet the retailers can charge whatever they want, forcing customers to shop around:

Toy Retail Pricing

"... If we suggest something is around £15, it's up to him [the retailer] then. Hamley's will sell it for £18, because they pump up prices but a guy down the road running a competitor might do it for £12.99. But Hamley's will say, 'if people will buy it at that, why can't I sell it at that?' And they are quite right. If someone is daft enough to pay that, when they know down the road they can get it cheaper... But the consumer has the choice." (Company 8) S. 1.2: 410

5.6.4.3 Distribution

The sample companies were asked about how they handled the process of stock management particularly when faced with an unpredictable market and with production taking place on the other side of the world.

Handling stock and inventory created dilemmas to companies of all sizes. One director talked of problems her company had had in the past that had been a huge drain on resources. Part of the problem is when there is a reliance on other manufacturers to produce product for them and they are then let down. One company stated that you can only be successful if you put good information in (in terms of

²⁷ Flair Leisure Products plc was positioned at 38th place in the 2003 Sunday Times/Virgin Atlantic Fast Track 100 Companies.

forecasts), and that the production team then uses information well afterwards. For him, moving production to China, *“has been a bit rickety, to be honest”* (anon).

The problem time for all companies is pre-Christmas when the bulk of toy sales are made. If there is a run on a product, with a normal three-month lead from the Far East, it is often too late to receive additional stock before Christmas. In the past, this has created shortages of popular products with customers queuing out the retailers’ doors and toy rationing. While such situations might result in lost sales, as one manager pointed out, stock shortages can also add to a product’s hype and, *“you don’t have to discount it when the kids are screaming for it”* (5).

There is no evidence that toy companies interviewed were deliberately restricting stock levels despite the benefits although the strategy has been used before by a toy company, as was the case with the Beanie Babies (Morris and Martin, 2000).

Two companies talked of instances of underestimating demand and the proactive steps they had taken to rectify the situation. Tomy had not foreseen the immense popularity of Micropets and in September 2002, at its own expense, it had airfreighted extra products over from China to save consumer disappointment. Vivid had a similar problem with its Tracy Island product which it alleviated by setting up an extra production line in the UK and flying component parts over from the Far East.

Overall though, most companies admitted that the problem is with over-ordering rather than under-ordering. For every toy that is short in the market, there are probably five or six where there is a massive over-supply (1). The companies seemed to be making strenuous efforts to get the supply quantities right not only for their own interests, but also so as not to disappoint children and parents at Christmas as had happened on past occasions.

5.6.4.4 Promotional tools

Much of the media attention and academic research on marketing to children, has focused on television advertising and its influence on their behaviour (Goldstein, 1999) and while most companies run some television advertising, for some the cost of national television is prohibitive, limiting them to the more affordable cable channels.

The smaller companies had to find other cheaper means to reach children and parents and some of the newer media such as web sites and in-schools marketing provided an opportunity for a more varied and integrated promotional mix.

Advertising - Advertising is still considered vital for creating children's awareness and interest in toys. Television is no longer the only available medium for advertising but is still viewed as the most effective.

The television advertising regulations were described as 'stringent' (6) and 'probably after cigarettes and alcohol, one of the most circumscribed areas' (B), although some companies still claimed to go above and beyond the legal requirements. Many use television commercials that have been developed in the USA either by their parent companies or by the American license owners. These commercials need some adaptation in terms of length and sometimes because of cultural differences but most retain the American voiceovers when children are targeted because, although parents do not like the American voices, children find them 'motivating' (6). Where pre-school products are being targeted at parents, one company always does an English voiceover or writes a new script but for this manager, it is sometimes a difficult decision to make in getting the right balance between being appealing to children, but at the same time not alienating parents or taking away their sense of trust (6).

Advertising is seen as something that can promote the brand values and particularly help build trust with children:

Advertising And Building Trust

"...The advertising reflects the brand values. For example, Hot Wheels is about speed, power and performance. When you see a Hot Wheels commercial, you'll get that and we are building up that trust with young boys that Hot Wheels is cool, is fast, you can have good fun with it and it's a brand you can keep coming back to. It's a brand that always delivers on those particular values." (Company 1)

S. 3: 181

Data from the ITC seems to confirm that the regulations are mostly effective. In 1996, they carried out research to assess whether the Code of Advertising Standards and

Practice was preventing children from being misled by toy advertising and concluded that generally the advertisements created little confusion amongst children (Hanley, 1996).

There also appears to be few complaints from parents and other adults about toy commercials. In 2003 for example, only three toy commercials were investigated by the ITC following complaints, of which two were upheld (ITC Bulletin 15, June 9, 2003). They do however demonstrate that some companies are pushing the regulation boundaries and that the pre-vetting of commercials is not as tight as it might be. One involved an advertisement for Action Man Samurai Mission (Hasbro) and featured Action Man wielding a Samurai sword and the severed cyber arm of his opponent Dr X. The ITC judged one scene to be excessively violent and required that it should not be aired until after the 21:00 hours watershed. Another commercial for the 'Ready Steady Cook Popcorn Maker' claimed to make "real popcorn in seconds." Following complaints, the ITC considered that the toy actually took up to ten minutes to make popcorn and required the advertisement to be amended.

In-school activities - In recent years, there has been an increase in the number of companies attempting to reach children and parents with promotional messages through schools and some of the companies interviewed are involved in such activities. A few companies have sales representatives selling to wholesalers supplying schools, others are working with schools as part of their local community work, using schools for research purposes, and seeking to use product donations and activities within schools as a means of influencing children's and parents' brand preferences. Some of the respondents could understand why schools would allow companies to infiltrate the classroom while others spoke of not making too bold an advertising statement:

Why Do Schools Allow Commercial Promotions?
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<i>"The reason why big companies get into schools is that they've got money and schools don't. So then the question is: 'Is the government giving enough money to schools?' There are then two sponsors of school. Products are a fact of life; advertising is a fact of life. I think it's fine for companies to put their message out</i>

any which way they see as fine. Schools benefit in the long run and I think it's up to schools to monitor how much they are prepared to prostitute their kids and the parents who end up paying for it. So I don't think all blame can be put on the toy companies. It's schools, government, and whoever..." (Company 5) S. 2.9: 406

Targeting Through Schools – The Need For Subtlety

"...Schools are very precious about this. You cannot go in with very obvious selling messages, you have to be pretty subtle about what is in a school pack. It can be a logo but you can do more. We used the Cabbage Patch dolls for a reading and writing pack and weaved a few stories into it, but you need to be subtle; you can't advertise as such." (Stakeholder B) S. 1.2: 105

Some of the activities do appear to be subtle and clearly with some of the activities, there are many beneficiaries. Hasbro described a programme for example that features its K'nex construction toy that it has used to establish an annual 'Junior Engineer of the Year' award. This is aimed at senior schools, regionally and nationally, and involves practising engineers going into schools to set challenges for children to build K'nex models. This seems to lead to many beneficiaries:

Beneficiaries Of Marketing Through Schools

"...That takes a brand of ours but is putting it into a very ethical context, in that it links up with an organisation that would be going into schools anyway. It's giving the children something really fun and exciting, to teaching what is probably quite dull otherwise. The schools benefit. We actually leave them K'nex to then use for wet playtimes or whenever in lessons, and it obviously benefits us because it gets children playing with K'nex and one of the things with K'nex is that you need to play with it to understand how great it is. So it has marketing objectives but through a very legitimate programme." (Company 6) S. 1.1: 207

Other contributions to schools also appear to have worthy causes linked to marketing objectives. Leapfrog's educational range is closely linked to the UK National Curriculum and schools can use the product to help slow readers to improve as it had the son of the company's founder.

For one respondent, marketing via schools carries a special responsibility and any activities need to have a carefully thought-out link. Her company had recently carried out a schools promotion with its Dream Street products in conjunction with the Nationwide Building Society's 'Cats Eyes for Kids' campaign to promote road safety. This had worked well because the teachers embraced it, the children enjoyed it, and the parents appreciated its ultimate purpose. For this director, any more blatant schools message would not be appropriate:

Responsibility And Marketing Via Schools

<p><i>"I think you have to be responsible about what messages you put into schools...School is just about going to learn about stuff. I think if you had Turtles in there, it would distract kids and I don't think it's the right thing to do with some of our brands." (Company 12) S. 1.1: 207</i></p>

One company donates its toys and games regularly to 70 local primary schools and it was claimed that there is no marketing intent involved - It is merely part of the company's commitment to the community (6). Another company has special sections on its web site for educators that enable teachers to download colouring pictures and other learning materials to use in class (5). One manager felt that many parents would like to see their children free from commercial advertising in the school environment (5) but most companies see marketing through schools as a good brand-building opportunity:

The Pay-Back For Schools Marketing

<p><i>"We got into education 20-25 years ago knowing that it would be a very good tool for us to build our brand, through the schools, through the children in the schools, through the children demanding, if they can demand at that stage, that they have that product in the home." (Company 8) S. 1.2: 431</i></p>

This form of activity does raise some important moral concerns. Are schools allowing these 'commercial' activities because of their worth as learning tools, or are they also vulnerable to the commercial world due to their impoverished state and the need for additional funding and equipment? And if it is the latter, who has the responsibility, as one manager pointed out? The company for making the offer, or the school for

accepting the sponsorship, or perhaps the Government for years of underfunding education in the first place? There is probably some share of the responsibility on all sides but some of the literature has forwarded evidence that if handled appropriately, that is, with the consent of teachers, schools genuinely welcome commercial input into their students' education (Anderson, 2000). The fact that the toy company respondents felt the need for a subtle approach might indicate that they are not totally confident that this is the most appropriate way to reach children.

Company Websites - The Internet has created a new genre of marketing opportunity and as children have embraced the technology enthusiastically (Carter, 1999), this has encouraged toy companies to exploit some of its potential. Although some of the sample companies have solely developed adult-orientated company sites, others have developed special sites for their key brands that encourage children to register, gain product information, take part in competitions, and play games with toy characters.

Bryan Ellis believes that the Internet is a medium that needs more understanding and control and is an issue that is regularly discussed with his contacts in the other European toy industry bodies:

Concerns About The Internet

<p><i>“The Internet is a whole new ball game...We are at a very early stage in talking about the Internet and there are many thousands of new sites going up every day. I don't think any of us understand how we use it and how to control it properly. I don't think this is about legislation, I think it is about physical mechanisms, like firewall sites...” (Stakeholder B) S. 1.2: 369-371</i></p>
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For him, the concern is not the bone fide toy companies in the UK but the fact that anyone, anywhere, can set up a site to attract and potentially exploit children. Most companies are aware of parental concerns about the Internet and several mentioned the desire of parents to get their children away from screens. One felt that this tension was heightened by recent incidents with chat rooms and child pornography, and another said his company consciously refrained from trying to engage children through their web site activity because of parental concerns (11).

Some companies claimed to be acting responsibly pointing to the inclusion of non-commercial information on their sites. Crayola, for example, offer free learning resources for teachers and parents, and entertainment for children. The payback for the company, however, is that it has now built up a database of 75,000 registered users of the site in the UK and can send out regular e-mail newsletters containing product information and offers, so there does appear to be a commercial angle to the site. Leapfrog offer a section on play tips for parents with no clear links to its products other than encouraging learning and skills development through using toys in general.

A few of the larger companies such as Mattel, Hasbro, and Tomy have set up special sites, predominantly aimed at children, based around brands such as Barbie, Action Man, and Micropets. Whilst there is a marketing intention of brand re-enforcement and loyalty building, most managers regard them as a form of club where children can be entertained with games, where they can view the product range and accessories, and download collectable pictures. Of some concern was that one Head of Marketing admitted that he had not actually viewed all his sites as many were developed and maintained in the USA. He felt sure however that his company were not trying to find some loophole in the communication process.

In summary, the promotional aspects of branding have generally been viewed as controversial when marketing to children. In the toy industry, the direct targeting of children with brand messages is still unacceptable for many (both consumers and legislators) despite specific regulations governing content, and there is research to show that advertising is effective in creating children's desires for products and initiating the pestering process with parents (Chapman, 2002).

In competitive markets, the toy companies know they have to 'sell' their products, not merely get them onto the retailers' shelves and they have claimed that the recipient of that sales message is normally the parent when toys are aimed at pre-schoolers, and the child after he/she starts school. However, as children move away from toys at ever-younger ages, so the marketing to them appears to be starting earlier. Television advertisements for pre-school toys are now commonly shown between children's programmes with messages aimed at the child, not the parent. With primary research being conducted with children as young as three years of age and with authorities on

children's markets such as McNeal (1992) arguing that brand loyalty can be influenced from the age of two when babies begin forming mental pictures of corporate logos and mascots, it seems that from the company perspective, "no one is too young to be marketed to and every child has a precise place in the consumer pecking order" (Abrams, 2002b: 1).

Part B - Building Trust and Trustworthiness

5.7 Creating, fostering and monitoring trust – Data analysis

The findings discussed in the previous sections have focused on what factors might influence the companies' trustworthiness and trust in their brands and has also identified and examined some of the morally difficult decisions they take which might lead to trust or distrust. The companies were also asked more specifically about the importance they attached to consumer trust, how they created such trust, and the means by which they attempted to monitor and measure it.

5.7.1 *The importance of trust*

Many scholars have identified the importance of trust in the commercial world. Solomon (1992) for example identifies trust along with honesty, fairness and toughness (in the sense of having a vision and implementing it) as key virtues for modern business managers. Unsurprisingly therefore, gaining the trust of consumers was described by the sample in terms such as 'paramount' (9)(1), or 'pretty huge' (5):

The Importance Of Trust
<p><i>“Any company will lay out, ‘What do we want consumers to think of us and our brand?’ Trust is an attribute that they want to be wholly associated with their brand. I think the company should foster that trustworthiness in every respect.”</i></p> <p><i>(Company 5) S. 2.6: 252</i></p>

In light of such comments, it is therefore surprising that some of the managers claimed that trust and trustworthiness are not often directly discussed within their organisations. It was argued that this does not mean it is any less important because there is an assumption that trust will be something sought in anything that they do.

5.7.2 *What is trust?*

As scholars have defined trust in the business world in many different ways (for example, as a virtue, attitude, feeling, emotion, or effect - Flores and Solomon, 1998), it was important to ascertain what the respondents considered trust to be in practice.

For one respondent, trust is ‘a very defining value’ (9), and for another, ‘a very emotional thing’ (5). Everyone noted it as an essential quality that every brand needs although for some, it was just one of several attributes sought:

What Is Trust?
<p><i>“I think trust is that your product does what it says. I think trust is always making sure that the product is of good quality. Trust is built by the fact that you bring new technology, new ideas, so you are always trusted to have a great product out there. Trust that it’s manufactured properly, trust your accounting practices are in place, trust that if I make a call to your company to complain about something, I am going to get an answer.” (Company 5) S. 2.9: 286</i></p>
<p><i>“I am interested in your discussion around trust because to me trust is something any brand or company wants. It’s an entry point. Every brand needs that just to make it. And Crayola trust is an important element, and one that for Crayola is higher than for many other brands, because it is targeted at children and because we want the parent endorsement. But, it is not the only attribute that we strive for. Fun and creativity and those sorts of things are also strived for.” (Company 5) S. 2.9: 284</i></p>

Some companies linked trust to what they viewed as the more tangible elements of their consumer relationships such as satisfaction, confidence, and loyalty, as have some scholars in the literature, discussed in Sections 2.7/2.8:

Trust And Its Link To Other Elements
<p>Trust and Loyalty:</p>
<p><i>“When you sent the e-mail through, I thought, ‘that’s a really interesting subject’ and I had to sit and think how do we build trust? It isn’t something I’ve ever sat in a meeting and discussed...it is not a word we use a lot. Not to say that we are not aiming towards it, it’s just that we probably use other terminology. We probably use other words like brand loyalty, and that would be particularly on something</i></p>

that somebody would buy over a course of years like Action Man. It is the outcomes of trust that we are interested in.” (Company 6) S. 1.1: 282-288

Trust and Satisfaction:

“It [trust] is something that gets discussed - not at every Board meeting. We don’t sort of say, ‘How are we doing on trust?’ as we have other attributes. But the reason why we spent so much time, effort and money to get ISO2001 accreditation is not just so that we can say we’ve got it. Part of it is giving our customers and consumers satisfaction that the products that we produce are to a high quality standard.” (Company 5) S. 2.6: 256-260

Trust and Confidence:

“...If you are looking at pre-school, and you take a tried and trusted brand like Fisher-Price, even I feel secure in buying it! If it’s got Fisher-Price on it, it tells me a huge amount about the product.” (Stakeholder C) S. 1.6: 156

Trust and Prior Experience:

“Layers and layers of communication can be removed if you’ve got that whole emotive message of you played with this yourself when you were a child. And I would say that builds in a huge amount of trust.” (Company 6) S. 1.1: 191

Trust is seen as being particularly important with products aimed at the pre-school market (children under five) because if you are a parent buying for a baby or very young child, and particularly a first-time mother, you are not going to take any risks (4).

Although length in the marketplace is generally considered to be an important contributor to trust, it is not always seen as essential as newly established toy companies such as Leapfrog, and new brands such as Bratz (MGA/Vivid Imaginations), have become strong, very quickly. Established brands can also have drawbacks by being perceived as outdated in a fashion-led industry (5).

Many of the companies considered that it was their brands that defined them and that consumer trust was clearly linked to the strength of the brand:

Trust And Brand Strength

“...In this industry, if you aren’t relevant in the market, you will have trouble to sell your products. I think the stronger your brand becomes, the more you are able to invest in actually making it relevant for today’s consumer. It is the consumer who is the ultimate judge of how well you are doing or not and we have a process here that has been established over many years of making sure we are constantly relevant to consumers. So trust is a two-way thing. They trust us to keep delivering the right things, they keep coming back to our brands. The length of time of the brands in the marketplace is testament to that.” (Company 1) S. 3: 155

A few managers talked about the fact that the trust is not so much in the product as in the license. Therefore, when a licensed toy is purchased, for example a Thomas the Tank Engine model, the brand is the (normally fictitious) character created by the license and is usually owned by another party. It is claimed in these instances that consumers are making the purchase because they trust the character and have an expectation of what they are going to get, rather than trust in the product aspects such as safety, quality, and performance, which are almost assumed (7). This situation led one director to believe that to most consumers it therefore does not matter which toy company manufactures the licensed product, as the company’s ‘added value’ is actually insignificant (12).

Whilst consumer trust in toy brands is considered vital, some mentioned that the consumer’s trust in retailers is often of equal importance because of their regular consumer contact and the retailers’ own reputations. This was substantiated by another respondent who argued that, as around 60 per cent of people going into toy shops have not decided what to buy, the opinions and recommendations of the retailers, particularly the independents, can be very influential (10):

The Importance Of Consumers' Trust In The Toy Retailer

"I think part of the trust must come from where the products are sold. And I think if you are a consumer and are shopping in Argos, in Woolworths, or The Entertainer, or Toys'R'Us, I think there would be a trust inherent in that as well, that what you are picking up is okay, because you have got a comeback both to the manufacturer and to the store where you bought it." (Company 6) S. 1.1: 152-154

A trusted brand is not necessarily a commercially successful one, and for one manager the reality is that in today's toy industry, whatever the ethics of the company, financial considerations for most consumers outweighed what he considered the worthier brand aspects such as trust, a lesson his company was only just beginning to recognise:

Trust Versus Commercial Reality

"There is a balance to be struck between running a brand and running a business and I think sometimes LEGO has become, in the words of one of the retailers, a bit too much of a religion, and we have made decisions that have proved to be uncommercial, because people wanted to do the best for the brand. So, we have ended up doing the wrong things in the right way!

We actually need to review some of those decisions and we need to, being reasonably honest about it, catch up with some of the brutal realities of flogging stuff in the toy business. You cannot walk away from price-value. If you are not delivering price-value, sooner or later it will come back and bite you, however wonderful your brand is. If you are selling things to mums in Woolworths, the reality is that it's not a religious, sanctimonious purchase, it is a toy after all, and the majority of toys are rubbish anyway. How much room there is for a truly worthy toy in today's environment? - I don't know." (Company 9) S. 3: 105

LEGO's plight is an interesting example of the ethics/profit trade-off dilemma (Goldsmith and Clutterbuck, 1984) and whether profits have to be sacrificed for 'doing the right thing'. LEGO were perceived by one stakeholder as, "the most ethical of toy companies" (B) and many of their values and decisions seem to support this view. What their manager appears to point to is that their ethical stance has not

led to riches but rather has actually made the company's products uncompetitive. Consumers do not seem prepared to pay a premium for a more ethically produced toy although this can be contrasted with other research in the UK that suggests that consumers would be prepared to spend up to 30 per cent more for a new product from a trusted brand than from an unnamed one (Bibb and Kourdi, 1994: 23)

Recently voted 'Toy of the Century' at the BATR awards (2004), this trusted brand, seems to set an example to the rest of the industry that if you want to be financially successful or maintain stability, priority should be given first to the more tangible elements of the marketing offer, and particularly to the price. The length of time in the market, the product quality and durability, fair treatment of workers, investment in children's research and other activities that make the company stand out in the industry, no longer seem to give it the competitive advantage it might once have had. Parents in the focus groups still acknowledged these attributes in LEGO and most had happily bought their products for their children, but it was the children who were turning against the brand, unappreciative of its finer qualities.

5.7.3 Building trust

Flores and Solomon (1998) view trust as an on-going process and this was affirmed by a number of respondents who deem consumer trust to be something their company has to continually improve and work at, "*as there are new consumers coming in every day*" (2). There were many different comments about how trust is created by the companies:

<p>How Is Trust Created And Fostered By The Companies?</p>
<p>Through Dependability, Reliability and Quality:</p>
<p><i>"If there is ever a problem with our product, if it's one year old or ten years old, we will replace it without question. We've tried to build into that so that the consumer knows by buying BRIO, they should have safety, quality, and service. If anything goes wrong, BRIO are there to sort it out, to support..." (Company 8) S. 1.2: 211</i></p>

“...We never let anyone down. Anything that has come up, we’ve handled morally and responsibly, and that is the important thing.” (Company 2) S. 1.3: 103

Through Meeting or Exceeding Consumers’ Expectations of the Product and the Company’s Brand Promises:

“... I think trust is like just experience. Our markers say there are washable, they wash off...” (Company 5) S. 2: 159

“In terms of trust, it’s almost like it’s trusting that the product has been developed understanding what the child can do, so things like the age grading on it, whether it’s three plus or four plus, that you can trust that this toy has been developed so they can do it. I think there has to be a certain amount of trust in terms of robustness, that the toy is actually going to do what it says it is...” (Company 6) S. 1.1: 119

Through Investment in Product Development and Research:

“I think we create trust from the time, effort and research that goes into actually putting them together. Fisher-Price is a great example, where we have a play lab and every concept that we’ve got, from a preschool perspective, goes through our play laboratory...Children experimenting; mothers experimenting; mothers watching their children experimenting. And we actively talk to the consumer about our play lab.” (Company 1) S. 2.4: 107-115

Through Offering Value for Money:

“...People have to get an expectation of value for money. If I am spending £60, I expect it to be something the child will play with for a long time...” (Company 4) S. 1.1.1.1: 319

Through Communication:

“...It’s the whole information package that creates trust. People trust the Tomy

brand before you even pick up the box. It's been shown, marketed, they've heard about it. We do communication with potential mums, lifestyle press, women's press, people in their twenties we start to communicate with about Tomy." (Company 2)
S. 1.4: 123

Through Consistency:

"I think it is important that everything we do from a marketing perspective is integrated so that there's a consistency, not only in the quality of what we do, but also in the messages that we give." (Company 4) S. 1.1.1.1: 227

One manager talked about the less tangible aspects of trust, the "*smaller things that go to build up the whole picture of trust*" (6) such as the quality of the packaging, the innovative in-store displays, seeing the product in action in-store. Another argued that trust in toy products is actually far more tangible than in other industries in which she worked:

The Tangibility/Intangibility Of Trust

"In terms of trust with the consumer, I think that is a fundamental part of any brand. Rest assured, Unilever want that for their brands just as much. I used to work on a product called Lysol (it's like Dettol) and you just have to believe that thing is killing germs; you can't see those germs being killed, so trust there is huge. Whereas at least [with] our products, trust is visible. If we say it's washable and it doesn't wash, then it's to our disadvantage; consumers won't buy again."
(Company 5) S. 2.6: 248

5.7.4 Awards

Many consumers shop around when considering toy purchases, as they know that prices vary between retailers. In the same way, consumers will compare brands very carefully to obtain the best value. Ascertaining value, performance and quality of different brands before purchase, however, is not always simple and particularly when faced with lesser-known brand names. In some cases, awards made by others, viewed as 'experts' and 'unbiased', can influence the trust of a parent or other purchaser in whether to purchase a particular item for a child.

A number of awards are made to toy products and toy companies by parenting and consumer magazines such as 'Mother and Baby', 'Practical Parenting' and 'Time Out', children's magazines such as 'Toy Box', by toy retailers such as Right Start, by the National Association of Toy Lending Libraries, and by the BATR. Awards received are frequently mentioned on companies' packaging and advertising, and in retailers' catalogues. But which awards have most merit, whether they increase consumers' trust, and whether they are really independent and fair were issues needing further investigation.

The retailers and larger toy companies generally welcomed the awards and The Early Learning Centre cited many of the awards in its retail catalogue. The companies view awards as an opportunity of, "*making a statement about our company and its products*" (6). The most prestigious annual awards are those made by the BATR, as these are based on sales, profitability, service, the product itself, and other criteria, and consider all toy products and companies. Two of the sample companies had recently received BATR awards. Leapfrog had received 'Best Product' awards in both 2001 and 2002, and Flair the award of 'Toy Company of the Year' for 2003.

Many of the awards, while open to all toy companies and products, are in practice limited to those who can afford to put their products forward. Companies therefore run the risk of paying money to have their products considered and then to find them possibly criticised (3). For many of the smaller companies, there are too many awards and it would be too expensive to submit product for all of them.

Although awards are therefore commonly made on consideration of only a small sample of toys, the testing and choice process is seen as rigorous and fair (6) but one retailer regarded them as self-serving arguing that many consumers also view them as such. He did however concede that some consumers would be influenced by them (C).

Awards given to toys did influence the brand choice of many of the parents in the focus groups who assumed that an award meant the toy was safe and educational (JE2), or that it was very popular and had been tested (MA2) - These were mostly mothers of pre-school children. Nobody actually took account of who made the award

and everyone assumed that a wide range of products had been reviewed before the winners were selected. One mother commented that she was now becoming dubious of awards, as she had recently opened a catalogue in which nearly every toy had won some commendation (JA1). Another claimed that whilst awards did not influence her, they did draw her attention to a particular product (SU3).

The impression that many of these awards give is quite misleading. Although there is seemingly independent and unbiased evaluation involved in selecting winners (and thereby implying that these are toys and brands that you can trust), the process is often selective, favouring those companies with larger budgets who can afford to put their products forward for multiple awards. It seems that rarely, if ever, are the selection procedures for the awards explained to consumers. Although toy companies are unlikely to receive an award every time they forward a product for evaluation, these awards are in essence just another form of promotion. Once the parents understood the evaluation process for these awards, a number felt that they had been duped and would pay less attention to them next time.

5.7.5 Monitoring, measuring, and responsibility for trust

Most of the sample companies attempt to monitor and measure trust in their brands although, as mentioned earlier, they understand trust in other terminology:

Measuring Attributes
<i>“We would measure attributes that people think about our brand, whether it’s reliable, or good fun, all those different things, we would measure those. And we measure things like repeat purchase, we would measure general statements. But the word ‘trust’ would not be used in there.” (Company 6) S. 1.1: 294-296</i>

A few of the larger companies did track attributes including trustworthiness on a regular basis. One smaller company claimed though the cost of such tracking studies was prohibitive for it and that, in any case, it would probably be too small as a brand to register (4), even though it was the market leader in its sector. For such companies, trust is monitored through market share analysis, through levels and types of complaint, through retailers’ comments, and feedback from their consumer helplines.

In addition, nearly all the companies run focus groups with parents and children as part of the product development process and so gain some direct feedback.

All of the respondents viewed trust as a top-down process. That is, the values of and trust in the company should be set at the top of the organisation:

Ethics As A Top-Down Process

“You set the agenda at the top, don’t you? If I behave in a particular way, it is going to rub through the business very quickly...It’s critical that the senior management of a business pursue a product quality, ethical approach to what they are doing.” (Company 11) S. 1.3: 94

While those who ran subsidiaries considered that the overseas head office was where trust should ultimately emanate from, some managing directors felt very responsible for their own markets and, if they saw anything affecting it, would jump very quickly to sort it out (8). Some respondents distinguished between accountability and responsibility for trust arguing that although as head of the subsidiary they were accountable, everyone in the organisation had some responsibility for upholding the company values and trustworthiness. Others believed the marketing area in particular played a significant role:

Who Should Be Responsible For Trust?

“By definition, marketing plays a stronger role in defining the brand, defining the communication of the brand to consumers and, for the most part, consumers know brands and not companies. In our case, yes, I think trust is an attribute that we want to foster and I do think it falls quite heavily on the marketing department to foster that through the brand and brand communication.” (Company 5) S. 2.6: 252

A final comment on trust related to the fact that trust often seems to be raised in relation to where products are aimed at children. One director felt that trust in a product is important whatever you are selling, and to whomever:

Trust In Children's Versus Other Products

"I think we should not blur the borders because we happen to make a child's product and not an adult's product. So the question is the same for food manufacturers who say make Baked Beans, or the makers of a skincare product. Sure, we are a commercial organisation and we are here to sell stuff at a price and make a profit...I don't think that should be different because our product is targeted at kids." (Company 5) S. 2.6: 248

This comment is significant in that it raises two important issues. Firstly producing and marketing any product does generate corporate responsibilities towards all consumers, young and old, and attention to issues such as safety should therefore apply equally to all products. But whilst there is merit in this argument, children are still potentially more vulnerable and hence require additional consideration because they, for example, may not be able to read or understand instructions, or appreciate the importance of safety warnings printed on packaging, as might an adult. The second issue concerns whether products targeted at children, whether directly or via parents and others, should be cheaper or less profitable than products solely aimed at adults? There is no reason why this should be the case although perhaps toy companies could demonstrate a more caring attitude to parents by keeping prices low, recognising the financial burden they face in bringing up their children.

Part C – The Consumer’s View of Trust

5.8 Parental views on toys and trust – Data analysis

The feedback from the sample of parents indicates that even the leading toy companies need to do a lot more trust-building in their brands if they are to retain customers and attract new ones. The first problem the companies face is one of identification. When asked about what particular toy companies and brands they particularly liked, most parents claimed that their choice of toys was motivated more by their feelings towards a particular toy retailer than towards a toy manufacturer or brand, with the Early Learning Centre particularly favoured, and Toys’R’Us disliked. A typical comment was: *“I go to retailers but often don’t take notice of the company brands”* (JE2). Most of the sample found it difficult in, *“putting the name of the manufacturer with the toy”* (JA1). None of the participants, for example, recognised the Vivid Imaginations brand name or could identify any individual brands of Hasbro (the third, and second largest toy companies in the UK). And whilst many were aware that Mattel made Barbie, they were unsure of other brands made by the company.

For most parents the Early Learning Centre seemed to be the most trusted brand name. They liked their toys because they were generally reliable (SH1), durable (MA2), educational (JU4), easy to use and tended to do what you think they are going to do (JE2), and their retail outlets offered a pleasant environment to shop in, friendly and comfortable (SU3). There was obviously a clear advantage for the organisation in having regular, direct contact with consumers (both parents and young children). Other brands commonly mentioned as being favoured included BRIO (admired for its quality, durability, and play value), Fisher-Price, Crayola, Tomy, and LEGO (described by one participant as *“very imaginative”* and *“a very thoughtful company”* MA2). What links these brands is that the companies are well-established and their products are primarily aimed at the pre-school market.

There were a number of factors common to many of the parents that attracted them to particular toys and toy companies. They generally seemed to prefer to buy toys that were educational, although some admitted that their choices were not always appropriate for their children:

Parental Preferences for Educational Toys

“I bought a Crayola set for my daughter for Christmas even though she is too young to use it. But I was desperately trying to get her to use it...” (Parent LY3)

“I think K’nex is fantastic. It’s good for dexterity, for spatial awareness. But it sits in its case at home and doesn’t come out of the case very often. But I feel happier buying it than something trashy.” (Parent SH1)

The parents commonly cited the play value of toys as an important criterion for selecting toys. The value was often judged by the product’s durability, how often the child played with the toy, and for how many years. The construction material of the toy seemed to have a large impact on the perceived value. A number spoke of their preference for wooden toys even if they were more expensive. There was an almost universal dislike of plastic which some saw as a cold material to the touch, as brittle, easy to break and dangerous if broken, and one mother who had trained in medical engineering, was aware of its carcinogenic dangers. Many referred to plastic toys as ‘trash’ or ‘junk’ although a few acknowledged that the plastic used by some brands such as LEGO and Play Mobil was of superior quality. The use of plastic also seemed to contribute to the parents’ view that toys were expensive.

For all the parents, safety was a key consideration in selecting toys, although many admitted that it was difficult to assess safety until the toy was taken out of its packaging. One mother claimed that when toy products were not on display, she always opened the packaging, *“to see if it looks as good as in the picture”* (SH1). Whilst there were concerns about small parts in some toys that might be put in the mouth by younger siblings (for example, marbles), and concerns over toys that were potentially dangerous to use unless closely supervised (one mother mentioned the fad for garden trampolines), the parents trusted that most toys would be safe and would be governed by stringent safety regulations. None of the parents were aware of the Lion Mark or its significance.

The parents were asked about types of toy and particular toy companies and brands that they disliked. There was a universal dislike of electronic games. One mother

described her five-year-old son becoming “*an absolute monster, a horrible child... completely out of character*” after playing with his first Play Station game (JE1).

Nearly all the parents interviewed who had boys were concerned about toys that encouraged aggressive play, and generally refused to buy them. Some acknowledged that boys’ rough play was something that was naturally inherent and that their high energy levels meant they needed to let off steam (SU3) but argued that a lot of toy companies were exploitative of this tendency (JA1), even LEGO (SH1).

For the parents with girls, there was some concern about the Bratz dolls, one of the fastest growing brands in the UK. One mother described them as, “*too tarty*” (VR4), and another as, “*aggressive looking*” (VI4). One expressed concern that with their image of make-up, quite revealing clothes and high-heeled boots, and with the advertising aimed at quite young children, it was, “*trying to get them to become a teenager too quickly*” (JU4). This was also a problem for another mother who argued that she was constantly trying to bring her 10-year-old daughter back to being a child (VR4). There was also a common dislike of licensed toys:

Parental Comments on Licensed Toys
<p>“ <i>With licensed toys, you might as well go to McDonald’s where the toy comes free with the meal, because shortly after the film or whatever comes out, the toys die a death.</i>” (Parent JE2)</p> <p>“<i>I think it’s distasteful; it’s cynical marketing, marketing at its utter worst, but the kids expect it and you can’t impose your ethical principles on your kids, so you do buy some ‘Incredibles’ stuff, but I think it’s awful.</i>” (Parent MT3)</p>

The parents were concerned about environmental issues and many claimed to make an effort to recycle materials but generally such concern did not extend to the choice of toy or toy company. A number argued that toys are “*over-packaged*” (SH1, JA1) which was “*very annoying*” (JA1) and, “*such a waste of resources*” (VR4). Although some packaging was seen as necessary for protection, it was also viewed as being used by the companies to make the products look more appealing (SH1).

Most of the parents interviewed did not look at the country of origin when choosing toys or consider who manufactured it. One parent commented:

Are Manufacturing Ethics Important to Parents?

"...I haven't taken it a step further to look at where it is manufactured or the ethics of that country. I don't generally think about that too much but that is sheer laziness frankly on my part. I don't care enough about it but I do have a lot of peers in the States who do...Where a product is made is maybe down at fourth or fifth in terms of my list of priorities." (Parent JA1)

For one parent, concern about factory ethics would only be an issue if some cruelty or other unethical issue were exposed (JE2). This participant still boycotted Nestle products because of its involvement in the powdered milk incident in Africa, although she considered that this gesture was not *"making any difference to their moneymaking capacity at all"* (JE2). Others felt that whilst manufacturing exploitation was unacceptable, when purchase decisions were made, other considerations came into play:

Ethics And Other Parental Priorities

"It's the reality of being a consumer. I hate the Nike Company and all they stand for because I know they exploit children and their parents in the West and exploit workers in the developing world. But when I went the other day to buy a pair of trainers and the only pair that fitted were Nike, I bought them." (Parent MT3)

"I try to recycle things but don't consider ethical things when I buy toys. It's what my child wants that influences the decision." (Parent JU4)

When the parents were asked about the Hasbro price-fixing fine, nobody had any knowledge of it. One parent commented that she thought this practice (price-fixing) went on in all industries, implicitly and explicitly, and she was unaware it contravened European Union legislation (SU3). This participant, as others, was not sure that she would know what a Hasbro toy was.

None of the focus group participants argued that it was wrong to target their children directly but most seemed annoyed that they, as parents, were often being overlooked or bypassed in the marketing process:

Parental Views on Targeting Children

“ We can’t turn back the clock. We live in a society where very young people can become consumers and they will have choices and will want some degree of influence. It is ludicrous to say that they shouldn’t be targeting children but it’s a case of having guidelines done by adults in relationship to what’s presented to children.” (Parent JU4)

“Because somebody is trying to do something to your child over which you have no control, I think you are always going to feel inherently uncomfortable with it. It’s a question of lack of control.” (Parent SU3)

This led some parents to feeling vulnerable and this was compounded not only by the pressures of parenthood and parent-child relationships, but also by some companies. The pressures of parenthood and trying to do the right thing, or as one mother argued, *“the fear of doing it wrong”* (SU1), had made them particularly brand conscious when their children were young. As the children grew older, became more demanding and were exposed to more commercialism, this created family and personal tensions:

Parents Under Pressure

“...And it goes on and on until you capitulate. They (children) are powerful personalities... and if you don’t capitulate, Grandma will...She will buy him anything. I tried to resist my children getting into the electronic games movement but Grandma bought him a Gameboy... and that’s how it started.” (Parent MT3)

“...If you are tired, you’ve been working, the kids are screaming and you are on your own, it was all I could do to make the tea, and if he could watch a Pingu video for an hour, great! It’s trying to do the best job you can as a parent and it’s compromise, compromise...” (Parent SU3)

The parents did not put all the blame down to the toy companies but one mother felt one toy company in particular exacerbated the pressure:

Pressure Exerted By A Toy Company

“I hate Vtech...the advertising of Vtech has an almost subliminal message that if you don’t have these electronic toys with the alphabet and numbers, then you are going to hold your child back. That really winds me up and puts me off their toys.”
(Parent LY3)

“What it preys on, and I remember feeling exactly the same, at around three to four particularly, was the guilt, the worry that if I am not buying that thing, he’s going to be stunted. It propels you into wasting money...” (Parent SU3)

The parents were asked about the marketing methods used to target their children. Most parents did not object to companies carrying out research with children although they were aware that the purpose of such research was for the companies’ own benefit. Most parents were though critical of the television advertising aimed at children. A number spoke of the large volume of toy advertising and its effectiveness in interesting their children in particular products. One argued that such advertising, *“makes life as a parent very tough”* (JE2). Another described advertising as showing products *“in a very biased, glittery way”* (SH1), with many of the products in reality not living up to the expectations of the advertisements and resulting in her children ultimately feeling let down.

Some tried to control exposure by limiting the number of programmes watched (JA1), while another did not allow her children to watch ITV at all (SH1). For this latter mother, her children were still demanding toys but the influence was coming from their peers. Her resistance to the commercial world and to her children’s demands was constantly under strain: *“We are the only family who doesn’t have a Play Station in George’s class, and we are under a lot of pressure”* (SH1).

Peer pressure was a concern to all the parents, summed up by one mother: *“I just get angry about it...they want it because their friends have it, it becomes part of their world. It is the currency of conversation at school”* (SU3). Children also expect the

genuine brand and not the ‘fake supermarket alternative’ that costs half the price (SH1). Not everyone, however, blamed the toy companies for advertising, with one participant pointing out that they will only advertise if they are allowed to advertise (JE2), indicating a desire for tightening the regulations.

Only a few parents expressed any concern about web sites for toy companies and major toy brands. A number of these sites had been accessed by their children, mainly for playing games or seeking new products. The parents did not see them generally as a form of advertising, but rather a form of brand support that was expected by their children.

There were also mixed views about in-school promotions and the issue was less about having a commercial presence or not, and more about what kind of commercial presence (JA1). A few, for example, believed that if toys with some educational value such as LEGO and Meccano were donated to schools, this would be acceptable. Others however argued that schools and toys were an uncomfortable mix:

In-Schools Promotions

<p><i>“ Marketing through schools surely cannot be right because your school should be somewhere where both parents and children trust the teachers to do the right thing. It would be seen as if the school is giving the nod of approval.” (Parent JE2)</i></p>

Finally, parents were asked about what toy companies could do to improve their trustworthiness:

What Could Toy Companies Do To Improve Their Trustworthiness?
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<p><i>“I think toy companies could issue more publications that give more information about the toys...It’s sometimes hard to work out exactly what the toy does, and what the child will get out of it.” (Parent SH1)</i></p>
--

<p><i>“ I would like them to do what Amazon does and have customer reviews. That would help my purchase decision greatly... Maybe they could also use a star rating system for how good the toy was.” (Parent JA1)</i></p>
--

“...If they could somehow convince me that they were not just ripping me off. It’s a one-way thing. They are taking your money and are not delivering something that has real value. It’s not an exchange.” (Parent SU3)

“You don’t have any communication from them apart from the advertising in which they try to get your child to want the product. I would be much happier to go to LEGO and buy their products, at extortionate prices, if I knew a portion of that money was going to kids, funding television programmes...It would just put my mind at ease and make them seem a little more caring, rather than this harsh exterior.” (Parent LY3)

“I think parents are almost overlooked in the process. They pay the money but apart from that, they don’t seem to give a damn...The customer needs to feel decent about buying the product and that they are going to get a benefit from it, not just their child.” (Parent LY3)

This section started on a cautionary note for the toy companies and ends on one. Two parents claimed their young children did not particularly like today’s toys and games and commonly chose and were bought other products such as music and books, while another argued that she had personally lost any goodwill that she had perhaps had with certain toy companies: *“I truly don’t care anymore [about what toy company it is]. I am more concerned about the actual toy...[and]...whether it is good for my child” (JAI).*

5.9 Summary

The findings from the parents identified three sets of factors that influence their purchase of toys, summarised in Table 5.3. It is suggested that these factors may indicate the main boundary conditions to trust or mistrust.

The positive factors are those they consider most influential in their choice of toys. As the fieldwork was of a qualitative nature, the factors are not ranked in any priority

although safety, the influence of their children, and the toy's educational value were the most commonly cited factors.

<p>POSITIVE FACTORS</p>	<ul style="list-style-type: none"> ▪ Safety of the toy/game ▪ Educational and play value. ▪ Influence of the child. ▪ Quality of the toy. ▪ Durability and reliability. ▪ Price and value for money. ▪ Toy awards. ▪ Positive prior experience
<p>NEGATIVE FACTORS</p>	<ul style="list-style-type: none"> ▪ Toys are not essential or liked by all children. ▪ Company brands generally not well known. ▪ Brands only important for first-time mothers and very young children. ▪ Feelings of exploitation about advertising, boys' aggressive instincts, pester power, and peer pressure. ▪ Toys are expensive. ▪ Parents are bypassed in toy marketing. ▪ Strong dislike of plastic, licensed character brands, and most electronic games. ▪ Children lose interest in toys after they reach six years of age.
<p>NEUTRAL FACTORS</p>	<ul style="list-style-type: none"> ▪ Direct targeting of children. ▪ Conducting research with children. ▪ In-schools marketing. ▪ Brand web sites for children. ▪ Environmental impact of toys. ▪ Manufacturing ethics ▪ Price-fixing in the toy industry.

Table 5.3 – Factors influencing parental trust and purchase decisions in toy companies and brands

The findings from this research correspond well with those from the BMRB/Mintel (2002) survey of toy consumer buying behaviour (shown in Table 3.1), although awards were considered influential in this research (and not mentioned in the BMRB survey) and design of the toy less significant.

The negative factors are those that the parents identified as having a detrimental impact on toy purchases and include their main dislikes about toy brands and marketing. Although the toy companies had identified some of these issues in the fieldwork, there were others such as the feelings of parental exploitation, vulnerability and isolation that should concern them, as these directly impact on their levels of trust in the industry. This is discussed further in Chapter 7 in considering the management implications of the study.

Finally, the neutral factors are those that the parents considered influenced their purchase behaviour to only a limited extent, or under certain conditions, and those where they had limited information to either positively or negatively influence their decisions.

This chapter has reported, analysed and discussed the data from the different units of analysis. Chapter six will now evaluate how these data fit with the conceptual model and assess the validity of the research propositions.

Chapter 6 - Analysis of Propositions and Theory Building

6.0 Introduction

This chapter compares and links the fieldwork findings discussed in Chapter five to the conceptual model. The three stages of the framework are considered; the antecedents (the key influences on trust development), the trustworthy dimensions (the variables used by toy companies to develop trustworthiness and brand trust), and the parental conditions to trust and impact of these on their purchase behaviour. Each of the initial propositions is re-examined in light of the findings and an assessment made concerning their validity, their interaction, and influence in the trust development process. From this analysis, the framework is revised, a comparison made to existing knowledge, and implications for toy company management considered.

6.1 Antecedents to trust and trustworthy behaviour

For the most part, the findings from the research and the analysis of these confirm the main influences on trust development proposed in the conceptual model. Most revisions have been made within the branding factors where issues such as the importance of play value, awards, and product superiority in influencing trust had been underestimated in the original model, while the issue of company versus product branding is an important area of difference and debate.

It is still considered useful to divide the major influences of trust development into the five sets of factors, but it is also recognised that there are some overlaps and interlinks between them. Organisational factors such as the corporate values and strategies may have an important bearing on individual performance depending on whether ethical behaviour is encouraged or unethical behaviour is penalised. Individuals also shape many of the organisation's values especially those leading or founding companies.

The organisation's corporate strategy is also closely linked to the types of relationship that companies form with the different consumers and the branding messages and activities. Relationships and branding overlap because in the toy industry consumers

often form relationships with product brands rather than with company brands or representatives, and controls such as laws and codes impact on individual and organisational behaviour and in both marketing relationship and branding decisions.

Each set of factors will now be considered and the propositions evaluated.

6.1.1 Organisational factors

The decision taken at a corporate level about whether to target children directly has an important bearing on consumer trust and puts the onus on any companies choosing this route to justify their tactics and demonstrate responsible moral behaviour to avoid accusations of exploitation. This is no easy task in the face of much criticism that targeting young children with television advertising is manipulative and is a clear case of coercion that cannot be condoned (De George, 1995). It should be noted that not all traditional toy companies target children and there are those that specialise in supplying toy products for older (teenage) children and adults (for example, those supplying jigsaw puzzles or collectable models) but these companies only account for around 20 per cent of the market. Whilst some of the antecedents and dimensions of trust in the model will also be relevant to these organisations, it is the vulnerability of children and parents that makes trust particularly critical for those companies in the sample.

The toy companies' corporate strategies seem to be heavily influenced by their company values that largely set the agenda for trust development. Values are the driving force behind trust as they provide the clues of whether someone or some organisation can be trusted although intentions, commitments, behaviour and actions are the ultimate test (Bibb and Kourdi, 2004). Those organisations that have clear and well-publicised values such as LEGO, Crayola (Binney and Smith), the Early Learning Centre, and Mattel are generally those that parents seem to trust most. In other companies, however, where values are less visible in written form, for example in the cases of Tomy, BRIO and Zapf Creation, there is still evidence of strong values in action, for example through caring about children, involving parents in toy choice, and encouraging families to play together.

The pressures of the marketplace and on sales/margins are taking a toll on many toy companies regardless of their market share or length of establishment in the market, and this has resulted in some pushing the boundaries of moral acceptability. The price-fixing issue with Hasbro (manipulation of the market), the production of a Barbie model dressed in lace lingerie (erosion of child innocence), and the introduction of a range of licensed McDonald's toys by Vivid Imaginations (association with unhealthy lifestyles) perhaps illustrate this point. But whilst most respondents argued that these pressures did not influence their decisions in any ways that would compromise the trust of their consumers, it was also clear that apart perhaps from LEGO, responsibilities to shareholders take precedence over everything else. This does not mean that they take their other responsibilities lightly. Many of their marketing decisions, they claimed, take into account the potential vulnerability of children, by carefully complying with the advertising guidelines, creating safe web sites, working with schools on added-learning activities, and building high quality and safety into their products. They also believed that they understood many of the main concerns of parents about toys although perhaps they have miscalculated the strength of isolation, impotence, and vulnerability that parents seem to feel when the marketing messages are targeted at children rather than at them.

There are other responsibilities that the companies argued contribute to a wider sense of trust. They see their role as one that carries collective responsibilities both to the rest of the toy industry, and to society. They are conscious that, as major brands, there is a duty to comply to the legislation and codes even if they partly deem them as unfair or overly stringent, because by transgressing on price-fixing and being found out, or through a child being injured through inadequate application of the safety laws, they would let down the industry and not just the consumers and themselves.

The companies also felt that they were expected to be responsible corporate citizens. They argued that they should be trusted by society because toys and games were benefiting children and because of their careful attention to designing and developing them. They also believed they were contributing to society through local community activities, by raising funds and working with children's charities, by caring where possible about environmental resources and pollution, and by taking responsibility to ensure those manufacturing their products were not being exploited in any way.

Assessment of Proposition 1.

RP1 – In building consumer trust, toy companies and the toy industry in general should be more proactive through their marketing activities in demonstrating their concern and care for consumers and acknowledging their responsibilities.

Assessment: Strong Supporting Evidence

The findings seem to support proposition 1. Caring for and about others are important ingredients of trust and in noting Nodding's (1994) distinction, discussed in Section 2.6.3, the indirect relationship between company and consumer probably means that it is caring about that is the issue here, as it represents an acknowledgement of responsibility and a verbal commitment to care which was evident in the fieldwork. However, unlike Noddings, it is contended that caring about is still a form of ethical caring related to benevolence and is something worthy that companies should pursue especially when targeting a children's market.

It was also evident from the research that some of the caring things that the toy companies do are not always communicated to parents. One mother in the focus group, for example, who argued that toy companies have a 'harsh and uncaring exterior', was surprised when she learnt of their charitable work. Why she wondered was it not made more evident by all companies as the Early Learning Centre do? There are other examples of where toy companies could perhaps do more to promote the 'good' things that they do. Better promotion of the Lion Mark scheme, more publicity aimed at parents highlighting the attention given to toy development, quality and safety would be useful, and clearer indications in literature and on packaging of learning outcomes and child/parental benefits of using the toy might help break down the self-centred, profit-driven image of toy companies that many of the parents raised.

And if toy companies are to gain more trust from consumers, they may also need to be more transparent in demonstrating their responsibilities, particularly with regard to not exploiting the vulnerability of children and parents. Although most of the parents interviewed accepted that their children would be targeted directly, there seems to be a need for toy companies to tackle the alienation that many parents seem to feel in the

toy marketing process. The parental endorsement sought by the companies does not appear to be as strong as they would like to believe.

6.1.2 Control factors

The toy industry is subject to a detailed range of safety regulations designed to protect children from physical harm while playing with toys and games and these seem to support a general feeling amongst consumers that most toys can be trusted to be safe if purchased through reputable sources. The special provisions that control toy advertising to children in the UK are likely to be tightened further as the European Commission ponders problems in other industries targeting children such as the food, confectionery and soft drinks industries which may have a knock-on effect across all children's advertising (Dresden and Bernard, 2003). Tighter legislation on advertising through traditional media may reduce some of the negativity about advertising that parents raised but in reality may only lead toy companies to place more emphasis on targeting children through less regulated areas such as the Internet, mobile phones, and schools, thereby exacerbating other concerns.

All toy companies who are members of the BTHA are required to follow its codes. Whilst the Code of Practice appears to do little more than underline the responsibility of members to conform to the law, the BTHA Lion Mark scheme and its adoption of the ICTI code do encourage higher standards of safety and better ethical treatment of workers in their factories respectively. If consumers are made more aware of these schemes and they are shown to be improving standards, this may help to maintain the assumptions that many consumers make about trusting companies to act responsibly with regard to safety and production. On the other hand, highlighting the ICTI code to consumers could backfire as it brings an issue that consumers have put little forethought to out into the open. Perhaps it depends on really how committed the toy industry are to making the code work and whether workers in the developing world do finally get a fairer deal.

The introduction of a more demanding and wide-ranging code of practice or more rigorous enforcement of the existing code, maybe involving others outside the industry, might also lead to more responsible toy company behaviour. However it would be dangerous to assume that trust should over-rely on such controls. As Bibb

and Kourdi (2004: 29) point out: “Given humanity’s immense ingenuity, there will always be ways of circumventing formal rules.”

There are other significant influencers who are impacting on consumers’ trust in the toy companies. The major toy retailers appear to be using their buying power and dominance to keep the prices of toys and games low, ensuring that all companies have up-to-date toy safety certificates, and partly forcing the agenda on the treatment of factory workers by carrying out their own independent audits of supplier production units. This influence may seem to benefit consumers in the shorter term although it may lead to a consolidation of toy companies and less choice, and falling prices may lead some companies to make economies in other areas (for example in terms of the raw materials used, levels of toy development, choices of promotion, and so on) which ultimately could be to the detriment of consumers.

The character licence owners exert careful marketing control over their properties taking a large responsibility for the promotion of the brand names and values to children and their parents. Some of these licences have become very profitable assets and there has been consolidation in the children’s licence industry over the last few years. Thomas the Tank Engine, one of the longest surviving and most profitable toy licences, has had three owners in the last two years. Such is the passion about how the latest owners intend to handle the property, Britt Allcroft, a previous licence owner of Thomas the Tank Engine who brought the character to the television screen, placed an advertisement in an American show business newspaper, the *Daily Variety*, urging the new owners, “to embrace the ethics and values associated with Thomas” and to, “honour the obligations to children whose hearts and minds are deeply influenced by the entertainment they find on television, in books, and on the retail shelf” (Murray-West, 2005). This quote underlines the trust-building role that such licence owners hold and this responsibility is augmented by the policy of many toy companies to promote the character brand names in toys, first and foremost, rather than clearly endorsing them with their own company names.

The media exercise another kind of informal policing role on trust in toy companies by monitoring the toy market and seeking out evidence of toy company irresponsibility whether it relates to distasteful products, inappropriate promotions, or

environmental or worker abuse. The importance of the media's role and investigative journalism in highlighting such issues was underlined by some of the parents in the fieldwork who had made assumptions about trusting toy companies to behave responsibly on a number of issues but indicated that their attitudes towards certain companies might change rapidly if they became aware of some abuse or exploitation.

Finally, consumers themselves play a key role in influencing the levels of trust in their relationship with toy companies and their brands. By purchasing a toy brand for his or her child, a parent is indicating some trust in that brand, at least in the short-term. Through boycotting brands that they perceive to be poor value, inconsistent with their own held values, or exploitative of themselves, their children or others, consumers can demonstrate their distrust. They then become important agents in developing the morality of business (Fisher and Lovell, 2003: 296). Whilst individually they may have little impact, collectively a clear message should go back to the companies. What this research has discovered however is that many companies are not looking out for such messages and if a particular brand does not sell well, it is easy for companies to rationalise poor performance to the fickle marketplace. And, if next year a new product will take its place, perhaps under a new brand name, does it really therefore matter and how important is trust in this case?

Children have also been seen to influence purchases and sway the parent's decision when the latter were undecided about whether or not to trust a particular company or brand. One parent talked of the disappointing performance of a particular car racing track she had purchased for her son in the past, but against her better judgement, she was still going to spend £40 on the latest version of the product so as not to disappoint him at Christmas.

Assessment of Proposition 2

RP2 - Although toy companies can create and foster consumer trust through their own behaviour, trust in toy brands is also strongly influenced, both positively and negatively, by a range of other key stakeholders and contextual factors.

Assessment: Strong Supporting Evidence

The findings strongly support the proposition. The toy companies can and do play the major role in developing trustworthiness through their behaviour but this is tempered by a number of key stakeholders as discussed above. There are other stakeholders who also play a lesser role but still force companies to re-evaluate their responsibilities. Pressure groups have been mentioned as possibly influencing consumer attitudes towards plastics and in keeping the spotlight on ethical manufacture. Children's charities such as the Children's Society, consumer watchdogs such as the Consumers' Association, and radio and television consumer programmes regularly raise issues of concern about children's products and children's marketing, sometimes fairly but not always. One of the retailers gave an example of a children's ice cream maker, the 'McFlurry', that was featured on the BBC 1 consumer affairs programme 'Watchdog' in 2003. The presenters carried out a live demonstration of what they alleged to be the poor performance of the toy. The retailer claimed that the coverage devastated sales of the product and argued that the demonstration had been flawed as some ingredients had been mixed in a different order to the instructions. Nevertheless, these organisations bring many issues influencing trust into the open for deliberation and debate and perhaps contribute to the numerous comments from the managers that there is no hiding place for toy companies who must always therefore be seen to be doing 'the right things'.

6.1.3 Individual factors

This band of factors has probably been the most difficult to connect to the development of trust for a number of reasons. Firstly, it is difficult to ascertain the delimitations of individuals' influence on trust development against that of corporate influence as some companies allow their managers more autonomy than others. In Hasbro's case, such freedom has resulted in the behaviour and marketing tactics used by some of their managers denting the confidence and trust of customers, if not of consumers. It was expected that in the fieldwork the respondents would generally give the corporate response but, through careful probing and selecting respondents with authority, a wide range of personal views and experiences were also forthcoming, many of which have been cited in Chapter five, sometimes anonymously to protect the individual.

In some of the companies with clearly defined values, there appeared to be some pressure applied on employees to maintain the corporate ethos through, for example, assessing managerial performance in relation to company values in annual staff appraisals. Whilst these values did not always specifically include maintaining consumer trust, they included other values such as acting with integrity that might have an important bearing on trust.

Secondly, although the respondents included one company founder, one Chief Executive, three current heads and two former heads of UK subsidiaries, it has been difficult to ascertain the influence of the founders and leaders of some of the overseas-based companies who appear to play a key role in the setting of the trust values. The research has therefore tended to focus more on the outcomes of the values set (the implementation) rather than the motivations behind the values.

Ethical issues are topical and Bryan Ellis had talked about a recent meeting that he and the Chief Executives of Mattel, Hasbro and LEGO had had at the European Commission to discuss the industry's ethical stance. While at an individual level, company leaders may be acutely aware of the need for companies and individuals working within those companies to behave responsibly, Bryan Ellis did not believe ethical issues were so high on the agenda for whom he described as 'the ground workers in marketing'. In his experience, these individuals were more concerned with the day-to-day pressures of meeting sales targets and getting campaigns finished on time (B). Following this line of reasoning, it may therefore be argued that trust is another issue that gets overlooked in many of the routine marketing decisions.

6.1.4 Relational factors

Most of the sample companies believed that both parents and children would have positive perceptions of their products, but only parents would have strong views about trusting the companies themselves. There were however exceptions. The director at Vivid Imaginations felt that whilst children would be very positive towards her products, many of which were licensed character-based, parents would neither like many of the products nor the company. LEGO on the other hand thought that parents would be very trusting of the company and its brands but that it was the children, particularly those of six plus, who were turning against the brand because of the

playground perception that construction toys were educational, and were therefore 'off-trend'.

In many cases, the parental relationship was particularly strong for pre-school brands such as Tomy (which started relationship building with parents before the child's birth), Fisher-Price (part of Mattel), BRIO, and the Early Learning Centre, and for brands with strong educational value such as Leapfrog, Crayola, and LEGO. For these companies, trust for new parents was built by seeing the product in action and they put a lot of emphasis therefore on in-store product demonstrations so that both parent and child could experience the product first-hand. The relationship with parents had been built up over time with many of the original brands remembered fondly from their childhood. A number of companies were taking advantage of this by re-introducing updated retrospective brands such as Yo-yo's, Scooters and skipping ropes.

For those targeting young children directly, such as Zapf Creation, Vivid Imaginations, and Flair, parental endorsement was sought so that parents would feel comfortable with the purchase. This seemed easier for companies with well-recognised and promoted company names like Zapf Creation but harder for companies selling on the strength of their licensed brands. For these companies, endorsement seemed to be a reliance on offering licensed brands that carried a caring, innocent, or moral message such as the Care Bears, Sylvanian Families, or Angelina Ballerina. Parental endorsement for licensed brands aimed at older children was viewed as less important because of children's growing influence over purchase decisions as they mature and because their own increasing funds that enable them to make more of their own personal purchase decisions.

The companies recognised that however strong their brand names were, trust and loyalty would be dependent on addressing consumer expectations. They believed that they understood the needs and concerns of today's parents and were constantly striving to innovate, develop educational and/or fun products, and to keep prices low, while maintaining high quality and safety standards.

Assessment of Proposition 3

RP3 - Trust is a vital ingredient in a company-consumer relationship and high levels of trust between the parties can lead to a range of benefits for both sides.

Assessment: Some Supporting Evidence

The findings indicate that a strong company-consumer relationship can lead to benefits for both parties. For companies, trust can lead to repeat sales, brand loyalty, and sometimes recommendations to other potential consumers as discussed in Section 2.1, and can increase the potential for new brand lines, accessories and other collectable products. For parents, trust in a company can lead to a sense of security in a child-rearing process that is fraught with concerns for the welfare of the young child. It is best illustrated by the example of the Early Learning Centre whose ethos seems to be on the same wavelength as many parents of young children. There seems to be nothing exceptional about the company's products or service (other than the fact that it is a producer as well as retailer) but its values, as expressed by the way it operates and how its staff implements the values, seem to correspond with what parents are looking for. However, as with LEGO, a trusted brand with distinctive values is not necessarily an economically successful one. Over the last five years, the Early Learning Centre has embarked on a recovery programme to regain profitability since a management buyout and although the financial position appears to have been stabilized, the company was sold on to Chelsea Stores PLC, in 2004, which has perceived a need for further rejuvenation of the brand.

Whilst trust plays an important but different role for parents and companies in the relationship, it cannot perhaps be said to be vital for either party. A number of the newer companies in the sample, Vivid Imaginations and Flair for example, did not have strong company identities with consumers and yet were growing rapidly, and some parents did not particularly trust certain companies or their products based on past experience, but still bought their toys because of their child's influence.

6.1.5 Branding factors

Several respondents argued that 'it is the brand that really defines us,' and many of the brand-building strategies appear to have a direct bearing on consumers' trust. The different strategies of company brands aimed at parents, and individual brands aimed at children, have already been discussed but in a number of other areas there were some generally common brand-building features in these leading companies. All the companies were looking for original ideas with good play value that could be sold across many international markets. Most emphasised at length their attention to producing high quality and safety into their toys and games founded on extensive research and testing and this sometimes led to their products receiving awards that could support their promotion. The costs of development and subsequent product superiority meant that premium prices were often charged although the competitive state of the market and consumer expectations for added value were in many instances leading to price reductions in real terms.

All the companies felt that they excelled in customer service where the personal touch was important in building and sometimes restoring trust when a consumer had experienced problems or there had been a critical incident (Storbacka, Strandvik and Gronroos, 1994) and the customer was unhappy. Working closely with selected retail customers was an area where the strength of trust in the retail brand name could supplement their own. Leapfrog, for example, believed that their relationship with the Early Learning Centre was so successful because of their many shared and complementary values.

The communication strategies used by the companies interviewed were often similar but budget restraints meant that the smaller companies could only afford limited television airtime and they consequently needed to be more creative in reaching their target markets. Despite this being the area where most companies spend the bulk of their brand-building resources and the number of advertising controls that exist, this is an issue on which most parents appeared to mistrust the companies. This may be partly that they lack sufficient product information and if people lack reliable, trustworthy information, it is all too easy to make flawed choices or give disproportionate weight to the first piece of information received (Bibb and Kourdi, 1994).

Assessment of Proposition 4

RP4 – Marketers, in particular, have the opportunity to play a key role in determining the levels of brand trust between the company and its different consumers.

Assessment: Some Supporting Evidence

The marketing function carries the main responsibility for building brands, communicating brand values, and meeting consumer expectations (Kotler *et al.*, 1999) and many of its activities will therefore contribute to determining the level of trust between the company and the parent. These include understanding consumer needs and expectations through research, refreshing brands, encouraging innovation, facilitating product availability (working with the right retailers), promoting products with appropriate, honest messages to all the parties, setting prices which meet corporate objectives but which are fair to consumers, and in providing customer service and back-up. Christie (1995) quoting Thompson argues that adopting a more caring orientation offers an opportunity for marketers to become ‘ethical innovators’ within their organisations. As they are closest to consumers in terms of direct interaction and having good knowledge of their lifestyles, they can be the explicit advocates of consumer interests in both the short and long term.

There was some recognition amongst the marketing managers of this role but they also pointed to trustworthiness being a company-wide responsibility with every employee playing a complementary role. The relationships that they built with consumers were therefore reliant on other functions within the organisation fulfilling their duties. The research and development departments played a vital role in bringing new products to market, improving existing ranges, and in building safety and quality into everything produced. Production also played a vital role in quality control and safety, in maintaining a reliable supply line to meet demand, and ensuring ethical production standards were enforced. And for most companies, trust was led from the top of the organisation where senior management played the main role in setting the ethical agenda for the other employees to follow.

6.2 Trust dimensions

The toy industry has put forward claims and evidence of how they develop trustworthiness and brand trust and this has been matched against the dimensions and appropriate variables as proposed in the conceptual model and identified from previous literature (see Table 6.1). In some cases, as discussed in Chapter five, there are clear examples of responsible trustworthy practice by toy companies and by the industry as a whole, supported by corroborated evidence and the views of parents. However on a number of issues, where toy companies believed that they were acting in a trustworthy manner, their claims have been challenged by other documentation and by the consumer sample.

The number of variables in the adapted framework (see figure 6.2) has been reduced from those in the initial framework for various reasons. In some cases, a variable has been subsumed into another where the definition of the variable has been too close to separate meaningfully; hence ‘ability’ has been subsumed into ‘expertise’, and ‘reliability’ into ‘dependability’.

In other instances, a variable has been subsumed because it is covered by a broader one. Conflict handling, for example, forms part of the customer service and support area. Other variables have been removed from the conceptual framework not because they are unimportant for trust development, but because there was no clear evidence (or there was contrary evidence) that the toy companies viewed the variable as an integral part of supporting their trustworthiness. Thus with regards to ‘sincerity’, toy companies were clearly aware of the widespread societal concerns about child vulnerability, yet still chose to target them directly, and while they also understood many of the pressures that parents faced concerning child-orientated products, they appeared to do little to respond to such concerns. There was also little support for ‘other consumers’ experiences’ being used by companies to influence trustworthiness, seemingly relying on *ad hoc*, word-of-mouth recommendations between consumers and parents, or on witnessing friends’ children’s enjoyment of particular toys.

TRUST DIMENSION/ VARIABLE(S)	SUPPORTING CLAIMS/EVIDENCE FROM THE TOY COMPANIES/INDUSTRY
INTEGRITY	
Honesty/Probity	<ul style="list-style-type: none"> ▪ Our promotional messages are honest and straightforward. ▪ We do not mislead children or their parents. ▪ Very few complaints are received about toy television advertising. ▪ Our products do as they claim.
Equity/Fairness	<ul style="list-style-type: none"> ▪ There is tight legislation and industry codes to protect children on issues such as toy safety and advertising. ▪ We meet, and often exceed, all the standards set. ▪ The UK has some of the highest standards in Europe. ▪ We need to make a profit, first and foremost, to ensure our survival but we try to price our products fairly and competitively.
Responsibility	<ul style="list-style-type: none"> ▪ Children's safety is our number one priority. ▪ Gaining the Lion Mark standard requires meeting the most stringent safety standards in Europe. ▪ We target parents, not children, for pre-school toys. ▪ We target school age children because they have rights – the right to information; the right to opinions; the right to choose. ▪ We do not manufacture toys that reflect real-life combat. ▪ We are mindful of our responsibilities to the local communities in which we operate, to the environment, and to the people who produce our toys. ▪ The ICTI code will make the industry one of the best in the developing world for workers' rights and working conditions.
Openness	<ul style="list-style-type: none"> ▪ We have nothing to hide. ▪ We try to understand the needs of our consumers through research. ▪ We encourage, listen, and respond to consumer feedback and complaints through our helplines. ▪ The BTHA provides free information to parents on a wide range of issues relating to toys and children's play.
BENEVOLENCE	
Care, Concern, and Sincerity	<ul style="list-style-type: none"> ▪ We are passionate about the importance of children's play and the role of toys and games. ▪ We want children to have fun with toys and to develop key skills through playing with them. ▪ At both company and industry level, we support our local schools and communities, and contribute to charities for disadvantaged children.

Shared Values	<ul style="list-style-type: none"> ▪ Our values guide the business. ▪ Our values are displayed through our actions and are not empty words. ▪ Everyone in the company has a role in implementing the corporate values. ▪ Developing and maintaining consumer trust is one of our key values.
Not Taking Advantage	<ul style="list-style-type: none"> ▪ We acknowledge that children are, to a certain extent, vulnerable and hence we always seek to 'do the right thing' for them. ▪ Our aim is to put new, innovative product in the market and refresh long-established brands that are relevant for today's children. It is up to parents and others as to what is ultimately bought for their children.
COMMITMENT	
Competence/Expertise	<ul style="list-style-type: none"> ▪ We invest heavily in research, design and new technologies to create exciting toys and enhanced play value. ▪ Our toys are so good that we sometimes win awards.
Dependability/Consistency	<ul style="list-style-type: none"> ▪ We have very few product recalls but when we do, we handle them quickly and professionally. ▪ In rare instances when there is a problem with quality, we will replace it without quibble. ▪ We always do our utmost to ensure that there are sufficient stocks of popular products to satisfy consumer demand. ▪ We do not want to let down our customers or consumers.
Product Quality and Safety	<ul style="list-style-type: none"> ▪ We build high quality and safety into every product, at all price levels. ▪ The toy industry's safety record is excellent. When used appropriately, very few children are injured through playing with toys. ▪ The quality of Chinese-produced toys is as good, and sometimes better, than those produced elsewhere. ▪ The quality of many of our toys means that they can be passed on through generations.
Co-operation	<ul style="list-style-type: none"> ▪ We only sell through reputable retailers. We work closely with them and advise them fully about our toys. ▪ We work in partnership with many schools on carefully selected activities that enhance children's learning. ▪ We need the assistance of parents to ensure toys purchased are age-appropriate, are what children want, and are played with correctly.
SATISFACTION	
Reputation, Confidence, and Prior Experience	<ul style="list-style-type: none"> ▪ A number of our brands have been on the market for several generations. This is testament to our reputation. ▪ Many mothers and fathers played with our toys when they were young.

	<ul style="list-style-type: none"> ▪ First-time mothers buying our brands can be assured by our extensive experience of producing and marketing toys. The brand name is the quality endorsement. ▪ Children are interested in brands and normally want the 'original' brand purchased for them, not the copy. ▪ We offer many licensed character toys because children want them. If they did not sell, we would not offer them. ▪ We know parents play an important part in toy purchase decisions and we seek their endorsement. We want them to be happy with the final decision as well as the child.
Communication	<ul style="list-style-type: none"> ▪ We try to offer direct lines of communications with parents through research, our web sites, and consumer helplines. ▪ We give additional information to parents about our products through leaflets, brochures, advertisements, point of sale materials, and on packaging. ▪ We use a wide range of media to communicate with children, not just television advertising. ▪ Peer pressure is more influential on children's demands than advertising. ▪ Children are more discerning about television commercials than they are given credit for.
Service, Support, and Listening to Consumers	<ul style="list-style-type: none"> ▪ Our helplines provide consumers with a point of immediate human contact for any questions, information, problems or complaints. ▪ Special children's web sites and web pages for their favourite brands have been set up for their entertainment and as a point of information, tailored to their interests. ▪ We are careful to involve parents in such sites and do not use them for research purposes. ▪ We listen to parents. We know they expect value for money. Toys have never been cheaper in real terms. They are still a very affordable present choice.

Table 6.1 – Trust-building dimensions/variables and the supporting claims/evidence from the toy companies and toy industry.

While there were some third party endorsements from experts (such as child psychologists and teachers) through editorial publicity in various media and through awards, few companies appeared to be using other consumers' positive experiences in their promotions, for example. This may be a lost opportunity as one parent claimed that her trust in choosing new toys or games would be increased if she could read other parents' experiences and opinions of them.

One new variable 'co-operation' was added to the framework under the commitment dimension reflecting the importance of working with others in forwarding trust. Forming informal partnerships with retailers, license owners, consumer groups, and

schools was viewed as an important part of the trust-building process for most toy companies.

Assessment of Proposition 5

RP5 - Trust in consumer/brand relationships is determined by both ethical and marketing constructs.

Assessment: Some Supporting Evidence

The toy companies believe that they have good relationships with both parents and children, founded on a combination of what they consider to be responsible ethical behaviour and professional marketing and business practice.

Trusting appears to be particularly important for parents with young children (those five years and under) and most companies targeting this age group seem to be deemed responsible by parents perhaps because they are consciously targeting more of their messages directly to the parent rather than the child. For this age group, the companies place particular emphasis on caring about the children, recognising their particular vulnerabilities to physical and psychological harm, and the need for a toy or game to educate and develop the child as well as provide entertainment and fun.

There were important marketing and business constructs that also contributed to developing trust with parents of very young children. A strong reputable company brand name was important especially for giving confidence to first-time mothers but this needed to be backed up with careful product development, providing consistent, good quality products with high play value, and pricing affordably (recognising the many other costs involved with bringing up children), and competitively. Trust was also supported by both direct helplines to the company and by selling through retailers whom consumers particularly trusted.

With children six years and above, companies placed less emphasis on relationships with their parents and more on direct relationships, meeting children's needs through offering fashionable, gender-specific product, regularly changed and updated, and

(conveniently for the companies) maintaining their human rights. The companies still recognised the importance that most parents still had as the funders of toy purchases in many instances, but believed that the parental endorsement would be given providing toy companies were seen to be complying with the legislation and codes designed to protect consumers, that they were seen to be marketing directly to children in a responsible way, and that they were perceived as being responsible towards the environment and their workers.

The conceptual framework envisaged two main types of construct in the model concerned with trust development, those principally drawn from the moral philosophy literature and those from the marketing/organisational literature. On reflection however, the difference between ethical and marketing constructs often becomes blurred. Demonstrating care, concern, and responsibility and addressing the needs of others are important moral duties, but can also be an integral part of the marketing/company offering when marketing a product to children and differentiating oneself against competitors, as LEGO and the Early Learning Centre have shown. There are then marketing constructs that are important to the development of trust, such as the attention to product development, quality, or safety, and communicating product features, benefits and offers, which are underpinned by important moral obligations, not to harm, deceive, or take advantage of others, for example. The terms used on the model have accordingly been revised to reflect this ambiguity.

Assessment of Proposition 6

RP6 - Toy companies have tended to focus more on the tangible marketing factors of their brand offering than on the more intangible emotional and moral elements.

Assessment: Strong Supporting Evidence

What this research has confirmed is the complexity of trust that is also evident in the literature, and the multitude of both tangible and intangible factors that can lead to a trusting company-consumer relationship, or a breakdown in trust. The companies' focus on the tangibility of their marketing offers is perhaps understandable (but not necessarily wise) as experience has taught them that there are some key tangible,

marketing elements that are important to most consumers and often govern their purchase decisions such as product quality, performance, innovation and safety, strong play value, and value for money pricing, whereas there is only a small minority of consumers whose purchase decisions might be outweighed by, for example, worthier company behaviour towards society. This finding is consistent with Gurviez and Korchia's research (2003) that found that consumers rated the organisational dimensions of trust five times more important in building trust than the ethical dimensions.

The focus on tangibility is common in many organisations that often tend to need scientific evidence or quantitative measurement to confirm that what they are doing is working or is worthwhile (Bibb and Kourdi, 2004). Whilst they incorporate less tangible elements freely in the promotional literature and in their business reports using such terms as 'creating fun and enjoyment' or 'attaining high levels of customer satisfaction', they tend to shy away from addressing other intangible issues such as parental emotions and feelings, believing them to be too individual and difficult to assess. What the companies have perhaps failed to appreciate is that from the consumer perspective trust is principally an emotion and whilst consumers may buy products based on quality, value and child influence decisions, they do not necessarily trust that company or brand. As trust is also an emotion founded in rationality, "it is far more attainable than many of the other more 'flaky' human emotions" (Smith, 2001: 27). The toy companies may therefore be losing out on the power of trust to spread word-of-mouth recommendations of their brands amongst consumers.

6.3 Consumer boundary conditions

Traditional toy consumers are challenging segments for companies to target. Children are difficult to predict in many ways and while toy companies know that television advertising can create a child's desire for a toy and set into motion their influencing skills with parents and others in pursuit of the toy, it is no guarantee of success. Children's desires are influenced by many factors and particularly by their peer group, but what triggers the best-selling products is often an enigma even for highly experienced toy company managers. Perhaps this depth of experience in the industry may be a disadvantage as some managers are now too far removed from today's

generation of solitary, spoilt, computer-literate, brand-obsessed children who crave new creations and action heroes, and not the Monopoly, LEGO, and Scrabble of yesteryear. Their unpredictability as a market is heightened by different styles of parenting and different forms of relationship between parent and child and what is clear from the parental focus groups is just how individual each relationship is and how personal the influences are on what parents trust or mistrust about toys.

There are however a number of common factors that seem to influence parents' trust positively and hence their purchase decisions. Safety is the key concern and most feel comfortable about standards by purchasing recognised brands, or by purchasing less well-known brands through reputable retailers. Keeping to brands that have proven to be durable and reliable in the past, or making visual inspections before purchase, also lead them to trust a particular toy. They appear to put more trust in toys that are seen to have clear learning benefits for children rather than those merely offering fun or stimulation and there are clear preferences for toys made from natural materials rather than plastic although fewer are available in the market.

Parents generally feel bypassed in the marketing process and consider that they often have only limited information about toys before purchase. Toy awards help many by giving them what they consider to be an independent evaluation and recommendation of the better toys available in the market. Toys and games are viewed as generally offering poor value for money as the quality is variable and many are rarely played with. Consumers however named particular companies that they trusted through experience who did provide what they considered good quality and play value although they accepted that often a higher price would have to be paid for these toys. Furthermore, because such toys and games were perceived as being expensive, many parents actively involved their children (even at a very young age) in the purchase decision as this they thought would increase the chances of the child ultimately playing with it.

On a number of ethical issues, parents make assumptions about trusting toy company behaviour in the absence of having any information to the contrary. They assume that toy companies comply with the legislation designed to protect children from harm and to protect consumer rights, are responsible to the environment, treat their workers

well, and do not use child labour to manufacture toys. They are not apathetic to such issues but rarely consider them when selecting a toy. This is consistent with Carrigan and Attalia's (2001) research findings that found ethical considerations some way down the scale of consumer priorities. The parents interviewed in this research appear typical of many consumers today who feel some responsibility to society and the environment but in practice only take tentative steps in putting into action such feelings, for example in buying products that are environmentally friendly (Peattie, 2001). They might recycle their household rubbish (one parent talked of taking her daughter's Barbie dolls for recycling when she outgrew them, for example) and they might consider much toy packaging wasteful but this would not figure as a key criterion in their ultimate purchase decision. They preferred to 'trust' that what they were buying from the local toy shop was responsibly produced without asking further questions.

The parents also generally hold negative views about the toy industry although they see other industries such as those in the food and beverage areas as more exploitative. They are sceptical that toy companies genuinely have concern for others outside of their own self-interest. This might be partly because consumers live in a world of sophisticated marketing messages and spin and have had to become more discerning in their judgement to the extent that even the genuine and truthful marketing messages are often doubted (Bibb and Kourdi, 1994).

The parents also assume that the toy industry is making high profits at their expense and that by targeting children, companies are going for the soft option, exploiting both children's susceptibility to advertising messages and parental susceptibility in wanting to make their children happy. It is therefore only the exceptional company that seems genuinely concerned about parents and their role in children's play.

There were also a number of other issues raised that contribute to the distrust of parents. They dislike many licensed products and the links to American animated television series and particularly those that encourage children to play aggressive games, and they are wary about any form of electronic game other than those having an educational theme. Most parents believe they are overlooked by toy companies who indulge them only so far as is necessary to elicit their funding of the toy

purchase. Advertising messages focusing on parental vulnerabilities and making them feel guilty were viewed with particular contempt.

Assessment of Proposition 7

RP7 - Parents and other stakeholders expect organisations marketing to and through children to act in a morally responsible way and to be mindful of children's vulnerabilities.

Assessment: Strong Supporting Evidence

The companies themselves recognise that they have particular moral duties towards children because of their inexperience and they claim to take these into account in their business decisions. They are conscious that if this responsibility is ignored, they will soon be exposed. They do not however appear to accept any special moral responsibilities towards parents although many acknowledge the pressures that parents feel which results in them wanting to provide for their children, to make them happy, to maximise their potential, and to help them fit in with their peer groups. The companies are aware of other parental vulnerabilities caused by broken relationships, the lack of time to play, and their feelings of inadequacy and insecurity about bringing up children, but for them these are parenting and social issues and therefore beyond their sphere of control. This apparent lack of concern for parents seems to be a major barrier of trust and is an area in which consumers believe toy companies could do more to help and support them. As Gurviez and Korchia (2003: 16) conclude: "...If brand trust is to be effective, it must rely on more 'relational' dimensions that are harder to measure...and manage". This is discussed further in Section 7.4 on managerial implications. So whilst there is a general societal expectation for companies to be mindful of children's limitations, companies also have clear moral responsibilities towards today's vulnerable parents.

6.4 Development of the theoretical framework

This section aims to offer support for the structure of the revised model shown in Figures 6.1 and 6.2 by considering the key findings and analysis of the propositions.

Figure 6.1 – Antecedents and Dimensions of Trustworthy Behaviour in Toy Companies (adapted from Whitener *et al.*'s 'Exchange Framework of Initiating Managerial Trustworthy Behaviour, 1998)

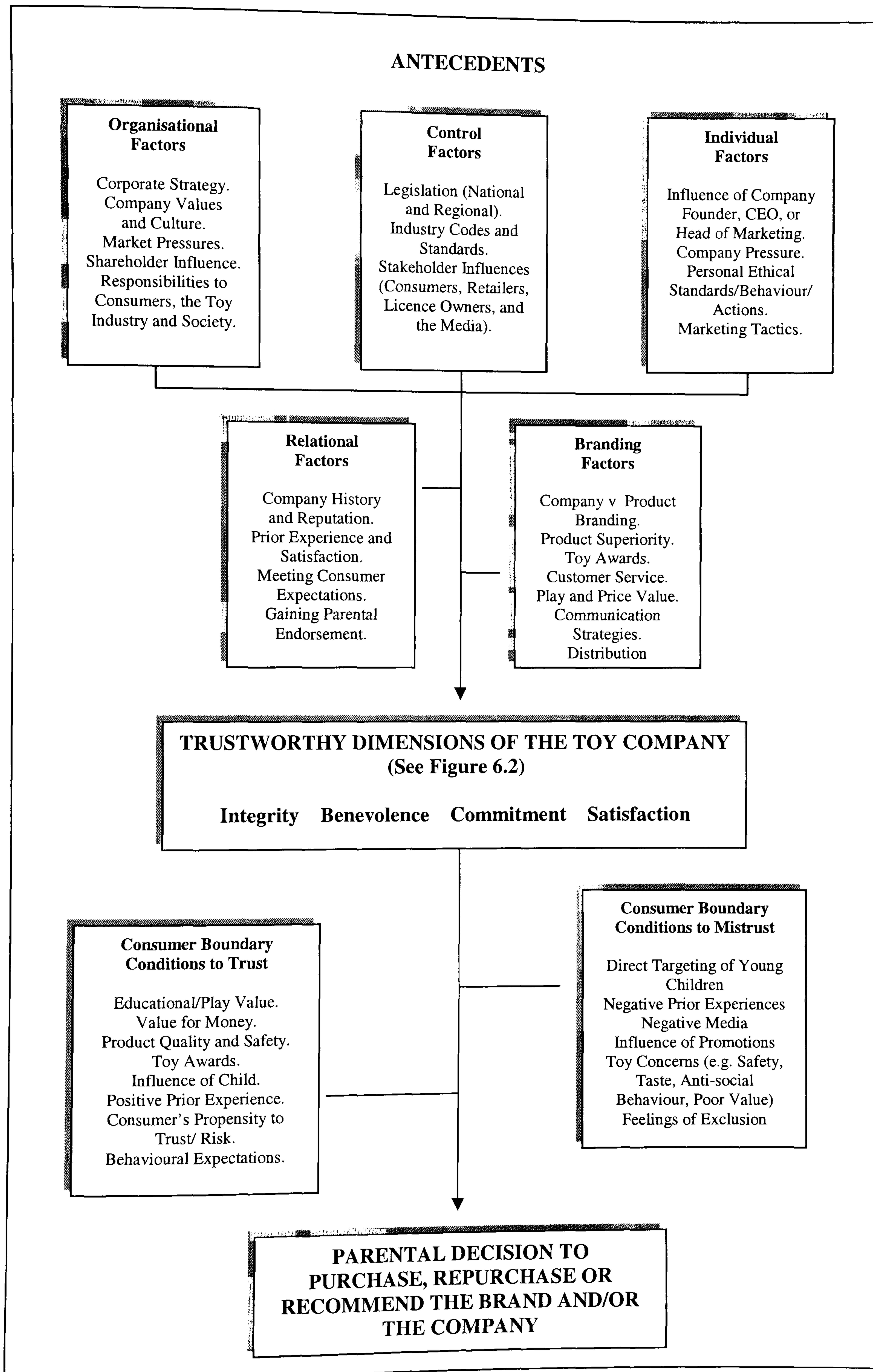
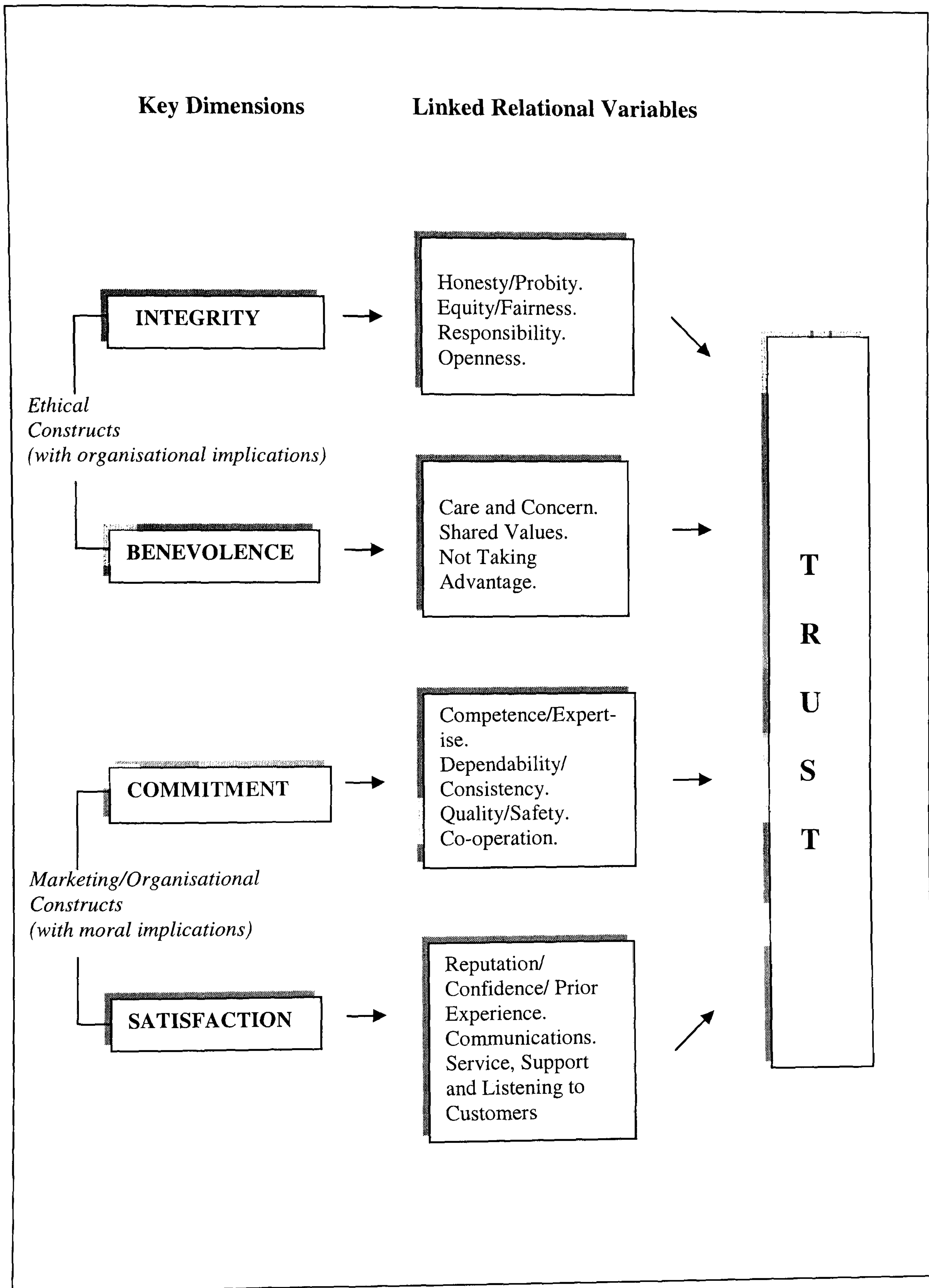


Figure 6.2 – Dimensions and Linked Variables of Consumer Trust (adapted from Michell, Reast and Lynch's Model of Postulated Correlates of Trust, 1998)



It was discussed in Section 6.1 that there are a number of links and overlaps in the trust antecedents, and this perhaps accounts for few previous attempts in the literature to divide the key influencing factors on trust/trustworthiness development, other than considering individual versus corporate behaviour (for example, Whitener *et al.*, 1998) and looking at the influences on trusting relationships (for example, Morgan and Hunt, 1994). In this model, it is posited that the five sets of factors, although largely inter-dependent, should be evaluated separately.

It is suggested that considering control factors as a separate set is a useful way to compare the internal, more company-manageable trust influences (for example, communication flows with parents) with the largely unmanageable, external influences (such as the European political agenda).

Another different feature of the model, particularly relevant to the context of this research, is considering relational antecedents as distinct from branding. Relationships imply some sort of continuity but many brands are often tried or purchased only once particularly in a fashionable product area such as toys. Relationships also imply some loyalty but children rarely seem to stick with the same brand for long despite companies trying to develop coordinated ranges that span different age groups such as LEGO and Leapfrog. Consumers also have different types of relationship with toy companies. In considering proposition 3, whilst trust is viewed as an important ingredient of some company–consumer relationships benefiting all concerned, it seems to be only particularly significant where there is direct personal contact

Children appear to have little interest in any form of relationship with companies but desire brands for enjoyment, for status-building and peer group membership reasons. Parents only rarely have direct relationships with toy companies. Those that exist are when companies are both producers and retailers such as the Early Learning Centre and LEGO, though other companies have some spasmodic personal contact through primary research, in-store promotional activity, or through sales and service helplines.

Most parents have indirect, impersonal relationships via a company's brands but even these vary. For some parents, the long-established company names have sentimental value, giving reassurance and a sense of trust whilst product brands (such as

character-licensed toys), with little or no company endorsement, are largely shunned unless the child's influence prevails. Other parents may trust product brands or lesser-known company named brands, at least for the first purchase, but these depend on a variety of often personal considerations such as perceptions of price and play value.

It has also been noted in considering proposition 5 that both the ethical and marketing behaviour of companies can influence trust positively and negatively, but that the distinction becomes a little blurred as nearly all the organisational/marketing variables supporting the model have some degree of moral implication and all the ethical variables need to be considered in the light of corporate behaviour. However, in seeking to understand how trust is developed, the intention has been to blend what Hosmer (1995) called doing what is right, just, and fair (from the philosophical literature), with what is efficient, effective, and practical (from the marketing literature). The research findings tend to support that, in building trust with their consumers, toy companies are mindful of their ethical responsibilities and are making some attempts to improve their moral transparency, but still focus on the more tangible organisational dimensions as proposition 6 suggested. If trustworthiness is to be improved, and the evidence would seem to indicate that there is plenty of room for improvement, it is the morally worthy dimensions such as integrity and benevolence that need greater attention.

The need to keep ethical and marketing considerations separate is also useful because of the classic (and unresolved) dilemma of weighing morals against profits and trying to achieve an appropriate balance between them to satisfy all stakeholders. Disappointingly from the author's perspective, attempts to give more weighting to worthier dimensions by a few toy companies appear to conflict with what the market would like to see in principle, but seems unprepared to pay for in practice. A good marketing company identifies and satisfies consumer's most pressing requirements and those seem to lie in the commitment and satisfaction areas. As the LEGO manager argued, a toy is not a sanctimonious purchase.

There are however positive lessons to be found from those companies that have taken a more morally responsible stance towards their consumers such as LEGO and the Early Learning Centre, not least because they appear to be highly trusted by parents.

The Early Learning Centre may only recently have regained profitability but the goodwill and brand asset value ensured the new owners had to pay a premium price for the company (see Appendix IV: 11). As their Chief Executive admitted, the company was bought because it is a brand that is unique, that resonates with people and that has clear values about integrity, safety, and innovation. And while LEGO's profits are struggling, adult consumers, retailers, and even other toy companies admire its moral stance on many issues. As has been intimated by others, there are probably broader issues relating to its business strategy and management that have contributed to its current financial difficulties.

The framework has been developed to explain how companies develop consumer trust with parents and it has been argued that it is important to give some consideration to the trustor perspective. This has proved useful in the model for a number of reasons. It has helped assess how well toy companies understand the markets they are targeting (for example consumer purchasing behaviour, parent-child relationships, parental pressures and concerns). It has also been useful in identifying issues where parental trust is strong and more importantly where it is weaker than the companies perceive it to be. This has led to a number of recommendations to management on how company trustworthiness and brand trust might be improved (discussed further in Section 7.5).

It has also highlighted, as forwarded in proposition 1, that many of the good, caring things that toy companies do are not well communicated down the line to consumers. Modesty is not a trust-building variable. Although contrary to some views that trust should be something philanthropic and fostered because it is 'the right thing to do', trust seems to need to be actively marketed to toy consumers and as proposition 4 indicates, marketers have a key role in communicating the responsible actions that the industry take behind the scenes.

Perhaps most importantly, probing the parental boundary conditions has questioned the whole issue of the importance of trust in a company-consumer relationship and consumers seem to confirm the views of many of the managers that trust in a particular brand or company in most cases often comes some way down the purchase agenda in choosing a toy, particularly for a child of six years or over. This is probably because the current toy safety standards and trust in particular retailers they buy toys

and games from gives them sufficient reassurance that their child will come to no harm. As proposition 2 has suggested, it is often other stakeholders within and outside the industry who seem to be setting the standards on the important trust issues. Because all companies are required to meet minimum standards for safety, quality, and advertising, going beyond the requirements does not appear in this industry to give companies a significant competitive advantage and at the same time allows newer companies to gain market share quickly as Vivid Imaginations, Flair, and Leapfrog have demonstrated.

6.5 Links to previous research

Eisenhardt (1989: 544) argues that an essential feature of theory building is a comparison of emergent concepts and theory with the extant literature to consider and explain similarities and contradictions.

The original conceptual framework (proposed in Chapter three) had been devised primarily from a synthesis of the trust literature, identifying different antecedents dimensions and variables that might lead to consumers purchase or repurchase decisions. Some scholars such as Selnes (1998) have discussed antecedents and consequences of trust while others have identified dimensions, drivers and variables of trust such as Michell, Reast and Lynch (1998), but rarely have they been considered as integrated and part of a total trust development process (that is, considering the climate and influences in which trust decisions are made, how and why decisions affecting trust are made, and how trust might impact on purchase decisions).

The constructs were selected on the basis of their relevance to the context of the case, their fit with the concept of the ethical/organisational division of constructs (as suggested by Hosmer, 1995) and the level of support each had from different scholars. The research set out to assess whether the framework adequately explained how trust is created between toy companies and their consumers.

As previous scholars have discovered, it is difficult to precisely understand what trust is (Hosmer, 1995). For the sample companies, trust was one of many attributes that

they strived for and there were no particular strategies that they adopted to augment it, despite their acknowledgement of its importance. Attention to product development and manufacture, consumer service and communication and ethically responsible behaviour they believed demonstrated their trustworthiness and this trust was evident in their consumers' loyalty, confidence and satisfaction in their brands. The link between trust and these other sought-after attributes has been regularly made in the literature (for example, 'Trust and Loyalty' – Chaudhuri and Holbrook, 2001; Delgado-Ballester and Munuera-Aleman, 1999, 'Trust and Confidence – Barney and Hansen, 1994; Moorman, Deshpande and Zaltman, 1993, 'Trust and Satisfaction' – Garbarino and Johnson, 1999; Bejou, Ennew and Palmer, 1998) although attempts to isolate and explore trust as a business-winning attribute have been limited, particularly in relation to consumers (Delgado Ballester and Munuera-Aleman, 1999).

The research has revealed that trust in toys and games is steered by a number of external forces but that toy companies still have a major part to play in convincing consumers and others that they have the interests of children at heart. The role of external bodies such as legislators in increasing trust in products and services surprisingly seldom features in trust models in the literature but is particularly significant in industries where children are involved as targets or product users.

Trust in the toy industry is evident at two levels. At a more basic level, equating to what Flores and Solomon (1998) describe as 'elementary trust' and Bibb and Kourdi (2004) as 'structural trust' (see Section 2.4), toy companies seem adept at building trust through solid product packages - that is, supplying innovative, safe, well-manufactured toys and games at affordable prices which still delight younger children and mostly appease their parents. Such trust is very important for parents when buying for children up to the age of six or seven but thereafter seems to diminish as toys start to compete with other products for children's interest and children have more say in what is bought for them.

A higher level of trust was also identified in some companies that goes beyond the offer and appears linked to a genuine passion and concern for children. This equates more to a form of what Flores and Solomon (1998) describe as 'advanced trust' as it requires commitment, action and boundary setting. A number of 'caring' activities

that take place were identified, some of which make good business sense, but others where there was no obvious ulterior motive other than in doing the 'right thing'. It is considered that there is a need for the companies to promote such deeds more proactively in order to tackle the cynicism that parents still seem to hold about the toy industry and because today's often vulnerable, cash-rich but time-poor parents need messages clearly flagged on packaging and in promotional messages or they are likely to be missed when few direct relationship-building opportunities arise. This view is contrary to some scholars' view that virtues such as trust should be pursued for their own sake and not be considered as part of 'the marketing package' (Bibb and Kourdi, 2004).

The evidence from this research indicates that there may be a difficulty in convincing companies in the rest of the toy industry that a sound ethical policy will lead to more trust, that such trust has a tangible value to the business as well as society, and that consumers do genuinely want ethically produced products that they are prepared to pay more for. Parents interviewed in the research, although recognising the worthiness of some toy companies such as LEGO and BRIO, did not always see this as a key purchase criterion if a cheaper rival brand offering similar play benefits was available, perhaps because toys were viewed as only having a short play life span. Ethical behaviour was important for consumers' consciences but this seemed to only come into play when they became aware of a particular company's abuse. Even then, the type of ethical abuse seemed to have significance. The use of child labour or abuse of factory workers seemed pressing to many and yet few seemed overly concerned about Hasbro's retail price manipulation. The findings are surprising in some ways as the literature points to ethical decisions becoming more important in consumer purchase decisions (Carrigan and Attalla, 2004) and some evidence suggesting that people generally have more concern about ethical and social responsibility issues if they have children (Peattie, 1995). The findings are consistent however with Gurviez and Korchia's research (2003) on consumer trust that found consumers give product considerations far higher weighting in their purchasing decisions than ethical considerations.

In examining the dimensions and variables of trust in the framework (Figure 6.2), there are many shared variables with those identified and tested in Michell, Reast and

Lynch's consumer trust model (1998). The division of ethical and organisational dimensions rather than the split of affective and cognitive dimensions in the Michell, Reast and Lynch model accounts for some of the differences as does the context of this study that has brought issues of care and vulnerability to the fore.

There are also similarities between the findings of this research and that of Bibb and Kourdi's that identified trust qualities sought, found and missing (see Table 2.4). The toy companies in this research would probably score well with consumers on trust drivers identified by Bibb and Kourdi such as dependability and competency, and perhaps with more deliberate communication might be also seen to be mostly acting fairly, openly, and not always selfishly. Interestingly, a number of the trust deficits identified by them were also recognised by the parents in this research. There was a general feeling that parents role in the toy buying process could be better respected and acknowledged. There is perhaps a need for more compassion, not so much towards the children but towards the parents and there is a need for more parental support in terms of providing more information. There are indications of some empathy and understanding of the parents' position by the toy company managers as well as some of the visionary qualities that generally seem to be lacking elsewhere according to Bibb and Kourdi's research but taking these further seems to be being hampered by the weight of their day-to-day problems.

The final chapter will draw together the main findings and conclusions from the research and reflect on the contribution that the new theory makes to academic knowledge and management practice.

Chapter 7 – Reflections and Conclusions

7.0 Introduction

The moral behaviour of commercial organisations has become a critical issue in the early 21st century in many industries as firms struggle to grow or even hold their own in highly competitive marketplaces with customers and consumers becoming more exacting. Even the children's advertising industry acknowledges, "the birth of ethics as a lifestyle and marketing issue" (McCann Junior, 2003).

In an industry where children are targeted moral issues are particularly pressing if companies want to be trusted. Trust is a business issue that can positively influence economic success as it fundamentally affects relationships with current and potential consumers underpinning such issues as innovation, benefiting and adding value for customers, enhancing loyalty, winning new business, building the long term value of the business (and especially the brands) and keeping customers satisfied. It is an attribute or virtue that is allied more to people than to products or services and is formed through the behaviour of individuals and organisations.

Bibb and Kourdi (2004: 87) have argued that inspiring trust should not be difficult and simply requires organisations to live certain values such as openness, honesty, consistency and a real regard for the needs of others. The author agrees with Bibb and Kourdi's observation that unfortunately many of these values still seem to be missing in parts of the commercial world, lost in the pursuit of profit and personal ambition. Despite the efforts of many organisations to become more socially responsible, the goodwill between the business sector and society which is bound together by trust seems to be being undermined by the unscrupulous actions of a few, the uncertainties of the marketplace, fears about the control of big corporations over everyday life and a growing cynicism about business practices (Varney, 2004). The lack of trust can therefore equally impact negatively on economic success

This thesis has set out to expand on the limited theory that exists in explaining and understanding how trust is created and fostered between companies and their

consumers by focusing on the children's market for traditional toys and games. It was perceived that trust with parents in this industry would be an important criterion for toy company success and in consumer's purchase decisions bearing in mind the vulnerability of young children as naïve and inexperienced recipients of commercial messages. As McNeal (1992: 104) has pointed out: "Anyone can fool them, deceive them, cheat them. It takes a mighty good marketer to satisfy children's needs and wants and not do any of these things intentionally or unintentionally".

By gathering data from senior managers in a sample of leading toy companies consisting of some young, fast-growing organisations along with some long established and highly respected ones, it was considered that this was where trustworthiness and brand trust was most likely to be evident and where its different facets could be examined. Gathering data from other key stakeholders such as industry body representatives, toy retailers and parent consumers has helped gain an understanding of the main issues, confirmed and challenged the views of the company managers, and pointed to areas where companies need to focus more on trust development.

There are many critics of the marketing methods used to target children who question whether children should be targeted at all. Mosbacher (2000: 6) argues that such critics usually present a moral drama with a three-character cast: the grasping capitalist, the innocent child, and the helpless, bystanding parent. From the outset, the author has tried to take an objective stance with the only assumption being the innocence of the child. Although any research will have a degree of subjectivity, this has been balanced by the author's experience as a former marketing manager on the one hand, as a parent and toy consumer on the other, and as a current academic seeking an accurate picture.

The overall picture gained of trust in the toy industry from this research has generally been a positive one. The industry contains many experienced managers who make a genuine effort to care for the well-being of toy users and to act responsibly in balancing the needs of consumers, customers and shareholders. As in most industries the selfish activities of a few managers and companies is perhaps denting the confidence of consumers in the overall industry. If there is an area where companies

could enhance their trustworthiness, it is in their attention to and relationship with parents as the recommendations in Section 7.5 point to.

This final chapter will address five main issues: How has the new theory met the aims of the thesis and addressed the key research questions? What are the key findings and implications from the research? How does it contribute to new academic knowledge and what are its strengths and limitations? How has it contributed to management practice and what are the key recommendations to the industry? What additional research should be conducted to verify the model and further the study of consumer trust and moral decision-making in children's markets?

7.1 Thesis aims and key findings

The aim of this thesis has been to identify, examine and understand how trust is developed between toy companies and parents. From this key aim, a number of related questions were posed and propositions forwarded to guide the study (as per Table 4.1). The key findings of the research and analysis may be summarised as follows:

7.1.1 Company trustworthiness and brand trust

Toy companies take one of three approaches to developing trust. For some companies such as LEGO, BRIO, Tomy, Zapf Creation, Binney and Smith, Leapfrog, and the Early Learning Centre, the company name is the true brand that endorses all packaging, point-of-sale materials, advertising and other promotional activities. For these companies their perceived trustworthiness to customers and consumers is viewed as critical to success and in many cases has been built up over many decades. In these organisations there are signs of strong, often ethical, values that guide the companies' behaviour. A distinctive identity, a clear strategic focus in particular toy sectors, consistency of message, and family leadership or influence are common features of many of these organisations. Most are particularly strong in the pre-school market, carry out some direct targeting of parents and are generally well regarded by parents. With the exception of Leapfrog however, all the companies following this approach are experiencing profit falls or losses. This would seem to imply that a high level of trust in a toy company and its products does not make it immune to the

economic cycles of the marketplace but long term enables them to survive and prosper.

A second strategy adopted by companies such as Vivid Imaginations, Flair, and RC2 is to develop ranges of individual branded products aimed at diverse age groups, often based around character licenses. The company name in this instance is merely a trade name but for CE mark purposes has to be displayed on packaging. These companies are little known by consumers but, as most sales for these companies' brands are driven by children who appear to have little interest in who manufactures a particular toy product, this is not considered a problem. The challenge in this case is to identify what are likely to be the successful licences of the future and to negotiate some market exclusivity. There is a heavy reliance on the licensors to support, protect, and promote the brands. For these companies, it is still important for parents to trust (but not necessarily like) their brands and such trust is built through high product quality and safety and, where products are aimed at young children, selecting characters that parents might view sympathetically. These companies are generally experiencing the fastest growth in sales and profits indicating that strong parental trust is not essential in leading to economic success providing their child consumers are 'on-side' and can continue to successfully persuade their parents and others that these are the 'must have' products to ensure their ongoing contentment and peer group membership.

A third approach is used by the largest companies, Mattel and Hasbro, who are long-established and have grown partly through the acquisition of other toy companies and brands. These organisations still market products under these separate company names rather than choosing an umbrella brand so as not to dilute the brands' value. Whilst there is some consumer recognition of the Mattel and Hasbro names which are commonly linked to top selling brands such as Barbie, Action Man, Hot Wheels, and Beyblades, most consumers do not connect their separate company brands such as Fisher-Price, Playskool, K'nex, Parker, and Waddingtons to their owners, believing them to be individual companies. Trust is therefore built through each different brand with little cross-marketing. These larger organisations were also facing profit pressures at the time of interview. Although these companies have size, experience and global strength on their side, they seem to be wasting an opportunity to bring

together all the disparate trust built in all their separate brands under one coherent strong corporate umbrella brand.

7.1.2 Trust drivers and influences

Although there are variances in terms of current profit success, all of the companies interviewed appear to be trusted by dint of their market shares and all three of the strategies described above could therefore be deemed successful. Across each strategy there are common elements that seem to underpin their consumers' trust: These include:

- High attention to product research, design and development.
- A focus on achieving the highest possible standards of toy safety for children.
- An on-going product development process to introduce new lines and rejuvenate established brands.
- Offering premium quality (at an often premium price).
- Personal after-sales and customer service support.
- Greater trust when parents are targeted directly.

Building trust appears to be founded mostly on the organisational dimensions of commitment and satisfaction that are viewed as more tangible to deliver and measure, and are considered most relevant to today's consumer expectations. All the companies are acutely aware of the ethical issues in targeting children and the need to carefully consider their actions at all times with the threat of media exposure and tighter legislations clearly in their thoughts. The companies attempted to demonstrate how they, and the toy industry in general, behaved in a responsible and benevolent manner. This meant complying with and sometimes exceeding the regulations, demonstrating care for children in aiding their development, giving them enjoyment at an important stage in their lives, protecting their safety, and having clear company values that guided all employee decisions.

Trust is seen as something that every employee has a duty to maintain and augment although it is driven by those at the top of the organisation who are often based in overseas head offices. There were many references made to the original company values that have been passed down the generations from the founder and a number of companies still have second or third generation family representatives on the Board.

The marketing function plays an important role in driving trust as it has the primary duty to keep the brand relevant to the customers and consumers, develop relationships, communicate messages out to the market and obtain feedback.

The development of trust seems controllable to a large extent and is influenced by individual company decisions about who to target, what products to offer, how to reach consumers with appropriate messages, and monitoring employee actions. The industry bodies, the BTHA and BATR, also have important supporting roles in forwarding toy company interests with legislators, in encouraging better standards of behaviour of members through their codes, and in providing consumers with relevant information to enhance safe play and address concerns. What is distinctive about the toy industry are the external influences that prevail in influencing trust in toys with the retailers, licensors, the media and legislators (particularly at a European level) all exerting pressures that constantly keep toy companies thinking about their responsibilities to consumers; in their marketing policies; in their production and product development; and in being responsible corporate citizens.

This breadth of different influencers has also led to a form of ‘stalemate of responsibilities’ with toy companies claiming only part responsibility for many of their activities in areas such as school marketing, advertising, web sites and the development of peer pressure and pester power. Parents in particular, it was claimed carry the main responsibility in deciding what their children consume and what media they give them access to. Although there is some validity to this point of view, this should not detract from the criticism that companies might be guilty of the deliberate manipulation of children and treating them only as a means to an end (De George, 1999: 283).

7.1.3 Are toy companies trustworthy?

Most toy companies seem to be acting reasonably responsibly in balancing their duties towards shareholders and owners in delivering growth and profit and towards their consumers in delivering safe, innovative, good quality, relevant products. On the other hand it might be argued that in terms of current performance, they are failing to satisfy either party. Market growth is slowing, profits are falling and many of the leading companies are actually making a loss in the UK market. Many parents meanwhile are

cynical about the toy industry and toy company motivations, believing toys to be expensive, and they remain critical of the marketing tactics used in targeting their children.

There are also a number of contradictions that seem to be inhibiting the industry's trustworthiness. Whilst they acknowledge that there is a lot of television advertising of toys that probably annoys parents, the managers do not seem to clearly accept responsibility for causing it nor are they trying to find different ways of getting over their messages, other than for cost saving reasons. And whilst they clearly recognise child vulnerability, they continue to take advantage by targeting children directly and hiding behind the well intentioned, but somewhat controversial, human rights of the child which allow for their freedom to receive information, to have their opinions taken into account, and to have access to the mass media, whatever their age. These rights, seemingly supported by Kantian views for respecting the rights to privacy and autonomy of the individual, need to be balanced by Kantian concerns about using individuals as a means to an end. As young children are hampered by the inability to make considered, rational consumer decisions, these latter concerns would need to have precedence.

If trustworthiness is truly a virtue rather than a business strategy and one that can fuel the aspirations of the smaller companies in the market or indeed other companies in other industries, then the leading toy companies will need to go beyond the bottom line thinking that now prevails and conceive of business, in the Aristotelian tradition, as "an essential part of the good life, living well, getting along with others, having a sense of self respect, and being part of something that one can be proud of" (Solomon, 1992: 104).

The one virtuous toy company commonly identified by consumers, retailers and other toy companies in this research is LEGO. This organisation puts care and concern for children, parents and its employees at the top of its agenda but perhaps this has come at an economic cost that cannot be indefinitely paid. In other respects, the Early Learning Centre is seen as virtuous by sharing and implementing values closely allied to parental needs. Whilst some might argue this is astute marketing and not virtue pursued for its own sake, it is an example of how company values can be effectively

married with those of parents to create a trustworthy (but not necessarily highly profitable) brand. This company may fall short of being virtuous in other areas however, particularly in its alleged copying of other companies' product ideas. Trust cannot therefore be directly related to profitability but organisations that have been characterised by a straightforward approach emphasising honesty, simplicity, fairness, efficiency, initiative, respect and excellence are trusted, and they generally prosper in the long term (Bibb and Kourdi, 2004).

Toy companies can take positive steps towards improving trustworthiness through better communication with parents, more dialogue, careful product choice and going beyond the regulation minimums. Trustworthiness is also likely to be limited while the company-consumer relationship is conducted impersonally via brands. Building trusting consumer relationships concerns human emotions and face-to-face contact is likely to be the best means to generate brand trust and trustworthiness which perhaps accounts for LEGO's and the Early Learning Centre's success in this area.

7.1.4 Consumers' trust

If toy companies do not quite fit the mould of 'grasping capitalists' that Mosbacher refers to, then nor does the description of parents as 'helpless bystanders' equally apply to them. As has been noted earlier, responsibility for ensuring that children are not harmed by commercial activity partly rests with parents. It has been argued in Chapter five that yielding to pestering, spoiling children, and allowing them uncontrolled access to television, partly creates the problems that they complain about. And whilst parents bemoan that they are sometimes ignored by toy companies in their rush to influence children, there are specific data and messages for parents about toys and toy marketing in a variety of sources (on some packaging, on web sites, in leaflets, for example) if they make an effort to seek them. Trust has to be reciprocal with a balance of responsibility struck somewhere between the different interests. Noting Smith's marketing ethics continuum (1995) in Section 2.7 and the need to swing towards a more *caveat venditor* position in the 'ethics era', would suggest that companies need to take on a good deal of this responsibility themselves.

For consumers, trust in a toy or game is only truly significant when a young child (normally five years or under) is involved when there needs to be trust in the company

supplying it, although even then the trust is often vested in the retailer's rather than the manufacturer's brand. From the age of six, children's interests start to move beyond traditional toys requesting electronic games or other products. Where toys are requested after this age, parental purchase decisions will be driven principally by their child's influence and not by their own judgements. Trust becomes less of an issue, with fashion (what is new?), trends (what are the 'must have' items?), and the peer group (what do all my friends have?) being the principal child motivators.

There are a number of areas where consumers still mistrust toy companies. Although the product quality of many of the leading toy companies is perceived as good, quality overall in the industry is variable. The common use of plastic and licensed characters lead to the impression that toys are often poor value as many break quickly or are never even taken out of the box. Toy purchase is often a gamble which is why many parents actively involve their children in selecting toys and perhaps underlines why the companies still view the child as the main target.

With toy companies now using a more integrated promotional mix, there were surprisingly few critical comments from parents about the use of newer marketing techniques such as in-school promotions and special children's web sites to promote brands, providing companies use them responsibly. Television advertising is however mistrusted and is an area where it was felt there is still exploitation of children. Few seemed aware of regulations governing toy commercials and the general attitude was that if there are regulations, they need tightening.

Perhaps the most significant finding is that parents feel under pressure and vulnerable from commercial activity. Parents consider that they are being 'used' by companies in many industries (and not just toys), who often bypass them in the marketing process, feed on their desires to make their children happy, and yet expect them to fund purchases that rationally they would rarely choose themselves. What parents seem to be demanding is that there should be more communication with them so that they have more of a sense of value for themselves in the toy. Trust is therefore not merely something that contributes to a purchase decision but can lead to a personal feeling of satisfaction and reward.

7.1 Contributions to theoretical development

Trust between companies and consumers is an important but underdeveloped theoretical area in the literature that has perhaps been shunned because of its complexity and any new contributions are likely to be exploratory in nature. It is an important topic because every person in the world is a consumer, either purchasing goods and services themselves or receiving them from others. There also has been little empirical research on moral issues in children's markets outside the consideration of television advertising. Most studies have taken the arguably easier option of surveying consumers rather than face the challenge of getting companies to talk about their ethical decisions and dilemmas. This research fills another important gap by considering the importance of trust between companies and parents, whose significance is vital but who are often overlooked in studies on children's markets.

The new theory makes a number of distinctive contributions to the existing literature by:

- ❖ Adding to the limited knowledge of the importance of company-consumer trust and how it is created and fostered, identifying a detailed combination of variables in both antecedents and dimensions (rarely considered jointly in previous studies).
- ❖ Viewing the development of trust as a process from its influences and influencers, through its drivers and dimensions, to its impact on parental purchase decisions, something few studies have attempted.
- ❖ Envisaging trustworthiness/brand trust as dependent on upholding both ethical and organisational responsibilities.
- ❖ Considering and comparing trust from the trustor as well as trustee perspective to identify common characteristics, differences of opinion and areas where trust could be improved.
- ❖ Taking a qualitative approach to examining trust, exploring in-depth the views and experiences of a range of key stakeholders including senior toy company managers, industry body representatives, retailers, and parent consumers.

As a novice theory builder, the author has been mindful of what might constitute ‘useful’ theory although there appears to be generally little agreement in the literature about what constitutes strong or weak theory in the social sciences (Sutton and Staw, 1995: 371). For some, strong theory is practical, advances knowledge, guides research towards crucial questions and enlightens the profession of management (Van de Ven, 1989: 486) which this research has striven to achieve. For others, the hallmark of good theory is achieving a balance between complexity and over-simplicity and between completeness and parsimony (Whetten, 1989; Eisenhardt, 1989). Again in this research, in investigating a complex topic, the author has tried to develop a conceptual framework that has sufficient depth to understand the phenomenon (a criticism of earlier work) and yet one that is clear, logical, supported with evidence and linked to existing knowledge.

Most scholars seem to agree that references, data, lists of variables, diagrams and hypotheses/propositions are not theory in themselves but all play a key role in contributing to sound theory (for example, Sutton and Staw, 1989) and this theory contains elements of each. There is also general agreement that good theory is more than just the logical consideration of and relationship between variables, concepts and empirically observed patterns, but tries to explain why they came about. Whetten (1989: 491) describes this rationale as “the theoretical glue that welds the model (theory) together.” The aim of this thesis has therefore been not only to understand and explain how toy companies create trust, but also to explore why they make the decisions that they do.

In building theory, the author has sided with Weick (1995), who argues that theory is less about a product and more about a process that involves activities such as abstracting, generalising, relating, selecting, explaining, synthesizing and idealizing in trying to understand the context in which the product resides (: 389). The case study route to theorising was chosen as it was considered most appropriate for the early stages of research on a topic (Eisenhardt, 1989). The strength of the case study approach is that the resultant theory can be clearly tied to evidence and thereby closely mirror reality (*ibid*). Using qualitative research has been useful for understanding, evaluating and comparing to previous work on trust that has almost always taken a quantitative approach and this has been a vital and original element to

the theory. Mintzberg (1979) has also supported the stance that theory building needs the rich description that comes from anecdote: “Whilst hard data can uncover all kinds of relationships, it is only through the use of soft data that we are able to explain them” (: 587).

Although few new variables were identified in the theoretical framework, the research confirmed the importance of a number of variables from the large disparate list identified in previous studies and has attempted to link them in a novel and comprehensive way tied to the context of a live case study and the evidence from it.

7.3 Strengths and limitations

The strengths of the research lie in the quality and quantity of rich data gathered which support the theory and lead to an interesting and distinctive set of findings.

The sample included market-leading, highly respected organisations, and senior management respondents who were both knowledgeable of company policy and market practice. Through careful probing, these individuals have talked openly about sensitive issues such as trust, the pressures they are facing, and the moral dilemmas of targeting children. The research has also gained evidence from other stakeholders and other documentary sources that has corroborated and challenged the companies’ views and practice. The data has been sorted and evaluated from over 28 hours of taped interviews.

There are a number of possible limitations to the theory. The relative merits of the positivistic and non-positivistic methodological approaches were discussed in Chapter four and raised a number of potential problems in adopting a qualitative approach. Attempts have been made where possible to address these limitations concerning subjectivity, giving a detailed, balanced report of findings, reliability and validity.

The main focus in this research has been on how toy companies build consumer trust and the toy company perspective was accordingly given priority in the fieldwork. Although the consumer perspective was sought and yielded sufficient data to compare and contrast to the company views and other empirical studies, it is acknowledged

that a larger sample with a broader spread of participants from different socio-economic backgrounds and a larger contingent of fathers would have been useful. Interviewing more retailers, perhaps at a store level, and some of the licence owners may also have yielded additional interesting perspectives.

Whilst it is believed that interviewing senior personnel in the companies was a strength, the fact that it was suggested that the more junior marketing managers with the day-to-day responsibility for marketing campaigns might be less ethics-orientated than those at the top of the organisation may also be a limitation, as the views from this level of management were not sought. Further research would need to be conducted to substantiate or refute this suggestion.

A further limitation is perhaps the lack of previous relevant company-consumer trust frameworks to use as the base for this new inquiry and to provide comparisons of approach and findings. This has meant a wider search of the trust literature and adapting ideas from other business trust fields (for example, using part of the Whitener *et al.*, 1998 framework designed around manager-subordinate trust development).

The theory can only claim direct relevance to the toy industry context as the industry has a number of features that when combined give it some uniqueness – The importance of the product in child development, the heavy reliance on children as end users, the short but critically important selling season leading to Christmas, the long histories of many of the toy companies, the depth of experience of many of the managers, the fashion trends of the market, and the amount of specific regulation governing toy safety and advertising, for example. This limits how far the theory can be generalised to other industries. However, whilst the model's detail is context specific, it is suggested that the broader division of sets of antecedents and the split between ethical and organisational trust variables could be usefully applied to many other industries serving consumers.

The case study could also serve as a useful example to other industries targeting children. The children's food, soft drinks, fast food and confectionary industries have been the subject of much vilification in recent years with tighter regulation seeming

inevitable as British children become more obese. Such industries could learn from the toy industry by taking a more responsible approach to the health and safety of their end users perhaps by introducing their equivalent of the Lion Mark scheme to identify and encourage healthier products and perhaps pre-empt some of the legislation.

7.4 Contributions to management knowledge and practice

In developing new theory about company-consumer trust, the author has been conscious that much of the theory written about ethics in marketing and business, whilst making a valuable contribution, “presupposes a familiarity with moral philosophy that few managers have” (Smith, 1995: 87). At the same time, Camenisch (1998: 492) argues that, “practitioners must vividly portray these complex and difficult (moral) situations for academic ethicists from time to time, lest the ethical analysis and recommendations offered by the latter lose all touch with the harsh realities business people actually face.”

An effort has therefore been made to create a framework that is practical sharing Van de Ven’s view (1989) that, “nothing is quite so practical as a good theory”. Theory should be relevant to both the discipline and the profession (*ibid*: 486) and be based on observations of what really works, allowing managers to reflect on the acceptability of their actions and evaluate both their moral judgements and character (Beauchamp and Childress, 1994). The moral issues adopted in the framework such as integrity, honesty, benevolence, and not taking advantage are not highbrow philosophy but are related to common traits of behaviour that all managers should understand.

The fact that busy, senior managers were prepared to find time to participate in the fieldwork, coupled with their desire to read the conclusions of the research, underlines the importance they attach to trust and perhaps indicates their need for more guidance. If nothing else, this research has brought the issue of trust more clearly into the open for the managers and the companies involved in the research and has made them think about what constitutes trust and trustworthiness, their value, and what they do to

contribute to their development. These are largely issues that by the admission of some respondents are often taken for granted.

From a management perspective, there are a number of findings that point to areas where toy companies are doing well in creating and fostering consumer trust and others where there is room for improvement. It is these latter issues that will now be focused on and some recommendations forwarded.

7.5 Key issues and recommendations to managers

Although parents feel all industries targeting their children are to some extent exploitative, the traditional toy industry with its many familiar companies and brands is not perceived to be as guilty as many others (such as those in the food, confectionary and soft drinks industries, for example). There is some inherent trust in the industry that can be built upon to make the industry stand out from others and set standards for others to follow. To increase trust with parents a number of recommendations are now forwarded to managers and the industry for consideration (in no particular order of priority):

1. Maintain control of trust within the industry

A surprising finding of this research for the author is how many of the key decisions taken about trusting toys (for example, safety, honest advertising, product quality, materials used, and fair pricing) are being driven by forces and bodies outside the industry rather than by the companies themselves. This is perhaps a factor of the perceived importance of toys and games as consumer products and the vulnerability of young children although other industries targeting children (for example the fast food industry) appear to have fewer restrictions, particularly around health and safety issues. It may also suggest a lack of trust in the UK toy industry and its European equivalents to self-regulate effectively. The BTHA members between them supply nearly all the traditional toys and games sold in the UK. With a more co-ordinated effort, the industry should be able to ensure the removal of potentially hazardous products from the market or unsafe materials and additives from products (erring on the side of caution) without the need for outside intervention. Whilst they have taken the initiative with regards to the responsible treatment of factory workers, they need to

take the initiative to self-regulate on other issues such as environmental responsibility and responsible use of the less regulated promotional tools such as in-school marketing and children's web sites before others formulate and enforce standards.

2. Better promotion of codes and continual monitoring of compliance

The BTHA Lion Mark Scheme and ICTI codes have the potential to be powerful trust-building tools for the industry providing that members are continually encouraged by the industry bodies to adopt them and comply with the requirements. The schemes need to be seen to be having an impact and the industry must ensure that consumers are made aware of their purpose and effectiveness. There appears to be little current consumer awareness or understanding of the Lion Mark scheme and the ICTI code has received little publicity which would need to change if this source of trust is to be maximised.

3. Communicate the 'good things' that the industry does for children

Linked to recommendation two, the toy industry do a number of caring things for children that do not make the media headlines whether it is developing toys with disabled children in mind, donating to toy lending libraries, raising money for children's charities, work in the local communities, or even encouraging more playtime and particularly more family play. If consumers were made more aware of such activities, this may help to reduce the cynicism that some parents have that the industry is only concerned about its own interests.

4. Lessen dependence on character-licensed toys and games

Although licensed products appear to be slowly declining as a proportion of overall sales, they still represent a significant proportion of children's toy sales (around 23 per cent). Perhaps the message from consumers is finally getting back to the companies that there are too many such products on the market, often representing poor value. As blockbuster films, cult television programmes and revamped characters from previous decades continue to be remorselessly churned out, toy companies should start being more selective about which licenses to take on and perhaps develop more of their own ideas (such as LEGO have recently done with the Little Robots characters).

5. Consider using more natural materials

Plastic is the most widely used material in toy production and can be associated with high quality products such as LEGO bricks, Barbie Dolls and some of the new electronic products such as the Leapfrog's LeapPad and Character Options' Robosapien, two of the best selling toys in 2004. However plastic is often perceived as a cheap, inferior material and has over the last decade received significant negative publicity regarding the inherent dangers of children sucking it, the fact that cheaper plastics can be brittle and sharp when broken, and the fact that they are not particularly environmentally friendly to produce or dispose of. A move back to a greater use of wood and other natural materials from renewable resources may give consumers a greater feeling of value and security (and hence trust) and at the same time enhance the retro image of yesteryear. As oil prices have soared in recent years and are forecast to remain high over the next decade, the cost of plastic has followed diminishing its cost advantages and providing another incentive for toy companies to reconsider the raw materials used.

One of the toy industry's strengths is that it offers consumers products at a wide range of price points and it is at lower price points that product quality is more variable. Despite the rising costs of plastic, the industry needs to encourage, where possible, the wider use of the higher grade and safer plastics if it is overcome the general perception of cheap toys that break easily or are poorly constructed.

6. Avoid straying into other more contentious industries

The financial pressures being faced by toy companies may lead to a risk of dilution of trust as companies look for new ways to keep shareholders satisfied. One of the dangers is selling toys and licenses to other industries targeting children that may be perceived more negatively. The free toy with the hamburger meal is one such example but there are also other more current examples of concern. Hasbro has recently licensed its 'Mr Potato Head' brand for a new type of potato crisp snack and LEGO products (their Knights Kingdom range) are being offered free with a brand of Nestle children's cereal, one of many criticised for its high salt and sugar content.

Allowing other parties access to a brand name is also potentially risky to trust in that brand. LEGO, for example, are in the process of selling their three LEGOLAND

theme parks. Whilst the price is not the only consideration in the sale and the company will maintain a 30 per cent financial stake in the parks, the deal will give other parties access to the brand who may not share the high values that the Kristiansen family who founded the company still hold (Kemeny, 2005).

7. Look for more opportunities for direct parental contact

Trustworthiness is more likely to be built when there is direct or personal contact between parties. Because of the limited occasions that most companies have for any form of direct contact with parents, more opportunities should be sought (for example, editorials in parents' magazines, in-store promotional events, parental forums, face-to-face consumer perception surveys, perhaps even a move towards more direct sales). In short, any activity that will create a positive dialogue between company and consumer.

8. View parental needs as being as important in a toy purchase as those of the children

Today's parents face lifestyle pressures that put themselves and their family relationships under strain, leaving many feeling vulnerable to commercial activity particularly if that activity fuels children's expectations and demands. This research has revealed a paradox that it is the vulnerability of parents rather than children that is a key issue in the children's toy industry. In their search for value, there is a feeling amongst parents that all the information about the features and benefits of older children's toys is orientated to the child and that they would like to see what benefits they are going to get by purchasing the toy or game for their child. A few companies detail such parental benefits on packaging (BRIO) and on web sites (Leapfrog) but the practice could and should be more widespread. Creating more awareness about the safety of toys, the quality of raw materials used, and the advertising restrictions designed to limit exploitation and misleading messages would be useful and perhaps lead to less of a sense of isolation in the marketing process.

9. Do not over-react to market and lifestyle changes

Finally, it is also important that toy companies keep an open mind about their consumers and not over-rely on their past experience and success, or overestimate the changes that are taking place. Today's families are changing both in structure and

lifestyle but while there are some indications that children are becoming more sophisticated at younger ages, it is important to recognise that young children are not a new breed of mini-adults but are still young, inexperienced, and vulnerable individuals. Parental trust in brands for their children is as important as it is ever was and managers should bear in mind that such trust is likely to be influenced by the same issues they use in their own private lives in trusting others.

7.6 Further research and theory development

There are a number of different directions in which to take this research. Firstly the qualitative approach has identified some key issues but not always prioritised them; hence a quantitative study adopting the trust antecedents and variables identified in the framework might be useful to establishing a scale of trustworthiness or a brand trust scale.

Different parties made assumptions that children neither understand nor are interested in trust and it would be useful to evaluate the validity of this. How far do children trust that the product matches the promotional hype? Does it influence their requests or do peer group influences negate the need for deeper consideration? Do they ever feel let down by toy brands and how does any disappointment influence their attitudes, if at all?

The fact that many toys and toy companies are international in focus leads to an assumption that similar findings might be produced if the same study was carried out in other markets. This would need to be tested and it would be interesting to see whether cultural differences or different regulatory systems might lead to conflicting findings. In Sweden for example, where national television advertising to children is outlawed, would parents be more trusting of toy brands, or would the Spanish, who have some of the fewest controls over children's commercials, be less trusting?

In evaluating trust from a moral perspective, this thesis has considered virtue ethics as an appropriate theoretical base for examining and exploring consumer trust and some perceived virtuous company attributes have been identified. Other ethical theoretical approaches were also initially considered that might be further explored in future

work. Firstly, the 'Ethic of Care', sometimes associated with virtue ethics and forwarded by feminists such as Gilligan (1982), might be usefully applied to a children's industry not only because of care being closely linked to vulnerability and the 'due care' required when targeting children (Smith and Cooper-Martin, 1997), but also because Gilligan argues that women possess softer, more 'caring' skills. A feature of the toy industry is the number of female marketing executives holding senior positions and it would be interesting to investigate whether there are differences in approach in targeting children between female and male managers.

Another possible approach to examining ethical issues and the responsibilities of companies towards their consumers might be to develop a form of Integrative Social Contract (Donaldson and Dunfee, 1994, 1995). Social Contracts relate to individual rights and social responsibility and may be relevant to marketing because of their focus on exchange relationships. Others have already envisaged trust as a form of contract or exchange (for example Gundlach and Murphy, 1993) but the theme could be developed further. It might be useful to consider what the terms of such a contract should be, what norms (standards) might be considered acceptable to all parties in a child industry community, and what special obligations for each party might arise from such a contract. As business understands contracts and their obligations, this may be an alternative pragmatic ethical base from which to explore trust and the responsibilities emanating from it. An outcome from this approach might be a form of consumer trust charter committing to standards of behaviour that consumers can expect from toy companies.

7.7 Final reflections

Jean Jacques Rousseau is often credited with creating the modern notion of childhood and building on the ideas of John Locke and other 17th-century liberal thinkers formulated childhood as a brief period of sanctuary before we encounter the perils and hardships of adulthood (Abrams, 2002a). That sanctuary is seemingly becoming ever shorter as children silently and unobtrusively become the victims of capitalism, consumerism and the long-hours work culture (*ibid*). Both business and parents must share some of this blame and take measures to ensure that consumerism gives children more pleasure than pain. The picture from the toy industry would seem to support this

view as the period of playing with traditional toys is becoming shorter, children are having to play more and more on their own and companies continue to target them directly as consumers despite their inexperience.

The parents, who act as gatekeepers between childhood and adulthood, provide the access to toy companies to enter their children's lives but are often too busy or selfish to sometimes fully check the credentials. In allowing access, parents do not necessarily trust these companies but many are struggling to keep pace with today's society and priorities lie elsewhere. The companies capitalise on the human weakness that, when under pressure, it is easier to say 'yes' than 'no'. Hardyment (in Abrams, 2002a) also observes that there is a strange lack of self-confidence in modern parents which has perhaps led to this culture of allowing children a greater say in how they are treated and which perhaps accounts for some of the parental vulnerability that this research has revealed.

Toy companies have an opportunity to contribute to and set the lead towards a more caring society. They offer a range of excellent products to entertain, educate and delight today's children and make that all too brief sanctuary a memorable one which will feed into future generations as many toys have done over the last 50 years. Here is an opportunity to break the mould of the typical greedy, self-centred industry targeting parents via their children. Toy companies appear to be largely trusted by children already but what do they need to do to be more trusted by parents? If they can win the trust of parents, then most of the other dissenting voices of politicians, pressure groups and the media should be quietened, if not silenced.

One way to build more trust may be to take a more pro-active approach to moulding children into responsible consumers. There is evidence that many adults today have poor consumer, money and shopping skills with personal debt at an all-time high. An initiative that the toy industry has recently become involved in is the Media Smart media literacy campaign²⁸ that aims to educate children (aged 6-11 years) via schools

²⁸ More information about the Media Smart initiative can be found on their web site – http://www.mediasmart.org.uk/media_smart/index.html

and broadcast media in the home to understand and interpret advertising so that they are able to make more informed choices. This is a small step in the right direction.

Another issue that is conveniently forgotten by many is that we live in a very unequal society. Although many of the children in the UK are spoiled with toys and other gifts, there are some four million children (one in three) living on or below the poverty line who do not enjoy large piles of presents at Christmas. Here is another opportunity for the toy industry to do more, to perhaps redistribute and recycle unwanted toys, raise more funds, create more toy lending libraries. There appear to be a lot of creative people employed in the industry and there are additional worthy outlets for their skills.

This thesis has taken a different approach to examining trustworthiness and brand trust and has, perhaps predictably, only addressed and answered a few of the many outstanding questions. Some have likened theory development to a continuum (for example, Weick, 1995) and this work is perhaps an example of what Runkel and Runkel (1984) described as 'an interim struggle' at this early stage of understanding company-consumer trust. It has however hopefully put forward some fresh ideas and thinking in this underdeveloped subject that will stimulate further academic debate and development around company-consumer trust and vulnerable communities to move the theory further along the continuum.

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Appendix 1

The Consumer Socialization Stages of Children (adapted from John, 1999)

Topic	Perceptual Stage, 3-7 years	Analytic stage, 7-11 years	Reflective stage, 11-16 years
Advertising knowledge	<ul style="list-style-type: none"> ▪ Can distinguish ads from programmes based on perceptual features ▪ Believe ads are truthful, funny and interesting ▪ Positive attitudes towards ads 	<ul style="list-style-type: none"> ▪ Can distinguish ads from programmes based on persuasive intent ▪ Believe ads lie and contain bias and deception, but do not use the 'cognitive defences'. ▪ Negative attitudes toward ads 	<ul style="list-style-type: none"> ▪ Understand persuasive intent of ad tactics and appeals ▪ Believe ads lie and know how to spot specific instances of bias or deception in ads ▪ Sceptical attitudes toward ads
Transaction knowledge: Product brand knowledge	<ul style="list-style-type: none"> ▪ Can recognize brand names and beginning to associate them with product categories ▪ Perceptual cues used to identify product categories ▪ Beginning to understand symbolic aspects of consumption based on perceptual features ▪ Egocentric view of retail stores as a source of desired items 	<ul style="list-style-type: none"> ▪ Increasing brand awareness, especially for child-relevant product categories ▪ Underlying or functional cues used to define product categories ▪ Increased understanding of symbolic aspects of consumption ▪ Understand retail stores are owned to sell goods and make a profit 	<ul style="list-style-type: none"> ▪ Substantial brand awareness for adult-orientated as well as child-relevant product categories ▪ Underlying or functional cues used to define product categories ▪ Sophisticated understanding of consumption symbolism for product categories and brand names ▪ Understanding and enthusiasm for retail stores
Shopping knowledge and skills	<ul style="list-style-type: none"> ▪ Understands sequence of events in the basic shopping script ▪ Value of products and prices based on perceptual features 	<ul style="list-style-type: none"> ▪ Shopping scripts more complex, abstract, and with contingencies ▪ Prices based on theories of value 	<ul style="list-style-type: none"> ▪ Complex contingent shopping scripts ▪ Prices based on abstract reasoning, such as input variations and buyer preferences
Decision making skills and abilities: Information search	<ul style="list-style-type: none"> ▪ Limited awareness of information sources ▪ Focus on perceptual attributes ▪ Emerging ability to adapt to cost-benefit trade-offs 	<ul style="list-style-type: none"> ▪ Increased awareness of personal and mass media sources ▪ Gather information on functional as well as perceptual attributes ▪ Able to adapt to cost-benefit trade-offs 	<ul style="list-style-type: none"> ▪ Contingent use of different information sources depending on product or situation ▪ Gather information on functional, perceptual, and social aspects ▪ Able to adapt to cost-benefit trade-offs
Product evaluation	<ul style="list-style-type: none"> ▪ Use of perceptually salient attribute information 	<ul style="list-style-type: none"> ▪ Focus on important attribute information – functional and perceptual attributes 	<ul style="list-style-type: none"> ▪ Focus on important attribute information – functional, perceptual and social aspects
Decision strategies	<ul style="list-style-type: none"> ▪ Use of single attributes ▪ Limited repertoire of strategies ▪ Emerging ability strategies to tasks – usually need cues to adapt 	<ul style="list-style-type: none"> ▪ Use of two or more attributes ▪ Increased repertoire or strategies, especially non-compensatory ones ▪ Capable of adapting strategies to tasks 	<ul style="list-style-type: none"> ▪ Use of multiple attributes ▪ Full repertoire of strategies ▪ Capable of adapting strategies to tasks in adult-like manner
Purchase influence and negotiation strategies	<ul style="list-style-type: none"> ▪ Use direct requests and emotional appeals ▪ Limited ability to adapt strategy to person or situation 	<ul style="list-style-type: none"> ▪ Expanded repertoire of strategies, with bargaining and persuasion emerging ▪ Developing abilities to adapt strategy to persons and situations 	<ul style="list-style-type: none"> ▪ Full repertoire of strategies with bargaining and persuasion as favourites ▪ Capable of adapting strategies based on perceived effectiveness for persons and situations
Consumption motives and values: Materialism	<ul style="list-style-type: none"> ▪ Value of possessions based on surface features, such as 'having more' of something 	<ul style="list-style-type: none"> ▪ Emerging understanding of value based on social meaning and significance 	<ul style="list-style-type: none"> ▪ Fully developed understanding of value based on social meaning, significance, and scarcity

Appendix II

Legislation and Codes Governing Traditional Toys and Games in the UK

(Sources: www.btha.co.uk; www.batr.co.uk; Key Note 'Toys and Games' 2004; Dresden and Barnard, 2003; Gonzalez del Valle, 1999)

A - British Toy and Hobby Association Code of Practice

B - The UK Regulations on Advertising Toys to Children

C - Safety Legislation Governing Toys Sold in the UK

A. British Toy and Hobby Association – Code of Practice

The code must be signed by members before election to the Association and is reviewed annually. It can be summarised as follows:

Members must:

1. Market only products that conform to BS EN71 and to exercise due diligence in regard to the safety of those products.
2. Deal promptly with any enquiries as to the safety of products and take effective action where appropriate; notify the Association immediately of any allegation by an enforcement authority that products contravene the toy safety regulations.
3. Understand that a successful prosecution under the toy safety regulations will be regarded as a breach of this code and may render them liable to investigation under the BTHA complaints procedure.
4. Declare that they comply with the ICTI Code of Business Practices (regarding labour and working conditions in vendors' factories).
5. Declare that they do not market counterfeit toys/hobbies and understand that a judgement against them whether brought privately or otherwise for copyright or trademark infringement may render them liable to investigation under the BTHA complaints procedure.
6. Undertake that all advertising of toys in whatever form is legal, decent, honest and truthful and is in conformity with both the ITC's advertising code, which governs television and radio and the British Code of Advertising Practice, which controls the majority of all other advertising.
7. Undertake that any toy gun, imitation or replica firearm modelled on a firearm designed or produced since 1898 is marked in accordance with the BTHA code for such a product.
8. Understand that the Association reserves the right to refer breaches of this code to the independently constituted Complaints Committee, which will report to the Council of the Association with recommendations as to the action to be taken.

A breach of the code of practice can lead to a member's expulsion from the Association and, as a consequence, the cancellation of the licence to use the Lion Mark and loss of the right to exhibit at the Toy Fair in London.

B. The United Kingdom Regulations on Advertising Toys to Children

Based on the founding principle that all advertising should be 'legal, decent, honest and truthful', the UK regulates advertising through a series of codes that each contain a specific section governing advertising to and featuring children, who are defined as being of fifteen years or younger.

The British Codes of Advertising and Sales Promotion form the 'rulebook' for all advertising except radio, television and cable commercials, which are primarily covered by the Code of Advertising Standards and Practice (CASP), the ITC Code of Programme Sponsorship and the Rules on Advertising Breaks.²⁹ These codes are periodically revised to reflect the changing climates of opinion, advances in technology, and the current state of scientific and medical knowledge.

The codes are enforced by three parallel regulatory bodies, each dealing with different forms of media; these are the Independent Television Commission (ITC), responsible for licensing and regulating commercially funded television channels in the UK, the Radio Authority, regulating radio commercials, and the Advertising Standards Authority (ASA), covering all non-broadcast advertisements including print, posters, and cinema. Broadcasters are responsible for the advertising they transmit but all three bodies can direct that advertisements be withdrawn or re-scheduled, and have a number of sanctions at their disposal to counteract advertisements that breach the codes. The ITC, for example, can impose penalties ranging from warnings to the revocation of licences to broadcast. The 1998 Consumer Credit Act (The Control of Misleading Advertising Regulations) and the 1990 Broadcasting Act are the laws that implement the TWF and Misleading Advertising Directives and that empower the regulatory bodies to draw up and apply the codes.

Before a television advertisement can be broadcast in the UK, it needs to have been cleared by the Broadcast Advertising Clearance Centre that examines around 20,000 pre-production scripts and 15,000 finished videotaped advertisements every year, at no charge, to ensure they meet the requirements of the ITC codes. Radio commercials are also checked at script stage, ensuring they keep within the Radio Authority's Code of Advertising Standards. This is carried out either by the radio station itself or, if the advertisement falls into one of several special categories (including those aimed at children under 16), by the Radio Advertising Clearance Centre. Because of the numbers of non-broadcast advertisements produced each year, it would be impossible to clear all of them. However, the ASA does also run a free copy clearance service to help advertising agencies produce advertisements that will not run foul of the codes.

The most extensive rules and regulations governing children's advertising are to be found in the CASP. These cover many aspects relating to television advertising including, provisions on content, avoiding exploitation of children's lack of experience, children's safety, specific restrictions by product (including toys), scheduling restrictions, breaks adjacent to children's programmes, watersheds, and restrictions on sponsorship. A summary of the key points can be found below.

The Advertising Standards Authority (ASA), an independent body, is the advertising industry's 'watchdog' and has overall responsibility for ensuring that the system works in the public interest. With over 30 million advertisements produced each year, the Authority can only run sample checks but one of its key roles is to investigate complaints from the public and consumer interest organizations, as well as from companies and manufacturers (Advertising Education Forum, 2002). All complaints are logged and those reflecting a

²⁹ Codes as of Autumn, 1998.

consistent and widely held public view are acted on. A complaint is considered valid if the advertisement:

- Is misleading.
- In some way oversteps the mark in terms of decency, especially in relation to children who might see it.
- Promotes anti-social or harmful behaviour in children.

There are specific restrictions about some types of toy considered harmful to children that can be advertised. War toys are allowed as it is considered that mock fighting is a natural role-play and not the result of advertising. However no firearms as such can be shown. Water pistols or machines that throw softballs are acceptable for advertising but toys that involve darts are not. Potentially dangerous toys such as sharp knives, air guns or other guns firing projectiles capable of causing injury, must not be advertised.

Another marketing area that has been criticized relates to merchandising and the spin-off of toy products to children's programmes and *vice versa*. The television series 'Masters of the Universe', for example, contained strong and obvious reference to the toy product of the same name. As a result, the ITC issued a rule by which a television station has to choose between carrying the programme series or any advertisement for the product.

Summary of Section 'Advertising and Children' (App.1) of the Independent Television Commission's Code of Advertising Standards and Practice (UK)

1. Provisions on content.

At times when large numbers of children are likely to be viewing, no product or service may be advertised, and no method of advertising used that might result in harming them physically, mentally or morally, and no method of advertising may be employed which takes advantage of the natural credulity and sense of loyalty of children.

1.2 Avoiding exploitation of children's lack of experience: misleadingness.

- In children's advertising a certain degree of fantasy is permitted, but the portrayal of toys and other children's products must be accurate. For example:
- No unreasonable expectation of performance of toys and games may be stimulated by, for example, the excessive use of imaginary backgrounds or special effects. Fantasy sequences should be clearly distinguishable from sequences featuring the actual toy. If toys are shown against elaborate backgrounds, there should be no confusion between the two, and a clear caption may be required. Children should not expect that the article is bigger or better than it really is.
- The true size of the product must be made easy to judge, preferably by showing it in relation to some common object. In order to do so this advertisement should include a clear scale reference, establishing the size of the toy in relation to a familiar everyday object, or the child's hand.
- Treatments which reflect the toy or game in action through the child's eyes, or in which real life counterparts of the toy, such as cars or trains, are seen working must be used with due restraint. There must be no confusion produced about the noise produced by the toy. The toy or game should ideally be shown in a real play situation. In any demonstration it

must be made clear whether the toy can move independently or only through manual operation. Shots of toys that are not self-propelled, apparently moving independently, may be acceptable provided the film also demonstrates clearly how they are propelled.

- When advertisements show results from a drawing, construction, craft or modelling toy or kit, the results shown must be reasonably attainable by the average child. The advertisement must not exaggerate ease of assembly.
- Products such as toys and games are not considered expensive if they are widely available at a retail price below a certain limit set regularly by the ITC. Advertisements for expensive products must carry an indication of their price. When a range of products is shown in an advertisement, only the most expensive item needs to be priced, and when more than one item is priced, each price must clearly refer to a particular item. It must also be clear when batteries, parts or accessories are required and that they are available at extra cost. Words such as 'only' or 'just' must not be used.
- Rule 8 of the CASP states that captions or superimposed text must be clearly legible and held long enough for the full message to be read by the average viewer on a standard domestic television set. This rule applies in the case of using superimposed text for displaying the price and other required information concerning toys. A revised ITC Note of Guidance (December, 1998) laid down minimum standards for on-screen text and sub-titling in terms of both size and the duration of hold.
- Advertisers should take special care in advertising premium offers in which the premium items are not supplied with the product. The child may assume that the offered item is actually supplied.
- In competitions, the competition rules must be submitted in advance to the licensee. The value of the prizes and the chances of winning must not be exaggerated. Any promotion should be freely available in the transmitting areas and stocked by retailers before the advertisement is transmitted. When the promotion involves the collection of items, it should last for a sufficient period of time to collect the items. Competition prizes that may cause disagreement between parents and children, such as holidays, pets, or cash sums should not be offered to children without parental permission.

1.3 Children in advertisements: children's safety, prevention of emulation and exploitation

- Advertisements should contain nothing which might be copied and result in harm to children. Rule 11 specifically states that any advertisement in which children are to be seen or heard must be considered from a safety point of view.
- General safety provisions require that children are not seen in dangerous situations, for example, leaning out of windows, climbing or tunnelling dangerously, or playing irresponsibly in or around water or on the beach. Small children must not be shown climbing up to high shelves or reaching out to take things from a table above their heads.
- Children should not be shown using matches, or any gas, petrol, paraffin, mechanical or mains-powered appliance, nor can they be shown driving or riding agricultural machines. Open fires shown should always have a fireguard clearly visible. Children should be shown observing road safety provisions. These include not appearing unattended in the street unless they are obviously old enough to be responsible for their own road safety, using pedestrian crossings and behaving in accordance with the Highway Code, wearing seatbelts and safety helmets where appropriate and never be shown travelling in the front seat of a car.

- Advertisements must not portray children in a sexually provocative manner, and if children appear naked or partially undressed particular discretion is required.
- Children must not be used formally to present products or services that they could not buy themselves, nor may they make comments on characteristics of which they are not expected to have direct knowledge. Children must not be used to give formalized personal testimony, but they can give spontaneous comments on matters in which they have a natural interest.
- Children should never be shown entering strange places, or in lonely places. No advertisement should encourage children to converse with strangers.
- Children must not be shown asking their parents, friends or relatives to buy things for them.

1.4 Specific restrictions by product category to avoid harm, emulation or exploitation

General guidelines

- Advertisements should not show children neglecting their daily hygiene requirements.
- No advertisement may imply a lack of loyalty on the children's part if they fail to buy a product or service.
- No advertisement may lead children to believe that if they do not have or use the product or service they will be inferior to other children, or liable to ridicule.

Specific toy advertisement guidelines

- Advertisements of toy replicas of tools or household appliances must avoid scenes that might encourage children to play with the real thing in the kitchen.
- Potentially dangerous toys such as air guns, sharp knives, or other guns firing projectiles capable of causing injury, may not be advertised. This rule implies a value judgement about the age of the children being targeted, and in some cases it will be required to insert important information about the product, such as 'not for those under twelve.'

2. Scheduling restrictions

This category of restriction concerns material that is potentially distressing or frightening to children, or more sexually explicit. The ITC rules ensure advertising standards remain more rigorous than those applied to programming as viewers can make a conscious decision whether or not to watch a particular programme. The idea of watersheds is to co-ordinate the interests of broadcasters and parents. If parents are careful with what their children watch, broadcasters are willing to collaborate and commit themselves not to transmit certain material before a certain time. Under the TWF Directive, advertising is not permitted in a programme for children of less than half an hour of scheduled transmission.

2.1 Breaks adjacent to children's programmes

The ITC restricts which commercials can be shown both within and adjacent to children's programmes. Those adjacent must also be deemed not to be harmful or inappropriate to children and product categories not allowed under this rule include premium rate telephone

services, alcoholic products, religious advertising, lotteries or the advertising of merchandise based on children's programmes, or containing footage from children's programmes.

2.2 Timing restrictions – watersheds

There are two official watersheds:

- *Not before 19h00*: This watershed applies to advertising that cannot be transmitted in or adjacent to programmes for very young children. This restriction tries to avoid young children getting frightened by any specific image, for example, in charity campaigns showing abused children.
- *Not before 21h00*: This watershed is directed at preventing images or situations that children should not see. Advertising content and programmes after this time are supposed to be adult material and applies to the break preceding the 21h00 programme.

3. Restrictions on Sponsorship

- Sponsorship of children's programmes is allowed in the UK. ITV's current sponsor of young children's television is Milky Bar (Nestle).
- The ITC has a special code providing guidance on sponsoring programmes, the Code of Programme Sponsorship. This code prohibits betting or gaming companies from sponsoring programmes aimed at children.

C. Summary of specific safety legislation/regulations governing toy company operation in the United Kingdom

- Toy Safety Directive 88/378/EEC, as transposed by the Toy Safety Regulations of 1989 and amended in 1995
- BS EN71-1: 1998 – Safety of Toys, Mechanical and Physical Properties
- BS EN71-2: 1994 – Flammability
- BS EN71-3: 1995 – Specification for Migration of Certain Elements
- BS EN71-4: 1990 – Specification for Experimental sets for Chemistry and Related Activities
- BS EN71-5: 1993 – Chemical Toys (Sets) Other than Experimental Sets
- BS EN71-6: 1995 – Graphical Symbols for Age Warning Labelling
- BS EN 50088: 1996 – Safety of Electrical Toys
- BS 7328: 1990 – Specification for Model Steam Engines and Internal Combustion Engines for Models (EMC Regulations)
- The Cosmetic Products (Safety) Regulations: 1996, as transposed from the Cosmetic Directive 76/768/EEC
- The Plastic Materials and Articles in contact with Food regulations: 1998 number 1376, as transposed from the Directive 90/128/EEC
- The Food Imitations (Safety) Regulations: 1989 number 1291
- The Weights and Measures (Metrication) Regulations: 1994 number 1851
- BS 7272 – Writing and Marking Instruments
- Model Control/General Purpose Low Power Devices ETS 300 220 (Type Approval)
- Packaging Essential Requirements: 1998 number 1165

Appendix III

Market Data for Traditional Toys and Games in the UK

Marketing Shares of the Leading Toy Companies – 2002

Key Toy Sectors – 2002

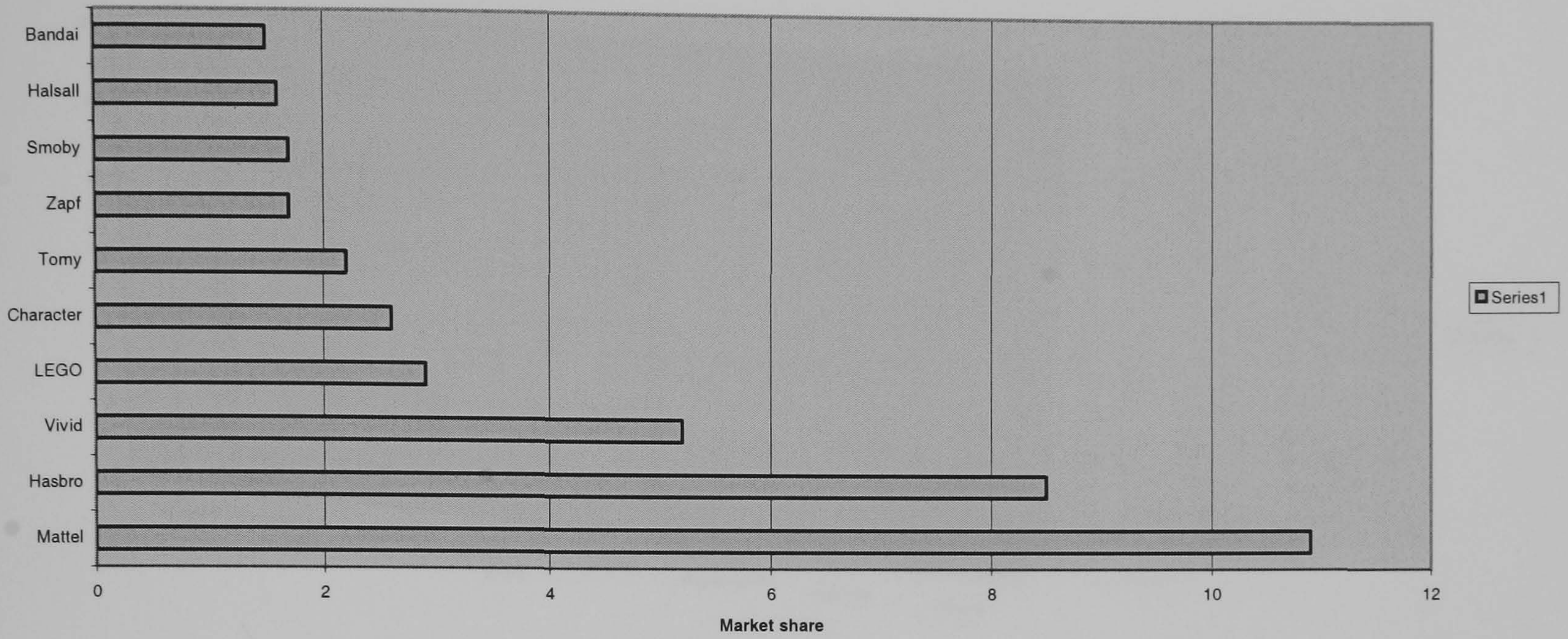
Sales per Type of Retailer – 2002

Toy Sales Structure per Child Age Group – 2002

Sales Structure Per Occasion – 2002

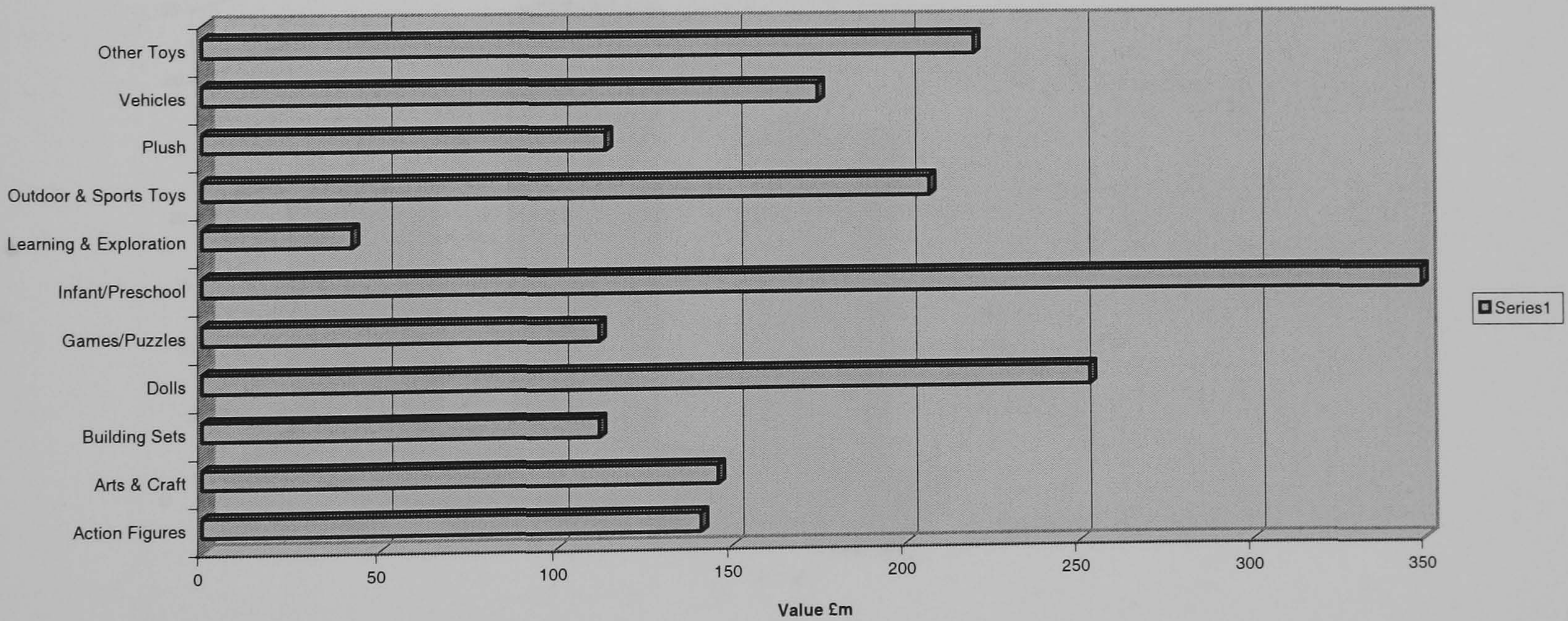
Toy License Penetration - 2002

Market Shares of Leading Toy Manufacturers - 2002



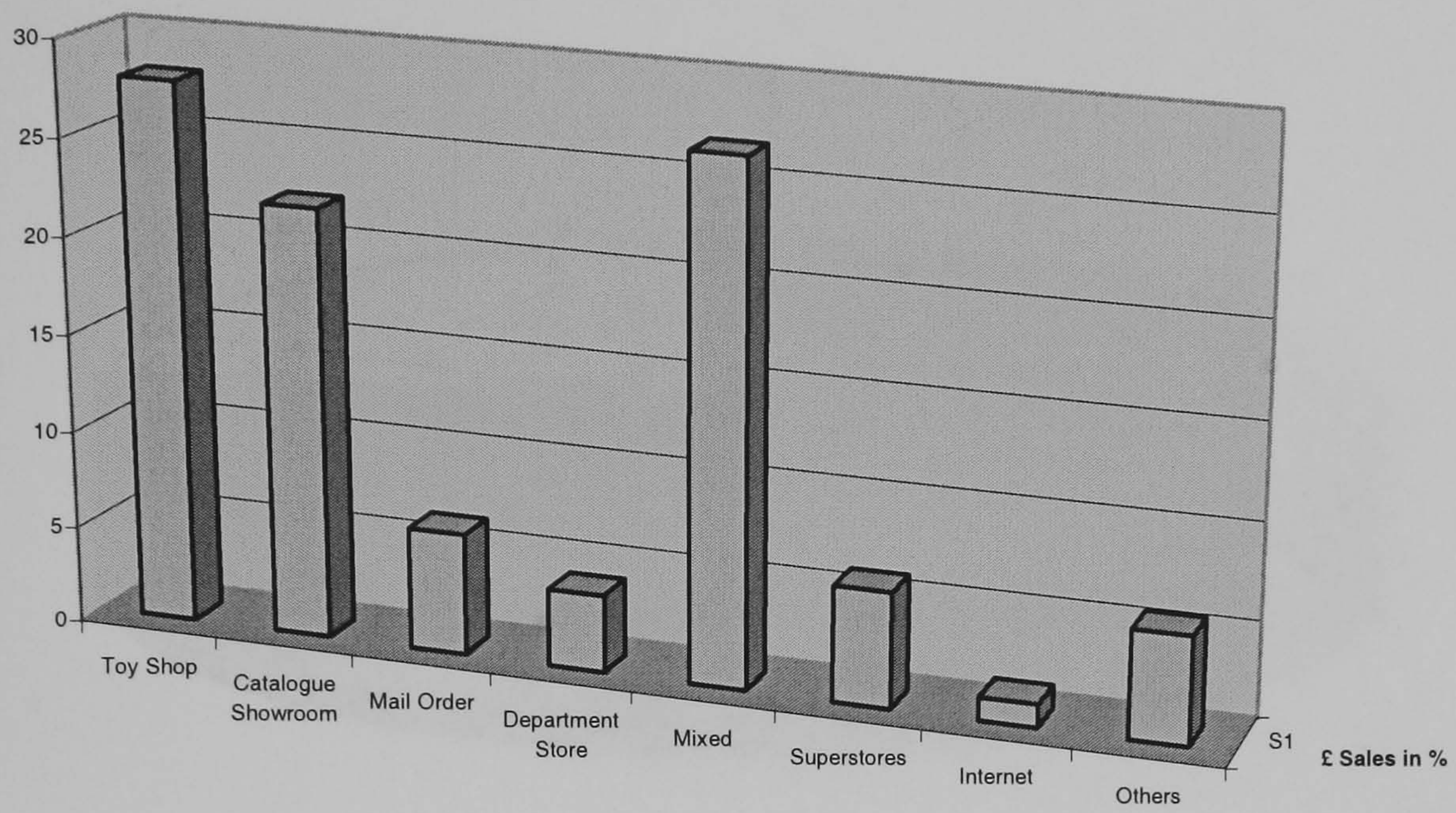
(Source: NPD EPoS Retail Tracking Services – Full Year 2002)

Key Toy Sectors - 2002



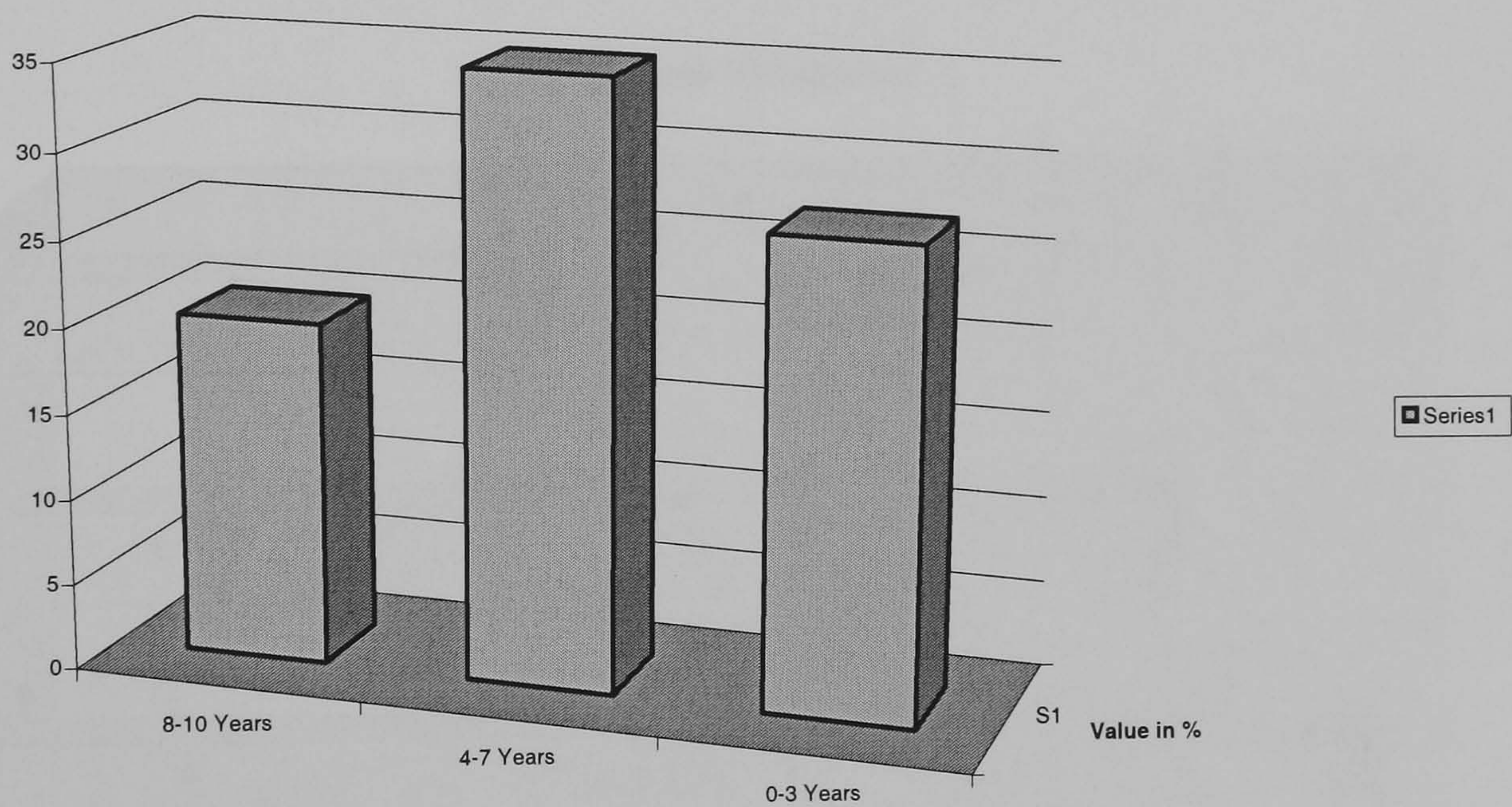
(Source: NPD Consumer Panel – BTHA Handbook, 2004)

Toy Sales per Type of Outlet - 2002



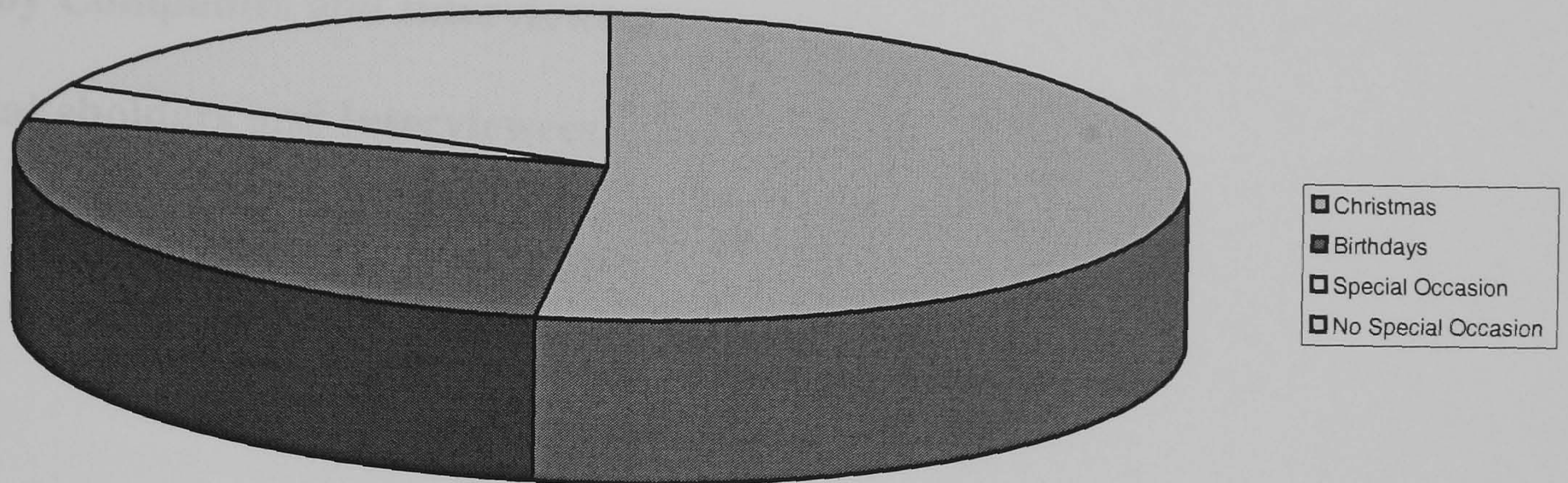
(Source: NPD Consumer Panel – BTHA Handbook, 2004)

Toy Sales Structure per Age Group - 2002



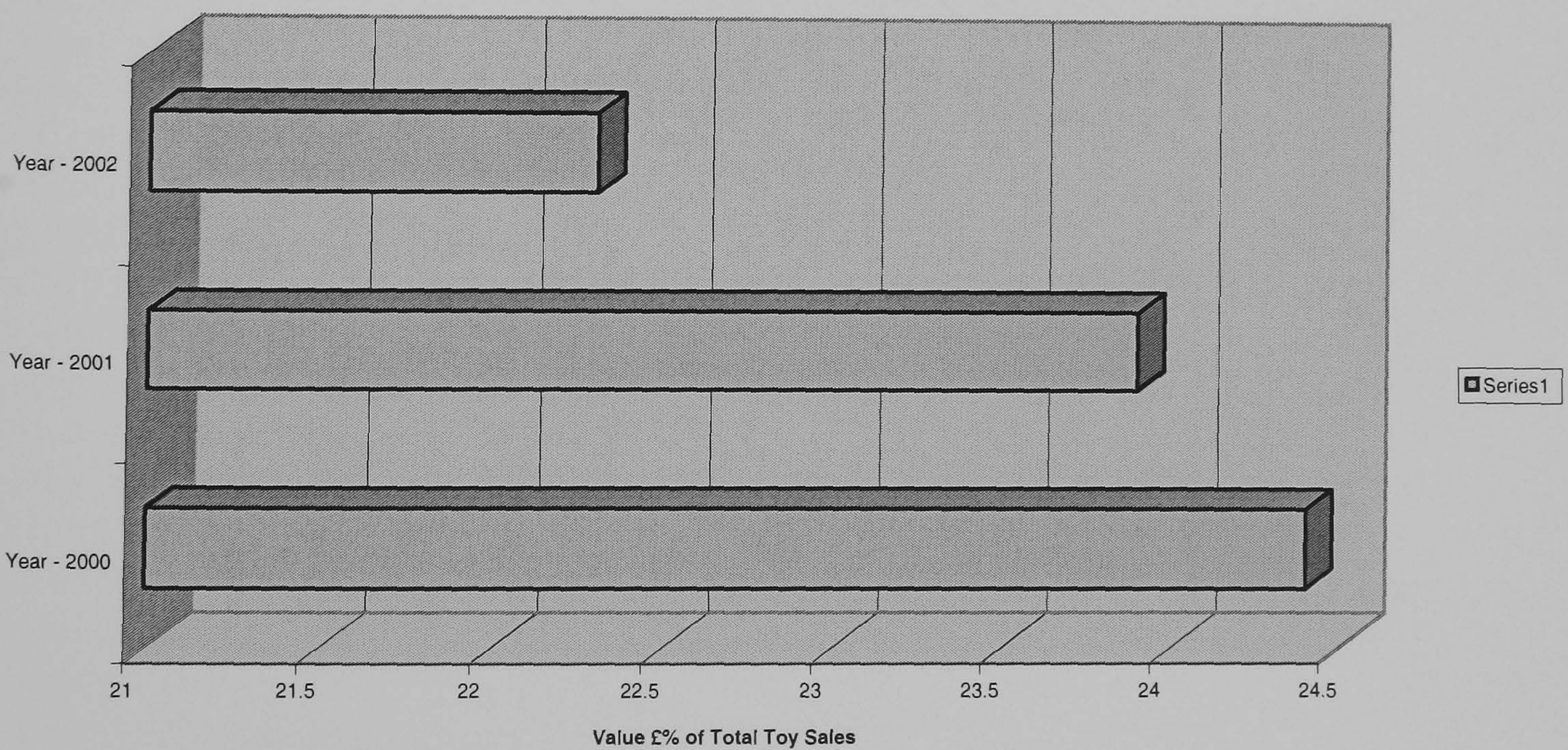
(Source: NPD Consumer Panel – BTHA Handbook, 2004)

Sales structure per Occasion (Value in %) - 2002



(Source: NPD Consumer panel – BTHA Handbook, 2004)

Toy License Penetration



(Source: NPD Consumer Panel – BTHA Handbook, 2004)

Appendix IV

Profile of Sample Companies, Organisations and Respondents

A - Toy Companies and Interviewees

B - Stakeholders and Interviewees

A. Toy Companies

1. Mattel UK Limited

Mattel was established in the USA in 1945 and became a publicly owned company in 1960. It is currently the largest global toy manufacturer and operates across many toy sectors. Its leading brands are Barbie, Hot Wheels, and Fisher-Price but it is also strong in the boys sector and in licensed product. In the UK, it is also the largest company with sales of £123 million in 2002 and a market share of 10.9%. In the year to 31.12.02 it made a pre-tax loss of around 3.5 million.

Interviewee

Simon Waldron is a Business Unit Manager and Head of Pre-school, Games and Entertainment. He is also Joint Head of Marketing with responsibilities for brands such as Fisher-Price, Matchbox, Hot Wheels, Scrabble and Pictionary. He has been with Mattel for five years and had previously worked in the FMCG grocery trade. Since the interview, Simon has been promoted and is now working at Mattel's American Head office.

2. Tomy UK Limited

Tomy is a Japanese family business and the current head is third generation of the Tomyama family. The company has recently been floated on the Japanese stock exchange. Tomy is a top ten toy company in the UK (ranked 6th in 2002) with a market share of 2.2% and a turnover around £80 million. It is the second largest brand in the infant/pre-school market and its leading products include Micropets, Zoids, and Thomas the Tank Engine merchandise. Tomy is also the fifth largest nursery manufacturer in the UK and the market leader in baby monitors.

Interviewee

Sally Plumridge is Marketing Director and has 14 years experience of the toy trade. She has been at Tomy for 4 years and prior to that worked for Kidicraft, and Fisher-Price/Mattel, where she was responsible for the Barbie brand. She is responsible for the marketing of all Tomy toy and nursery products for the UK market.

3. LeapFrog Toys (UK) Limited

LeapFrog is a global leader in educational toys and is currently ranked the fifth largest toy company in the world despite having only been established in 1995. The company was founded in the USA by the current president, Mike Wood and is now quoted on the New York stock exchange. The UK subsidiary was formed in 1999 by Richard Body and has grown rapidly. It was the 37th largest toy brand in 2001, 19th in 2002 and a top ten brand in 2003 with its LeapPad, the top selling toy, by value, for 2003. The company now has over one million UK users of its products and has won two consecutive BATR awards as the 'Electronic Pre-school Toy of the Year.'

Interviewee

Richard Body is Managing Director and has around 30 years of experience in the toy industry, mainly in sales and marketing positions. He has worked in the past for Milton Bradley, Hasbro, and Airfix as well as founding his own toy manufacturing and toy consultancy

businesses. He was originally hired as a consultant by LeapFrog Inc. to evaluate the company's product potential in the UK but was persuaded to launch the venture himself.

4. Zapf Creation (UK) Limited

Zapf Creation is a German toy manufacturer that was founded around 50 years ago by Max Zapf. It is the leading brand of dolls in Europe with sales of EUR 201 million in 2003 and in 1999, the company floated on the German stock exchange. In the UK, Zapf is a top ten company, 7th largest in 2002, with a market share of 1.7%. It is market leader in the large doll sector and key brands include Baby Annabell, Baby Born, and Chou Chou.

Interviewee

Mary Wood is Vice President - Sales and Marketing for Northern Europe with responsibility for the UK, Eire and Scandinavian markets. She has over 12 years experience of the toy industry having previously worked for Mattel for 10 years and as a toy consultant for two years. She has been in her current role with Zapf for seven months.

5. Binney & Smith (Europe) Limited

Binney and Smith is an American company founded in 1903 and currently owned by Hallmark Inc. It is best known for the Crayola brand and is the global leader in the Arts and Crafts sector of the toy market. In the UK, Crayola is market leader in its sector and was the 14th largest toy brand in 2002, with a market share of 1.2%. The brand is also strong in other retail outlets such as stationers. Research by Carrick James in January 2003, surveying 627 children aged 7-12, revealed Crayola to be the widest owned toy brand in the UK.

Interviewee

Judy Robbertse is European Marketing Director responsible for subsidiaries in the UK, France, Spain and Italy and distributors in 25 other markets. She has been with Binney & Smith for one year and prior to that she worked in fmcg's with both Unilever and ReckittBenkiser.

6. Hasbro UK Limited

Hasbro is the second largest toy manufacturer in the world with a turnover around \$3 billion and was established in 1923. It is a family business and it is now being run by the third generation. Since the 1980's, it has acquired many other toy brands and now operates across many sectors of the market. Key brands include Playskool, Action Man, K'Nex, Micro Machines, Monopoly and Trivial Pursuit. In the UK, it is also the second largest brand, behind Mattel, with sales in 2002 of £137 million and an 8.5% market share (NPD, 2002). For the year to 1.12.02, it made a pre-tax loss of 2.4 million. Hasbro has had the best selling toy product in the UK (by volume), Beyblades, for both 2002 and 2003.

Interviewee

Alison Berry is Corporate Branding Manager, Marketing Manager for the company's pre-school brand 'Playskool' and is also Head of 'Hasbro in the Community.' She has worked at Hasbro for nearly eight years.

7. RC2

RC2 is an American-owned, operating company incorporating a number of separate toy brands including Racing Champions International, ERTL, Britain's, and Learning Curve, and is quoted on the Nasdaq. Both Britain's and ERTL have long pedigrees (1890 and 1946, respectively). RC2's key products are in metal figurines and licensed die cast models. The company is in the top ten toy companies in the world with a turnover of around \$360 million. The UK subsidiary has a turnover of \$23 million in 2002/03 but a substantial portion of sales are to non-toy retailers and are therefore not included in NPD data.

Interviewee

Robert Mann has been Managing Director since 1999 and has around 18 years experience in the toy industry in sales and marketing positions, both in the UK and internationally. He has previously worked for Palatoy and Matchbox. Robert currently sits on the BTHA Toy Council.

8. BRIO Limited

BRIO is a Swedish, family-owned toy business founded by Ivar Bengtsson in 1884 and is a global leader and distributor of high quality wooden toys, manufacturing over 5 million toys per year. The UK subsidiary was set up 25 years ago and is renown for its wooden train sets. It is not a premier league toy player but is a highly respected brand with a UK turnover of around £6 million (2003).

Interviewee

Bob Hand has been at BRIO since 1978 and was formally Finance Director before becoming Managing Director of the UK subsidiary.

9. The LEGO Company

LEGO was founded in Denmark in 1932 by Ole Kirk Kristiansen. It is still a family owned business and although in global terms it is only the fourth largest with sales of DKK 11, 426 million (2002), it is probably the most famously known toy brand. At the start of the new millennium, Fortune Magazine acclaimed the LEGO brick to be 'Toy of the Century,' and on average, each person on earth owns 52 LEGO bricks. In recent years it has diversified into new toy products such as Technics, Bionicle, and licensed characters, and into new areas such as LEGO retail outlets and LEGOLAND theme parks. For the year ending 1.12.02, LEGO UK Ltd gained sales around 48 million representing a market share of 2.9%, the fourth largest toy company. In that year it made profits of £650,000 but more recently has been making heavy losses globally.

Interviewee

Raymond Hastings is Marketing Research Manager and has been at LEGO for eight years. He is part of an international research team reporting to head office with specific responsibility for researching the UK market in areas such as brand performance, consumer behaviour, trends, new product ideas, and advertising effectiveness.

10. Flair Leisure Products Plc

Flair was launched in 1999 by Peter Brown as an unquoted company and has established itself as the fastest growing UK toy business, being listed (at 38th) as one of the Sunday Times Virgin Atlantic Fast Track 100 companies, by sales value. It has also recently been awarded the BATR 'Toy Company of the Year' award for 2003. The company sells mainly licensed product with key brands being Play-Doh, Sylvanian Families, and Sticklebricks.

Interviewee

Peter Brown is the Founder and Chief Executive of Flair with 36 years experience of the toy industry. His past achievements have included setting up and leading Tomy's UK subsidiary and building Hasbro's K'Nex from start-up to a \$70 million global business. He has been shortlisted for the 'London Entrepreneur of the Year' award for 2004. He is Vice-President of the BTHA Toy Council.

11. The Early Learning Centre (ELC)

ELC is the third largest toy retailer behind Argos and Woolworth's and is the largest own brand manufacturer of toys in the UK. In February 2004, it owned 215 stores in the UK and had a further 250 concession outlets within Sainsbury's supermarkets, Boots, and Debenhams. After a £29.6 million management buyout from John Menzies PLC in 2001, the company has just regained profitability and was sold again in 2004 to Chelsea Stores PLC for £62 million. ELC specialises in the pre-school market and around 85% of its products sold are under its own brand name. In the year ending 3.5.03, the company recorded a turnover of £171 million and a pre-tax loss of £900,000.

Interviewee

Nigel Robertson is Chief Executive of Chelsea Stores PLC, the company that has recently acquired ELC and who already own the Daisy and Tom chain. He is new to the toy industry but has broad retail experience with Marks & Spencer's and Kings Supermarkets in the USA.

12. Vivid Imaginations

Vivid is the largest British toy company and is currently challenging Hasbro for the second place in the overall UK market. The company was founded 11 years ago and has a turnover of £125 million (2003) with customers in over 40 countries. It was listed at 61st place in the 2004 Sunday Times PriceWaterhouseCoopers (fastest growing) Profit Track 100 companies. It operates in many toy sectors and over 75% of its products are licensed. Key brands include: Bratz, Ninja Turtles, Spiderman, Disney Princess, Care Bears, and Balamory.

Interviewee

Emma Sherski is Marketing Director and has been at Vivid for one year. She has previously worked at Tomy for five years in the UK and Japan, and in a children's television production company.

B. Stakeholders

British Toy and Hobby Association (BTHA)

The BTHA was founded in 1944 to represent the interests of the toy industry on a national and an international scale. Its 172 members account for over 95% of the British market for toys and games, valued at £2.1 billion in 2003.

Its work includes promoting safety standards through its codes and Lion Mark scheme, encouraging good practice by members in advertising, supporting the new ICTI programme for ethical manufacturing, and working at achieving broad public recognition of the positive value of play and of the part played by toys in promoting play. The Association is directed by a Council that is comprised of 27 elected members/senior practitioners from the industry.

A. Interviewee 1

Roland Earl is Head of Marketing and Deputy Director General of the BTHA and before joining the Association was a journalist.

B. Interviewee 2

Bryan Ellis is Chair of the BTHA Toy Council and is also the Public Affairs spokesman for Hasbro (part-time). Bryan has 20 years experience of the toy industry. His past roles include Managing Director Hasbro UK, President of Hasbro Northern Europe, Managing Director of the Zodiac Toys retail chain, Managing Director of Woolworth's Weekend and General Stores and he was the first Chair of the European Advertising Education Forum. In addition to his current roles, he is a prime mover in the TIE (Toys Industries of Europe) and in the MediaSmart initiative, and also sits on the Commercial Communications and Marketing Committee in the European Commission.

C. Toymaster

Toymaster was formed in 1981 and is the largest independent group of toy retailers with 228 members covering 374 stores in the UK (2004). It is a buying group providing members with both favourable buying offers and marketing support. They currently have 5-6% of the total toy retail market.

Interviewee

Roger Dyson is Managing Director and has been involved in the toy industry for 37 years. His previous experience has been in sales and marketing positions, both nationally and internationally, with toy manufacturers including Airfix, Palatoy, ERTL, and Ideal toys. Roger currently sits on the BTHA Toy Council.

Appendix V

Fieldwork Topic Guides

- 1. Toy Company Questionnaire**
- 2. Stakeholder Questionnaire – BTHA - Bryan Ellis**
- 3. Stakeholder Questionnaire – Retailer - Toymaster**
- 4. Focus Group Questionnaire**

1. Trust and the Marketing of Toys – Toy Company Interview Schedule

Respondent name:

Position:

Address:

Telephone:

e-mail:

Date and time of interview:

Interviewer:

Transcript code:

Tape-recorded: Yes/No

Introduction

Briefly explain:

Purpose and aims of the study

Reasons for the interview

Confidentiality

Use of tape recorder

Offer of confidentiality, if required.

Section A – Background Details

1. Could you please describe your job responsibilities at the company? How many years have you worked in the toy industry? Could you briefly give me some details about the company (in terms of ownership, turnover, market share held in the UK, key brands)?

Section B – Challenges and Responsibilities

2. What do you see as the particular challenges of marketing toys as a product?

3. a) Because children are often the end users, do you consider that the toy industry has special responsibilities in the way that it markets its products?

b) What might these responsibilities be?

c) In what ways do you adapt your marketing to take account of these?

Section C – Relationships, Trust and Values

4. How do you communicate, both directly and indirectly, with your end market?

5. a) When buying a toy, what particular aspects of trust in your brand do you think are important for a parent?

b) What part do think trust in the brand might play in a parent's buying decision against more tangible issues such as the product and what it will do, the price etc.? Please explain.

6. a) Is trust an issue that is often discussed in-company, by senior management and others?

b) Does your company try to measure levels of trust?

c) In what ways does it attempt to do this?

7. a) How do you think the company would like to be perceived by its end customers?

b) What particular values do you think it tries to put across in its marketing?

Section D – Marketing Tactics and the Creation of Trust

8. What particular marketing tools and techniques do you use to create and foster trust in your brands, for example, in terms of products, packaging, pricing, promotional activity (advertising, promotions, PR, POS, web site, direct marketing), and distribution? Any other marketing activities?
9. Which do you consider to be the most important, if any, and why?
10. Do you think that your company does anything different to the rest of the industry in creating trust in its brands, and if so, what would that be?
11. Are there any non-marketing techniques used by your company to foster trust? (Prompt: for example, causes and socially responsible activities, codes and charters, ethical manufacture, environmental considerations). How would you assess the importance of these against the marketing techniques just discussed?

Section E – Responsibilities for the Development of Trust

12. Do you think that developing brand trust is something that should be something orchestrated by the senior management of the company (the Board or CEO) or by individual marketing managers or both? Please explain.
13. Do you consider that the license holders, retailers, external agencies or any other intermediaries or stakeholders have a particular role to play in developing trust in your brands? And if so, in what ways?

Section F – Assessment of Trust and Distrust

14. a) How would you describe the relationships and the levels of trust that your company has with: 1. Children 2. Parents
b) What about with the Media and NGO's/Consumer Groups?
c) Is there anything that could be done by you to improve any of these relationships further?
15. Part of my research will involve asking a cross-section of parents for their views on trusting toy brands. On what issues do you think parents might say that they 'mistrust' toys and the way that they are generally marketed?
16. The toy industry, as many other industries targeting children, has received some negative press comment over the years on issues such as encouraging pester power and peer pressure, high prices, excessive pre-Christmas TV advertising, unsuitable products). Do you believe that the industry has been treated unfairly and if so, on what issues?
17. Do you think that the current legislation and industry codes and standards are adequate enough to create appropriate marketing standards in the industry or should toy companies themselves do more? If the latter, in what ways?
18. When a toy industry member transgresses, do you think it has a knock-on effect for the whole industry (for example the recent OFT fine)?

Section G - Contacts

Thank you for your time and comments. Can you think of any other marketing managers you know in other toy companies who you feel it might be useful for me to talk to about building brand trust?

2. Stakeholder Interview - Bryan Ellis, Chair of the BTHA Council/Hasbro UK Ltd

Respondent name:

Position:

Address:

Telephone:

e-mail:

Date and time of interview:

Interviewer:

Transcript code:

Introduction

Briefly explain:

Purpose and aims of the study

Reasons for the interview

Confidentiality

Offer of confidentiality, if required.

Use of tape recorder

Section A – Background Details

1. Roland Earl mentioned that you were formally M.D. of Hasbro UK and have also been in senior management with Woolworths. Was this also in the toy area? How many years have you spent in total in the toy industry? What is your current role with Hasbro? What particular challenges do you think the toy industry is faces at the present time?

Section B – Controls and Legislation

2. I received some notes from a marketing conference paper you presented in Dublin in 2000. I gathered from these that you have been involved in a movement to resist the attempt of Sweden and others to further restrict or ban totally children's advertising. Can you explain your involvement and how far the debate has reached today?

3. I believe that a new EU Directive on Advertising is due next year. Do you think there may be any new controls in it that might influence marketing to children or the toy industry specifically? Are you aware of any other pending legislation that may influence the industry?

4. There has been some debate about the lack of regulation in some of the newer tactical marketing areas, for example, promotion via the Internet and marketing through schools. Do you feel that further controls should be introduced on such activities as in other countries and if so, who should best implement them?

5. With regard to your responsibilities on the BTHA executive, do you consider that the BTHA member's Code of Practice is effective in protecting the interests of children and their parents? Without naming names, are you aware of any members knowing breaching the code and being disciplined or expelled by the BTHA in recent years?

6. Are there any other aspects of the work of the BTHA that you feel encourage responsible practice in marketing toys? (Prompt: Lion Mark, Play Value campaign)

Section C - Industry Practice

7. Apart from television advertising, what other important marketing tools are used in the toy industry to reach the end market?
8. Do the marketing tactics used vary according to the age of the targeted child? If so, please could you explain the different marketing emphasis in each case?
9. In what other ways do toy companies do communicate with or research a) children and b) parents, in order to understand their needs, wants and concerns?

Section D – Relationships and Trust

10. How would you describe the relationship between toy companies and the children that consume the toys? (Prompt: in terms of brand loyalty, satisfaction, understanding, and communication). Are there any ways that such relationships can be strengthened? Are there specific advantages of such relationships for the children themselves?
11. Focusing now on parents, how would you describe the relationship between toy companies and parents? When I interview them as part of my research, on what issues do you think they would be positive about the toys on offer today and the marketing of them? About which particular areas might they express concern? (Prompt: pester power, peer pressure, violent/unsuitable toys, high prices).
12. To what extent do you think such concerns are justified? Are they best addressed by individual companies, the BTHA, the toy industry as a whole or another party?
13. In what ways do you think toy companies can create better trust between themselves and parents? Do the license owners, retailers and external agencies also have a part to play in developing trust in toy products? What are their particular responsibilities?

Section E – Ethical issues

14. Do you agree with Roland that the toy industry sometimes gets an unfair press regarding ethical issues? Any examples? Do you think the industry is doing all it can to encourage responsible business bearing in mind the vulnerabilities of children and the pressures facing today's parents?
15. Can you think of any other examples, not already discussed, of how the industry demonstrates concern or care for its end market?
16. As it is topical, I have to ask for your comments on the recent OFT fine imposed on Hasbro. What impact do you think it might have on the company's relationship with its end customers?

Section F – Contacts

16. Finally, could you suggest the names of any marketing managers/directors in the larger toy companies who you think might be useful for me to talk to or who might be willing to contribute to the research?

3. Retailer Interview Schedule - Toymaster

Respondent name:

Position:

Address:

Telephone:

e-mail:

Date and time of interview:

Interviewer:

Transcript code:

Tape-recorded: Yes/No

Introduction

Briefly explain:

Purpose and aims of the study

Reasons for the interview

Confidentiality

Use of tape recorder

Offer of confidentiality, if required.

Section A – Background Details

1. Could you please describe your job responsibilities at the organisation? How many years have you worked in the toy industry? Could you briefly give me some details about the organisation (in terms of ownership, turnover, market share held in the UK)?

Section B – Challenges and Responsibilities

2. What do you see as the particular challenges of selling toys in the current market?

3. a) Because children are often the end users, do you consider that the toy industry has special responsibilities in the way that it markets its products?

b) What might these responsibilities be for toy manufacturers?

Section C – Relationships, Trust and Values

4. Who are the main consumers of toys? Parents, Children, Grandparents, Significant Others?

5. a) When buying a toy, what particular aspects of trust in toy brands/companies do you think are important for a parent?

b) What part do think trust in the brand might play in a parent's buying decision against more tangible issues such as the product and what it will do, the price etc.? Please explain.

6. a) What particular brands/companies do you consider are particularly trusted and why?

b). Do any particular companies stand out in terms of having strong values in terms of ethics and responsibility and how are these values visible in practice?

Section D – Marketing Tactics and the Creation of Trust

7. What particular marketing tools and techniques do you think are most important at creating trust in a toy? (For example, in terms of products, packaging, pricing, promotional activity (advertising, promotions, PR, POS, web site, direct marketing), and distribution?)
8. Do you think consumers have concerns about any particular tactics used?
9. How important do you feel the social responsibility side of toy companies is to consumers? (for example, charitable causes, warranties, codes and charters, ethical manufacture, environmental considerations). How would you assess the importance of these against the marketing techniques just discussed?

Section E – Responsibilities for the Development of Trust

10. Do you think that developing brand trust is something that should be something orchestrated by the senior management of the toy company (the Board or CEO) or by individual marketing managers or both? Please explain.
11. a) What responsibilities do retailers have in terms of developing trust in toys?
b) In what ways do you adapt your selling/marketing to take account of these?
12. Do the major retailers generally act responsibly? (What about the dominance of large chains, fines imposed on retailers, price-fixing)

Section F – Assessment of Trust and Distrust

13. Part of my research will involve asking a cross-section of parents for their views on trusting toy brands. On what issues do you think parents might say that they ‘mistrust’ toys and the way that they are generally marketed?
14. What are the main causes of consumer complaints about toys? How well do you think toy companies handle such complaints?
15. The toy industry, as many other industries targeting children, has received some negative press comment over the years on issues such as encouraging pester power and peer pressure, high prices, excessive pre-Christmas TV advertising, unsuitable products etc.). Do you believe that the industry has been treated unfairly and if so on what issues?
16. Do you think that the current legislation and industry codes and standards are adequate enough in creating appropriate selling/marketing standards in the industry or should toy companies and retailers do more? If the latter, in what ways?

Section G - Contacts

Thank you for your time and comments. Can you think of any senior managers you know either in toy companies or in toy retail who you feel it might be useful for me to talk to about building brand trust?

4. Focus Group Questions - Parents

1. What toy companies do you particularly like and why do you like them?
2. What toy brands do you particularly like and why?
3. Are there any toy companies or toy brands (other than electronic/computer games) that you would not consider buying? If so, which are they and why don't you like them?
4. When choosing a toy or game for your child/children, what are usually your main considerations?
5. Are you influenced by toy awards?
6. How often do you think your toy purchases are influenced by your child's/children's wants and requests?
7. What main factors do you think influence your child's/children's wants and requests?
8. What do you consider to be the main responsibilities that toy companies have in producing and marketing toys and games for children?
9. Are there any areas in which you consider toy companies act irresponsibly? If so, what are they?
10. How does the toy industry differ from other industries targeting children? Is it better, worse or the same?
11. Are there any ethical issues about the way toys are developed, manufactured, or packaged that are of concern to you and might influence your choice or purchase of a toy/game? If so, what are they?
12. Are you aware that a major toy company was fined two years ago for price fixing along with two major retailers? If you had known, how would you have reacted, if at all?
13. In targeting children, toy companies often communicate directly with them using a variety of marketing methods.

What methods do you generally consider acceptable and which do you consider unacceptable? (Prompt: TV advertising, magazine/comic advertising, special web sites/pages, competitions, children's clubs, brochures/mailings, packaging, in-store literature & displays, in-school activities, market research)
14. Is it fair that toy companies target children or should they always target parents?
15. What could toy companies and/or the toy industry do to improve your trust in themselves and their products?
16. Do you know what the Lion Mark on toy packaging represents?
17. Have you ever had any direct contact with a toy manufacturer/company? If so, for what reasons? Was the issue handled by the company to your satisfaction?

Appendix V1

Sample Transcript

Mattel UK Limited – Company 1

**Interview Transcript with Simon Waldron – Joint Head of Marketing
Interview Date – 08.04.2003**

Trust and the Marketing of Toys – Interview Schedule for Mattel UK Limited

Respondent name: Simon Waldron
Position: Business Unit Manager (Head of Pre-school, Games & Entertainment/Joint Head of Marketing)
Address: Mattel House, Vanwell Business Park, Vanwell Road, Maidenhead, Berks. SL6 4UB
Telephone: 01628 500000
e-mail: simon.waldron@mattel.com

Date and time of interview: 8th April, 2003. 11.30am-12.30pm
Interviewer: Stephen Hogan
Transcript code: TOYR1/080403
Tape-recorded: Yes

Transcript from tape-recorded interview

Preamble of what the research is about and why I wanted the interview.

Could you just tell me about some of your responsibilities within the company?

I'm jointly head of marketing. My overall responsibility is sales and profit for our brands in the preschool arena, and in the boys' arena, and in the entertainment arena and in the games category.

So do they include Fisher Price?

Yes, Fisher Price, they include Hotwheels, Matchbox, Scrabble, Uno, Harry Potter. Big things we've got - we've got UGO which is a current entertainment property - Masters of the Universe we are launching shortly, so a lot of big things in there. Pictionary is another brand. So there are a lot of brands in there. So that is my responsibility, managing those businesses in their entirety but sales and profit is what I am charged with delivering and market share.

So how long have you been involved in the toy industry?

In Mattel, five years

Where you in the toy industry before?

No, I wasn't. I was new to toys before Mattel. Prior to that, I was in grocery with Quakers Oats and the Campbell Soup Company and Dairy Crest.

So, moving into the toy area, what particular challenge do you think there is in marketing toys?

Well, the challenge is the children, to be honest, because they are influenced by so many different things around them. And, what you've got to try and do, or what we try to do here at Mattel, is have a core business of really solid good brands that are sort of perennial year-in, year-out, that children can keep coming back to and keep getting value from. We do have, particularly in entertainment, some of the fashion trend things.

So they last a year, do they?

Oh, they might last a year, they might last two years, they might last six months, and that's very difficult to predict. So what we try and do is make our core business as on-trend as possible, for the longer term, but we also license short-term trend stuff. A good example recently is Harry Potter, where we have had that toy license on the back of the movies and all the hype that the books have got. So it's keeping up with the children really, because they have so many influences around them.

So are you actually marketing to the children or marketing to the parents?

We're marketing to... Depending really on what the product segment is, I mean a lot of products that we do, all the products we do are for children, but some children are old enough to be able to decide what it is that they would like to interact with, so in those cases you know we do talk to parents, particularly on the Fisher Price brand. We talk to mums a lot. We talk to gift givers a lot. For something like Hotwheels, we're targeting more of the children really, in terms of bringing, telling, communicating with them if you like, all the good things we are trying to do.

Because of their limitations, do you feel you have any special responsibilities?

To children?

Yes

Yeh, absolutely! It's the age-old question. Advertising to children, should you be doing it? And should you be trying to influence children? But I think we take the view that you know children are people in their own right and okay they maybe they are not grown up so they are not as informed, they are not able to see things in their entirety, if you like, so you have to take that into account but at the same time, we would say that we are helping them to make their choices in life, we are introducing them to different things in life and to growing up. You know the rules and regulations are very strict here in the UK and so obviously we take that into account but we do communicate with children. But I think we are just trying to help them to be more informed. You know children get a lot of messages from a lot of different people and at the same time they are interested in the stuff we've got.

So in what ways do you communicate with your market? I'm particularly interested in children and parents although there are obviously other people such as grandparents involved in purchase decisions. You obviously communicate directly and indirectly, communicate I suppose indirectly by advertising but what other ways do you communicate directly with children?

Directly with children? For example, we do a lot of press advertising, we talk to them through comics, we talk to them through outdoor medium. Poster sites.

And websites?

Yes. We've got some really great Mattel web sites. All of our main brands have got web sites so children can look at those. Word of mouth is the big thing.

So how do you encourage word of mouth?

Well that's a very interesting, very scientific process and I'm not sure there's actually an answer to it. You stumble upon it almost, so that's the hardest thing. But directly, outside

television, we do schools projects and we've got some schools projects on Fisher Price, schools competitions on Hotwheels.

And you do much research with children?

We do a lot of research with children. All of our main toys are researched with children. We do a lot of research with mums.

And you use an agency for this?

We do a lot of it in-house but we do use agencies too to help us in the process.

So your child will be a guinea pig at some stage?

Yes, absolutely. We've got a lot of in-home testing, so we do do that. But we do a lot of focus groups with children too, find out what they are talking about at school or what they are into, what they are not into, what they think of our toys. So a lot of science goes into actually getting a toy to market. Then we know pretty much if it's something we've invested a lot of money in, that we're putting something onto the market that children have said, "Yeh, we really like that. It's a good concept and we'd like to play with it."

And what about parents? How do you communicate with parents? How do you get their views?

Again we do a lot of focus groups for parents.

Specifically for parents, or parents and children at the same time?

Specifically parents. Could be together but more than likely without the children because otherwise they would have to look after the children. So we talk to them about toys, about their shopping habits, we talk to them about where they like to shop, how they like to shop, what sort of things they consider value for money, what sort of things they don't consider value for money. We talk to them about a whole raft of things concerned with our business. And we test advertising with them as well to see how responsive they would be to any of our advertisements. So a lot of different things we test, all in a fairly similar environment. A lot of it is focus groups but we do do in-store interviews if we have a particular retail project we are working on.

Okay, that may give you the answer to the next one. When buying a toy, what particular aspects of trust in your brand do you think is important for a parent in a buying decision?

There is a whole host of things. The key thing is, is it right for my child? Is it safe? Is my child going to get some enjoyment from it? Is it what my child wants? There's this thing called pester power as well, which doesn't always mean that the parent is buying what they would consider to be the right thing but am I taking home the thing my child really wants to play with? And I think reputations are built on safety, on good play patterns, on whether the child returns to it on longevity, does it last? And people start to build up an affinity with the brands that stay around, that children can't break, that children go back to, that children are talking to with their friends, that children want to buy other accessories for.

Do you get a feeling in communicating with parents that they tend to stick with brands they used when they were children or do you think it is still the power of the child coming through and saying I want this and my friends have got this, I want this?

Yes, there's an affinity with that but you've got to have the right things within it. The consumer in most cases is the child and they will dictate to a large extent what it is that is the right thing for them. So you may have an affinity with, let's use Matchbox and Hotwheels as an example, as a parent, Matchbox is an old traditional brand in the UK which you may have some affinity with, certainly you would recognize or our research would say you would. But your child is more interested in the Hotwheels brand. Yes the chances are you could go out and buy Matchbox but is it the Matchbox item that your little boy really wants? It may not be. You know it may be the Hotwheels item. Hotwheels, although it has been around a long time, but it has not really been around in terms of availability and distribution that it is right now. So I think as a parent you have to weigh those things up and it's a little bit of trial and error to be honest, because you'll soon know if you've taken the wrong thing home. Children are smart at the end of the day and I think as adults we all have to appreciate that they are smart. What they don't do, they don't know everything about what is best for them but they do know a certain amount and a lot more than we probably give them credit for. Everyone will have their own experiences in buying the wrong things and if you buy things because you like them that's great, we want people to be doing that but we've also got to make sure that while parents are identifying with our brand they are also the right thing for the child as well. They are on trend and they're the coolest things that are happening around them today.

Is trust an issue that is often discussed, trust in your brand, in-company by senior management and management generally?

Yes, here at Mattel, yes, because here at Mattel our business is built on core brands. Other toy companies' business is built more on the sort of the fashion aspect of the industry or price whereas here we are building long-term brand value and so trust is absolutely paramount. Our safety processes and our manufacturing processes, we think, are up there with the best of them in any industry not just the toy industry.

They go beyond the statutory requirements?

Yes absolutely. Don't ask me to quote more because to be honest I couldn't, but we pride ourselves on our manufacturing infrastructure and the quality of the toys that come out of that and also the quality of the conditions because that is another big hot topic. The people who work in our manufacturing system. So that is a major focus for us.

Do you actually try to measure trust?

Do we try to measure trust?

Yes, do you do perception surveys as a measure perhaps not specifically measuring trust but the values behind it?

Yes, what we do are a lot of brand-tracking studies, asking consumers what they think of our brands. Primarily asking parents what they think about our brands, so that we are confident that we are delivering the right things to the parent in terms of the overall brand values while making sure then that we are focused on the actual execution of the brand at a child level.

And how do you think you want the company to be perceived by the customers at the end of the day (again parents and children)? Is there a general perception in terms of the company as a whole or does each individual brand have a perception in terms of whether it offers educational value, entertainment value?

It depends on the brands. The brand is what really defines us. There are two things. We want people to know that toys from Mattel are the best toys in the world, they are good value for money from a reputable company, they are well made, well constructed, well thought-out,

well researched, and that time and effort has gone into putting those toys on the marketplace. That is Mattel as a whole.

Do you think people actually know the name Mattel or do they know Fisher Price, Hotwheels or whatever?

I think they do to a certain extent. They will know a little about Mattel. They will recognize Mattel primarily because Mattel is behind Barbie. So they will understand Mattel from that perspective. But at the end of the day it's more the brand interaction that they have. They will be very, very aware of our brands because those are the assets that we've got. And those are the things that we promote. We don't promote Hotwheels from Mattel, or Fisher Price from Mattel. It's Scrabble, it's Fisher Price, it's Hotwheels, it's Barbie; so it's the brand first and foremost. But, underpinning all that is the Mattel process.

Just looking at some of the tactical issues in terms of the tools and techniques you use to create and foster trust, just at some of the traditional marketing mix, what about products, about developing products, about the way they look, how do you create trust for parents or children themselves in products, packaging or other aspects?

I think we create trust from the time, effort and research that goes into actually putting them together. Fisher Price is a great example, where we have a play lab and every concept that we've got, from a preschool perspective, goes through our play laboratory.

Is this where you have children experimenting with toys?

Children experimenting; mothers experimenting; mothers watching their children experimenting. And we actively talk to the consumer about our play lab.

And this is pre-launch?

Yes, this is pre-launch and is on-going as well. There will be pieces from time to time in the Press about how we develop toys, how we study children, how we actually test them all with children. We talk to the consumer.

A lot of PR then?

A lot of PR. A lot of PR. On Fisher Price, where the developmental aspect is, you know, where children are learning their first steps in life, every step that they are taking is new and fresh, and it's new for a lot of parents because they will not have had a child before. So, we like to give them the reassurance that what we are doing is well thought-out, is well tested and if it does not test well, it doesn't get to the market. And that is the message that we give them. If you actually look at what we do, it is a fantastic process. And the dilemma is always communicating that without that overtly being your message.

And the packaging? Is that designed for the parents rather than the children or is it another form of promotion?

Packaging is part and parcel of the toy if you like and it's designed with the consumer in mind, and the trade in mind, because you have to balance it. It is also a way of displaying your toy well. Toys need interaction and a lot of our packaging allows the consumer to interact with the toy on the shelf so that they can actually, to a certain extent, play with it before they buy it, to find out if it is the right thing. So we work hard to make sure again that that the consumer is getting value for money when it comes to the purchase decision. And that she is able to try it on a shelf to determine how good or bad she thinks it is.

What about trust and pricing? You mentioned you are not like the bargain basement toy companies, that go in on price, you sell on quality and other issues, but still people have to trust you in terms of price...

They do. And having said all that, we still try and price our toys to be as competitive as possible. We price them to market. They carry a premium where the consumer tells us that a premium is deserved. They carry it because it has got special features. If there are no special features, we will price them to be as competitive as possible. Having said that quality always comes at a price. And again that's how you build up the trust. That's how you build up that consumer repeat purchase, if you like. It's 'well I bought one of these last time and it lasted well and my little boy really loved to play with it or my little girl really loved to play with it. You know, this is a company that I can trust to deliver me value for money and deliver as well a good way of playing.'

In terms of the promotion area, obviously advertising is big particularly pre-Christmas and that is fairly tightly regulated as you have said, what about some of the less regulated areas or the newer areas of marketing or newer techniques, do you get involved in direct mail, in-school activity?

Yes we do. Our direct mail is really focused on parents only and there is no direct mail to children. What you are seeing is, as children are becoming more communications savvy, this is where the Internet starts to play a bigger part, where they can interact with our stuff on the Internet.

Because the Internet is so loosely regulated at the moment, there is a big problem whether they can ever regulate it. Again, do you do anything specifically about the monitoring of that and how that's run?

(Pause) In a nutshell we don't put anything on there where the content is, what is the word I am looking for, debatable, if you like. It's all very clear, it's got interactive elements to it but it is very child-friendly. Again there are standards all around the world that we have to maintain so we operate to the highest standard. And some of the highest standards are here in the UK.

So some of your web sites are designed for parental information and others then are for children?

Yes, others have got games on them or collectable things on them and you can download stuff from them.

But do you use them as a source for getting over any messages to children, as such, gathering information about them?

Yes. Not so much gathering information but obviously we can monitor what they have logged on to do, so we can do that but we primarily use it as a vehicle add some value to what we've got. So say we have a set of collector cars, we'll put those on the website and say look these are the ones that are available, this is when they launch, this is a little about them, so there's some interactivity there. Again, building some of that brand loyalty.

Do you put any messages to children, say, as they do on some sites not necessarily in the toy industry, that you should be asking your parents if you can enter this site or any of those sorts of issues or don't you see this as a problem because of the content?

The content is not... It's designed with the toy, with the brand in mind, if you like. I'm sure... I haven't looked at every one of our sites though I am sure there are some things where you

may need some parental guidance and if that is the case they would be on the sites. I haven't looked at every site to be honest. What I do know is that we wouldn't compromise our brands in any way because we are trying to find some loophole in the communication process. So for us, we are very clear on all that.

In terms of distribution, one of the problems I find at Christmas myself is that the fast selling lines run out. Do you have a particular policy, as this is part of the trust element, in terms of making the product available, when you want it? Do you have any policy with regards to inventory, carrying stocks, or do you just do the best you can with inventory management?

(Pause) That's a good question. We try and establish what we believe the market size for a product or toy will be and that is done through research, that's done through benchmarking, that's done through a little bit of gut-feel. And it's also done in conjunction with our customers (retailers). Policy is not the right word. We don't have a policy as such but what we try and do is establish what we believe the market demand for a toy will be. Now there are occasions when you get caught out. You get caught out both ways. For every toy that's short in the market place, there's probably five or six where there is probably massive oversupply. So we use all the information we possibly can to try and predict what we believe the consumer will be asking for. We also work closely with our customers to help them stay in stock. But every toy is different which is why we research them so well. And if we haven't convinced our customers if you like that the toy will be a great seller and they need to buy more, we don't have the distribution outlet to actually have more in the market place. So, it is a combination of lot of different things and it does vary for every toy.

You have talked a little about this before, but is there anything you do in terms of creating trust that sets you apart from other leading toy companies?

We've been doing it a long time. We have a very strong track record and I think the difference is we've got some very, very well established brands that consumers keep coming back to. We are not the only company that has well-established brands but we've got a very big stable, of long established, good brands that year after year provide good value for money, good play patterns, and strong enjoyment for children. And I think you can really only be judged your track record in that particular instance and that is the marketing challenge for all of us is to sustain that longevity of the brand, constantly re-inventing it and constantly making it relevant for today's marketplace. Because in this industry if you aren't relevant in the market, you will have trouble to sell your products. I think the stronger your brand becomes the more you are able to invest in actually making it relevant for today's consumer. It is the consumer who is the ultimate judge. How well you are doing or not and we have a process here that has been established over many years of making sure we are constantly relevant to consumers. So trust is a two-way thing. They trust us to keep delivering the right things. They keep coming back to our brands. The length of time of the brands in the marketplace is testament to that.

Do you think developing brand trust is something that should be orchestrated by senior management (directors) or something that should be the responsibility of the day-to-day marketing managers such as yourself and others?

Well, I think it is ingrained in the ethics of the business. It's the way you are, it's what we do. We are our brands and everybody from the CEO down is focused on making our brands the best in the marketplace for the consumer. Our mission is to be the strongest toy manufacturer for today and tomorrow. That is ingrained into us, from the top down. All of us take pride in that. No one person owns that. We all own that, you know from the guy that has the initial idea to the guy who is actually putting it on a truck and sending it out because in a simplest

format, we want our stuff to go on the truck in the best way, undamaged, packed properly, delivered properly, delivered on time. Everybody owns it right down the chain.

In talking about chains, what about people or parties like license holders, retailers, external agencies you use and other intermediaries or stakeholders? Do they have a part in developing your brand? What about the license holders?

Well, the license holders play a very complementary role. And they are very vigorously monitored, that the things they are doing from a license perspective reflect the quality and positioning of the brands that we've got. So they go through a lot of approval processes to actually get a product onto the marketplace.

But is the power with the license holders who say you've got to do it in such and such a way because we own the character or do you say hang on, Harry Potter has got to do the right things?

Sorry. In that respect, if we are actually running a licensed product, obviously the product is developed to our standards and then there will be some discussion, yes, in terms of they will have their say, in terms of what it does and how it looks, and we will have ours too. But there will be a guide. For example, some basic stuff. Using your Harry Potter example, Harry Potter has to look the right way, the words on the packaging have to be right and have to be in keeping with the book and the story and the film, in the right colours and obviously the images have to be correct. So when we are using a license product it is a two way process.

When somebody is licensed from us, then obviously it is very important that they are complementing everything that we're doing.

What about retailers in terms of representing your brand? They are the intermediaries, the bridge between you and your market. They are customers as well of course but a different type of customer. There are some big players in the market but do they have a responsibility in terms of the actual selling process of your product?

They do, yes, because...for their own benefit in a way. 40 odd percent of decisions are made at retail, so they need their stores to be looking better than their competitors' stores and to be merchandised better than their competitors' stores. And within that, we obviously want our brands to be representative of what the brand stands for. So that when we are communicating to our target audience, they can go into a store and they can find the things in the right order that they are looking for, so retail is an important factor. For us, it is very important that the products are displayed in the right way and that they are easy to shop and also from a retail perspective the better they are displayed and the better they are merchandising, the more loyal their customers will be.

So do you feel you have a level of control over the retailers at all?

Not so much control but we work with them. We are constantly presenting ideas to them in terms of how things could be done. So I would not say it was control, more in ideas and this is what we think is a good idea. Could it be executed at retail? So we go to them with a lot of ideas about how we think we could between us maximize the presence of our products on the shelves. Do we have control? No, we don't, because they are their stores. All we can do is advise and work with them.

And in terms of the external agencies you use, advertising agencies or whatever, again through their campaigns and ideas do they create trust? They understand you, I presume, as a company and what your values are and design campaigns around that?

Yes, absolutely. The last thing we want to be doing is doing poor advertising. Because poor advertising... again that's where people see your brand all the time, is the advertising. So, the advertising needs to be memorable because it is advertising and you need to convert it to a purchase. So, what we don't allow is anything that's poor or anything that doesn't test well. It has to be, like any service that you buy, it has to be effective and it has to be value for money. So again the advertising reflects the brand values. For example, Hotwheels is about speed, power and performance. When you see a Hotwheels commercial, you'll get that. And we are building up that trust with young boys that Hotwheels is cool, is fast, you can have good fun with it and it's a brand you can keep coming back to. It's a brand that always delivers on those particular values.

Last set of questions. This is about the assessment of trust and a bit about distrust. Firstly, how would you describe the relationships you've got and the levels of trust that you have got with children and then secondly with parents? Is it as good as it could be?

How would I describe it?

Yes, if I talked to children what would they say about Hotwheels, Scrabble...?

Children would talk to you about the current hot thing happening with Hotwheels. They would tell you about. Well I've got this new car from Hotwheels, this is the very latest car and it does this, this and this. Children judge things on what is delivered to them. It's a bit like what I said before. Are you on trend, or are you helping them to create something. So it comes down to the strength of the toy a lot of the time but over time what you will do is build up that rapport. If you keep delivering the right toy, and the right toy and the right toy, they will start to believe that Hotwheels is a good thing for them to have in their lives.

Yes, so generally you think they would be pretty positive towards your brands?

Yes, I think they would be positive towards them, yeh, as long as we are doing our bit. You can't take anything for granted. You can't be complacent. You constantly have to be on top of that because I don't think children would describe it as trust. They would say it's probably cool. We are talking in adult terms. If you asked, do you trust Hotwheels, I'm not sure they'd know the answer to that question. But do you think Hotwheels is cool? Then hopefully they'll say yes. If they don't, we need to go back to the drawing board to make sure our stuff is cool.

And what about the relationship with parents?

Again the parental thing is the important thing because that is the endorsement. I'm quite happy to buy you Hotwheels, I know it's what you want and yes you can have it because I know that they're good and they're good value for money and the toys are safe and the toys will last and they won't break and you won't be disappointed when you get them home. Again that comes down to the quality of what you do and the way you communicate and the position you take in the marketplace, the position of responsibility that you take.

What about third parties, NGO's, consumer groups, the media, who can all have an influence in terms of what they write about you and in creating trust. Do you have a policy of PR campaigns? Do you have a good rapport with such groups, being the market leader?

Yes, we have a good rapport and we talk to these people. We tell them what we are doing. They're interested to know what we are doing. You know it's a fascinating subject. So, I would say, by and large, we have a very good rapport with all those people, with all those influencers around us. Sometimes they might not write nice things about your toy but again in

business those are the risks you take, if you like. But it's as and when. We actively talk to them about what we're doing; we're always talking to them about our toys because we are proud of what we are doing. We've nothing to hide here. It's all good information. I am not sure how else to answer that question.

I am just trying to look at all the angles from which trust is created.

At the end of the day we encourage them to write about what we are doing and if they don't like, well they don't like it. And if they write they don't like it that's their prerogative really. But we take that risk because we think we're doing some really good things.

Part of my research is going to be talking to a cross section of parents on their views of trust in toy brands. In talking about the toy industry in general, rather than just Mattel, on what issues do you think that parents might say they mistrust toys or the way they are marketed? Are there particular issues that keep cropping up?

The quality thing. Some toys are cheap and don't last very long. So they will talk about quality. They will talk about play value and the developmental aspects of the toy. Some things will be seconds of fun almost, so that I'm sure will be parental concern. You've got children. There are basic things. Is it value for money? Am I getting something that is worth what I've paid for? Will it last? Will my child stay interested in it? Is it good for my child?

And what about the actual marketing of the products? Do you think they would object to anything in terms of anything that is done?

Well, You will always get someone. I'm sure some would. You are bound to face that. And I'm sure, you know, it's a fairly delicate subject, children, well not fairly, it is a very delicate subject. You will always have people that have their own specific views on that. Some will be a lot more outspoken about it than others will. I think what we have to do at all times is make sure that we're doing the right things for the children and that we're helping them make an informed choice. There will always be some parents who do not like what we do. Some will like what we do. Children have had toys since children were invented. Play is a child's work at the end of the day and we are helping them to do things that will help develop their skills at lots of different levels.

The toy industry, like a lot of other industries targeting children, has had its fair share of negative press comment. I've talked to Roland Earl and others about these sorts of issues. Pester power, peer pressure, high prices, excessive TV advertising before Christmas and those sorts of issues. Do you think that the toy industry generally has got an unfair negative press?

(Pause) Um, no more than other... Again, it is a difficult subject and I don't think it's necessarily had too much negative press. It does get negative press. But have we been unfairly treated?

As an industry?

As an industry, I don't think so. No, we obviously have to stand up and be counted and be accountable for what we do so I have no problem with that at all if somebody wants to challenge us they have every right to do that. We are quite happy to show them that we are doing all we can to do things in exactly the right way. Some people in our industry will do us a disservice and unfortunately we have to try and live with that. That comes back to then having brands that consumers are aware of and know, and know that they can return to time and again.

And when an industry member transgresses, thinking about the recent OFT fine for example, do you think it tarnishes the whole industry?

Yes, it does, yes. You are bound to pick up some negative from that. You are bound to and I think that news is always more interesting when it is positioned with a negative connotation anyway, I think. We have to be aware of those things, absolutely, and we have to make sure we are operating with the right levels of integrity, at all times and that is one of our company mantras.

Do you think that the current legislation and industry codes and standards that are there for the toy industry are adequate enough or do you think individual companies should go further? We talked about one area, the manufacturing area, where you exceed the standard...

It's difficult to talk about other companies to be honest, and I'm not qualified to talk about what they do. I'm only really qualified to talk about what we do. And we go over and above to make sure that our products are built, manufactured in the right way. Because if we don't, we lose forty or fifty years of all the hard work that we've built up in actually establishing these brands, because they are our lifeblood. I know we do go over and above the standards that are required

And in the marketing itself as opposed to just the product?

In the marketing as well. You know there are so many standards here anyway that we are duty bound to follow them, by law. And we do. We don't do anything that would sort of leave us open to suspicion, because it is not worth it. We don't need to operate that way. We've built our reputation on doing things the right way. So we don't do anything by the back door. Everything is done to the standards things should be done at.

Isn't that the case for most of the leading toy companies, not being where you are today if you ...?

Yes absolutely. That's how companies like Mattel get to be companies like Mattel, and other companies too. Because you do have to do things the right way, because you'll soon be found out if you don't. And I think while we are talking about it, it's ingrained, that's how we do things. There are no shortcuts taken, it's not worth it. I am not sure what you are trying to get at with that question but we do things properly. I can't say it any fairer than that.

There are no trick questions. That's great, that's been really useful, really interesting. I have a very final point that you may or may not be able to help me with. Do you have any other marketing contacts in other toy companies that it could be useful for me to talk to? Do you talk to each other in the industry or are you deadly rivals?

I know people. I don't talk to people personally. I meet people from time to time at various different functions. I don't know anyone at Lego. At Vivid, Nick Austin is the guy. The marketing manager recently left so I don't know if they've replaced him. At Hasbro, Melanie Stubbing would be the person to talk to. At Tomy, Sally Plumridge. Those are the big ones....

Thank you for your time.

Postscript:

Simon has recently been promoted and leaves in five weeks to take up a new position at the US headquarters.