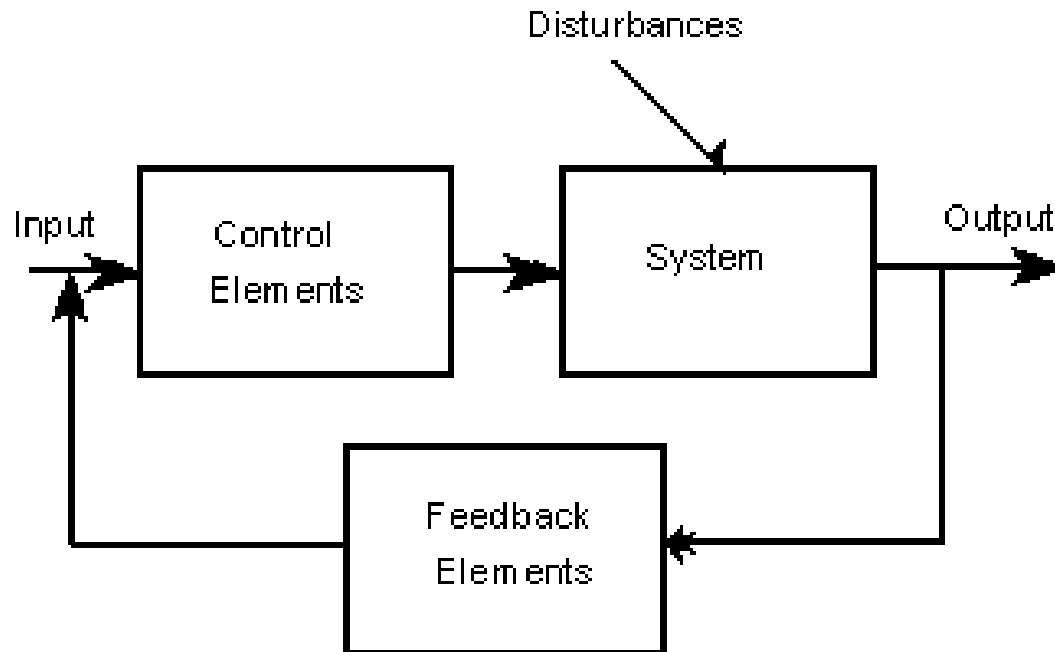# Feedback, Democracy and Conflicting Consumption in a New York Hotel

A Journey from Theory to Micro-Study, and Back

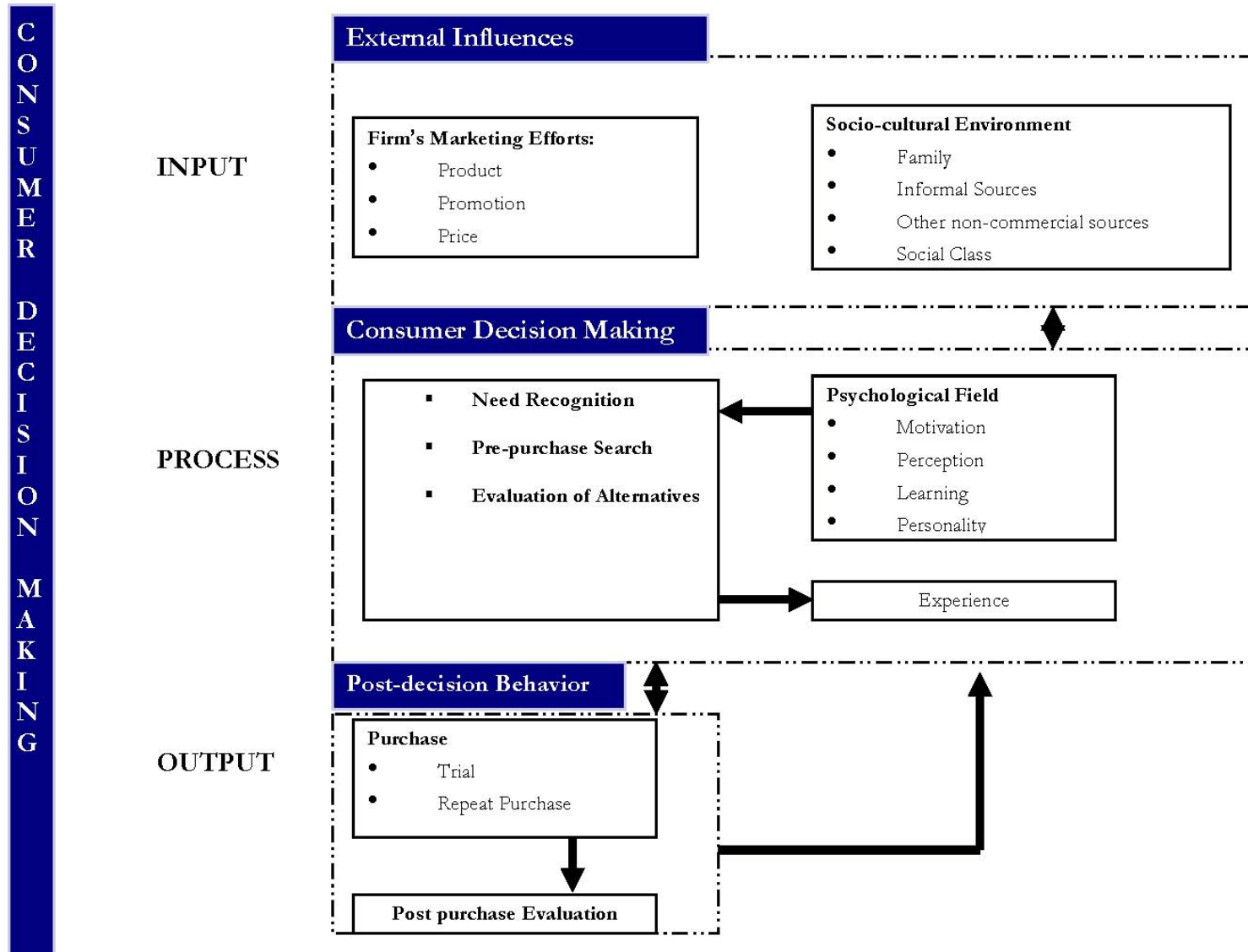# What is "Feedback"

- review, rating, ranking, assessment…
- Information ('facts') and evaluation ('opinion', 'value')
- Feedback is communication
- Feedback is everywhere, all the time
- Two perspectives
  - System theory: loops, information distribution, efficiency of systems to deal with instability etc.
  - Theory of democracy: feedback leading to transparency, accountability, engagement, empowerment

A Simple Feedback System

Consumer Behaviour as Feedback Mechanism

CONSUMER DECISION MAKING

INPUT

External Influences

Firm's Marketing Efforts:
- Product
- Promotion
- Price

Socio-cultural Environment
- Family
- Informal Sources
- Other non-commercial sources
- Social Class

PROCESS

Consumer Decision Making

- Need Recognition
- Pre-purchase Search
- Evaluation of Alternatives

Psychological Field
- Motivation
- Perception
- Learning
- Personality

Experience

OUTPUT

Post-decision Behavior

Purchase
- Trial
- Repeat Purchase
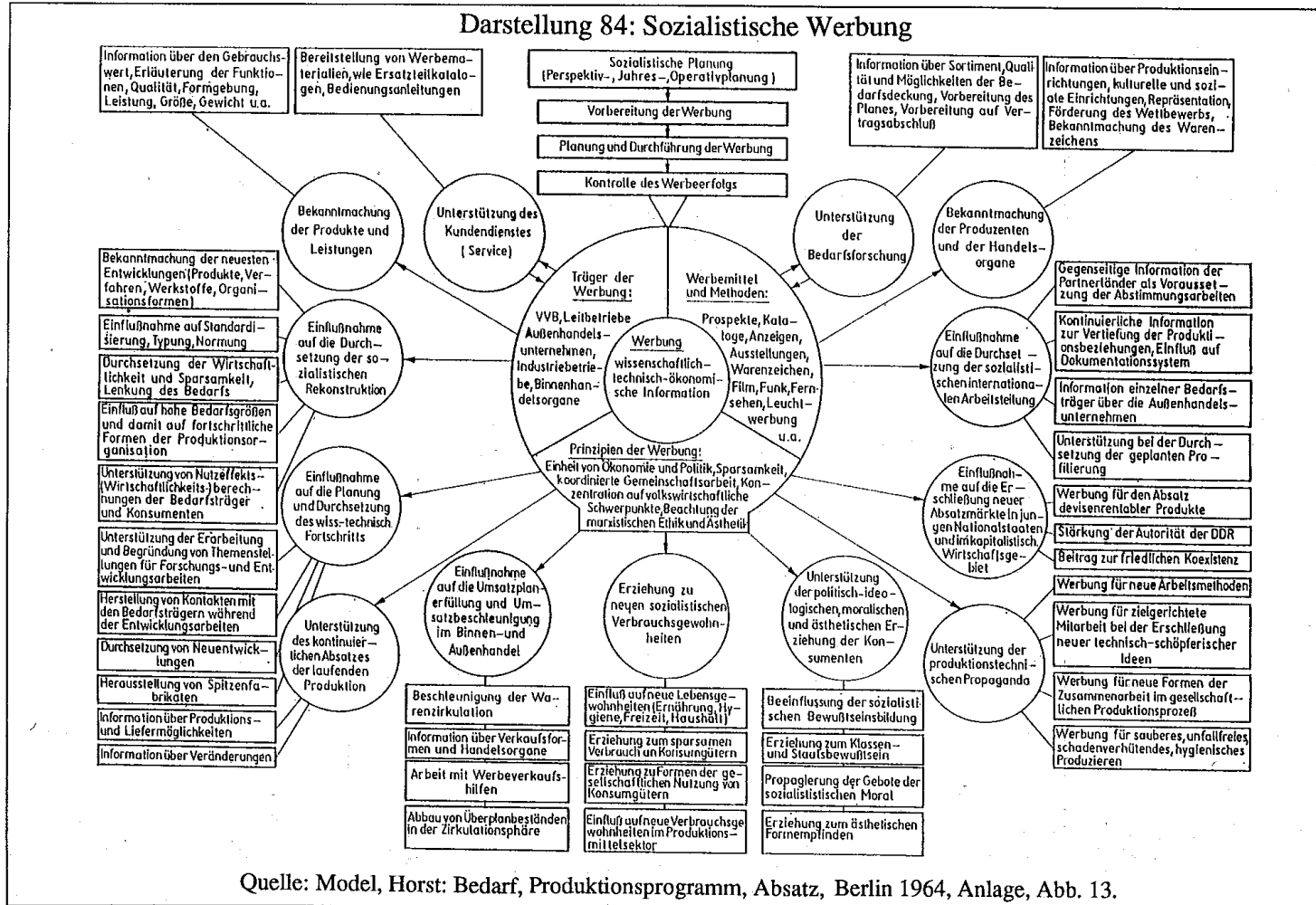
Post purchase Evaluation

The Political System of Vorarlberg, Austria

East German Marketing System

Darstellung 84: Sozialistische Werbung

Information über den Gebrauchswert, Erläuterung der Funktionen, Qualität, Formgebung, Leistung, Größe, Gewicht u.a.

Bereitstellung von Werbematerialien, wie Ersatzteilkataloge, Bedienungsanleitungen

Sozialistische Planung (Perspektiv-, Jahres-, Operativplanung)

Vorbereitung der Werbung

Planung und Durchführung der Werbung

Kontrolle des Werbeerfolgs

Information über Sortiment, Qualität und Möglichkeiten der Bedarfsdeckung, Vorbereitung des Planes, Vorbereitung auf Vertragsabschluß

Information über Produktionseinrichtungen, kulturelle und soziale Einrichtungen, Repräsentation, Förderung des Wettbewerbs, Bekanntmachung des Warenzeichens

Bekanntmachung der neuesten Entwicklungen (Produkte, Verfahren, Werkstoffe, Organisationsformen)

Einflußnahme auf Standardisierung, Typung, Normung

Durchsetzung der Wirtschaftlichkeit und Sparsamkeit, Lenkung des Bedarfs

Einfluß auf hohe Bedarfsgrößen und damit auf fortschrittliche Formen der Produktionsorganisation

Unterstützung von Nutzeffekts-(Wirtschaftlichkeits-)berechnungen der Bedarfsträger und Konsumenten

Unterstützung der Erarbeitung und Begründung von Themenstellungen für Forschungs- und Entwicklungsarbeiten

Herstellung von Kontakten mit den Bedarfsträgern während der Entwicklungsarbeiten

Durchsetzung von Neuentwicklungen

Herausstellung von Spitzenfabrikaten

Information über Produktions- und Liefermöglichkeiten

Information über Veränderungen

Circles (central diagram)

- Bekanntmachung der Produkte und Leistungen
- Unterstützung des Kundendienstes (Service)
- Unterstützung der Bedarfsforschung
- Bekanntmachung der Produzenten und der Handelsorgane
- Einflußnahme auf die Durchsetzung der sozialistischen Rekonstruktion
- Einflußnahme auf die Planung und Durchsetzung des wiss.-technischen Fortschritts
- Einflußnahme auf die Durchsetzung der sozialistischen internationalen Arbeitsteilung
- Einflußnahme auf die Erschließung neuer Absatzmärkte in jungen Nationalstaaten und im kapitalistisch. Wirtschaftsgebiet
- Unterstützung des kontinuierlichen Absatzes der laufenden Produktion
- Einflußnahme auf die Umsatzplanerfüllung und Umsatzbeschleunigung im Binnen- und Außenhandel
- Erziehung zu neuen sozialistischen Verbrauchsgewohnheiten
- Unterstützung der politisch-ideologischen, moralischen und ästhetischen Erziehung der Konsumenten
- Unterstützung der produktionstechnischen Propaganda

Träger der Werbung: VVB, Leitbetriebe, Außenhandelsunternehmen, Industriebetriebe, Binnenhandelsorgane

Werbung – wissenschaftlich-technisch-ökonomische Information

Werbemittel und Methoden: Prospekte, Kataloge, Anzeigen, Ausstellungen, Warenzeichen, Film, Funk, Fernsehen, Leuchtwerbung u.a.

Prinzipien der Werbung: Einheit von Ökonomie und Politik, Sparsamkeit, koordinierte Gemeinschaftsarbeit, Konzentration auf volkswirtschaftliche Schwerpunkte, Beachtung der marxistischen Ethik und Ästhetik

Right side boxes

Gegenseitige Information der Partnerländer als Voraussetzung der Abstimmungsarbeiten

Kontinuierliche Information zur Vertiefung der Produktionsbeziehungen, Einfluß auf Dokumentationssystem

Information einzelner Bedarfsträger über die Außenhandelsunternehmen

Unterstützung bei der Durchsetzung der geplanten Profilierung

Werbung für den Absatz devisenrentabler Produkte

Stärkung der Autorität der DDR

Beitrag zur friedlichen Koexistenz

Werbung für neue Arbeitsmethoden

Werbung für zielgerichtete Mitarbeit bei der Erschließung neuer technisch-schöpferischer Ideen

Werbung für neue Formen der Zusammenarbeit im gesellschaftlichen Produktionsprozeß

Werbung für sauberes, unfallfreies schadenverhütendes, hygienisches Produzieren

Bottom boxes

Beschleunigung der Warenzirkulation

Einfluß auf neue Lebensgewohnheiten (Ernährung, Hygiene, Freizeit, Haushalt)

Beeinflussung der sozialistischen Bewußtseinsbildung

Information über Verkaufsformen und Handelsorgane

Erziehung zum sparsamen Verbrauch an Konsumgütern

Erziehung zum Klassen- und Staatsbewußtsein

Arbeit mit Werbeverkaufshilfen

Erziehung zu Formen der gesellschaftlichen Nutzung von Konsumgütern

Propagierung der Gebote der sozialistischen Moral

Abbau von Überplanbeständen in der Zirkulationssphäre

Einfluß auf neue Verbrauchsgewohnheiten im Produktionsmittelsektor

Erziehung zum ästhetischen Formempfinden

Quelle: Model, Horst: Bedarf, Produktionsprogramm, Absatz, Berlin 1964, Anlage, Abb. 13.

Is Feedback essentially "Democratic"?

- Socialist marketing systems (1954-1989)
- NS 'Blockwart' system (1933-1945)
  - provided feedback to NSDAP leadership about mood of the people, level and amount of jokes being told etc. (Aly, 2006)
- 17th- and 18th-century Pirate ships:
  - systems of checks and balances
  - both captain and quartermaster were elected by the crew
  - both then appointed the other ship officers (Leeson, *J Polit Econ*, 2007)
- BBC Audience Research (1930s)
  - face-to-face interviews
  - listener diaries
  - listener and viewer panels

Feedback and Liberal-Democratic Ideology

- socialist marketing, pirate ships and the interwar BBC were not organised *around* feedback

- Liberal Democracy the only system based on idea of social and political-economic systems *being completely organised around and ultimately determined by* feedback processes

- Walter Bagehot (*Physics and Politics*, 1872):
  - 'A Parliamentary Government is essentially a Government by discussion; by constant speaking and writing a public opinion is formed which decides on all action and all policy.'

- Problem: different channels of feedback processes compete with each other for social and political legitimacy
  - not all feedback channels speak to the same system
  - not all feedback channels speak in the same language
  - not all feedback channels carry the same weight in their competition for power and legitimacy

**Austin Mitchell MP invites you to a debate sponsored by
The Market Research Society**

The
Debating
Group

A Parliamentary forum for Media and Marketing Debate

"Research is always going to be more democratic than elections"

To be debated on Monday 9th May 2011 in the

House of Commons

Committee Room 10

6.00 pm for 6.15 pm

IN THE CHAIR

Austin Mitchell MP

Member of Parliament for Great Grimsby

FOR THE MOTION	*AGAINST THE MOTION*
Nick Moon	**Vernon Bogdanor CBE**
Managing Director, GfK NOP Social Research	Research Professor, Institute of Contemporary History, King's College London. Author of *The Coalition and the Constitution*
Penny Young	**Cllr Nick Yarker**
Chief Executive of NatCen	Westminster City Council

SPONSORING ORGANISATIONS

Advertising Association/Chartered Institute of Marketing/Direct Marketing Association/Market Research Society/Incorporated Society of British Advertisers/Institute of Promotional Marketing/ISBA/IPA/Market Research Society/Marketing Agencies Association/Student Media Centre/Professional Publishers Association/PRCA/etc

www.debatinggroup.org.uk

Admission is by Invitation *only* (St Stephen's entrance)

Send to: Doreen Blythe, 196 Verulam Court, Woolmead Avenue, London NW9 7AZ

Tel: 020 8202 5854   Fax: 020 8732 8324   e-mail: doreen.blythe22@btinternet.com

Please send me _____ invitation ticket(s) at £12.00 each for the Debate on Monday 9th May 2011. I enclose a cheque made payable to Debating Group for £ _____ . The charge for invitation is made in order to defray administrative expenses and is not a charge for admission to the House of Commons.

Name: ....

Company/Organisation: ....

Address: ....

....

.... Daytime Tel. No. ....

E-mail: ....

Giving Feedback to a Hotel in Long Island City, New York
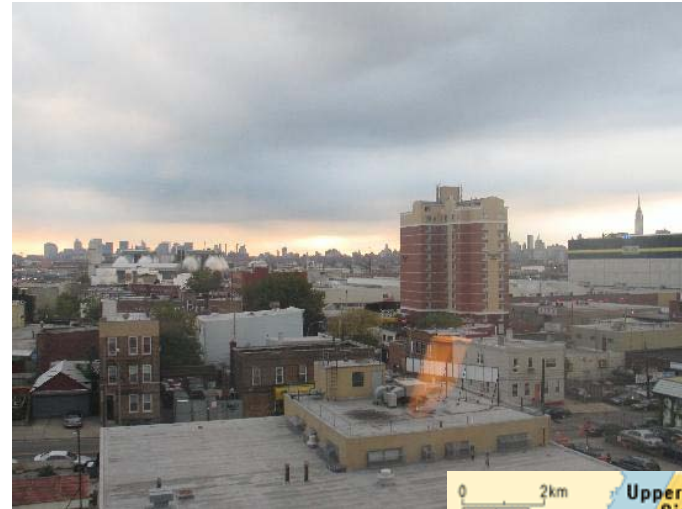
Reviews and the Hotel

- *Hotels.com*: Score 7 out of 10 (Good); 26 reviews total
- *TripAdvisor.com*: Score 3.5 out of 5 (Good); 83 reviews total
- *Booking.com*: Score 7 out of 10 (Good); 25 reviews total
- *HRS.com*: Score 6.4 out of 10 (Good); 77 reviews total
- overall consumer feedback seems to confirm efficient market hypothesis:
  - in line with price/quality-ratio ($119/night excl. taxes)
  - in line with overall competitive structure (price-floor for NY hotels)
  - in line with hotel chain's overall brand positioning in the market
- one choice-relevant piece of information was *not* revealed either in the price nor in the feedback web-pages: prostitution
- feedback of that kind is rejected by *TripAdvisor.Com*
- hotel chain (brand franchiser) behind this hotel was not interested and referred me back to hotel and the police
- report to local police would have been unfounded, futile
- if I fed this experience into "How's my feedback", then there would be a lot of *discussion*
- but the *decision* to open this hotel to prostitution is with the hotel owners and the local police, not the consumer
- *conflicting consumption* around a limited resource: hotel as space

What remains of the feedback process...

- ...controlled, managed, inconsistent and often irrelevant information which creates the *impression* of democratic competition for information as a resource

Review by Loretta D. of Durham, NC, on *Hotels.com* on Sep 13, 2010: "This hotel was a bargain among the listings when I was looking for a hotel during the US Open tennis. They do provide transportation to the subway but it is also walkable in about 15 minutes. The subway is also on a busy street with various restaurants, stores, etc. Therefore it is convenient for all of these purposes. The breakfast was acceptable to good and was an easy way to start the day. It is an old hotel but clean and everything was in working order. The staff was friendly and helpful. It will definitely be among my choices for next year." [Rating: 4]

Review by a Hotels.com guest on Jun 10, 2011: "...What more could you expect. Morning breakfast is a fight! The guy does not replenish quick enough. In fact, it was the worst experience. Not much in its offerings and the service at the breakfast area was at best below average." [Rating: 8]

Review by Jay E. from Portland, OR, on *Expedia.com* on Jan 12 2011: "Stayed for 6 nights at this hotel. Had a wonderful stay. The hotel staff was very helpful, had a great complimentary hot breakfast in the morning, clean, sound proof rooms, and comfortable beds. The rooms also came with a refrigerator and microwave so we could keep food in the room. We stayed here during the Christmas holiday blizzard and the staff and everyone involved just tried to make the most of it as the city dug itself out. As for location and proximity it has a very central location and bargain prices on rooms. The hotel is 0.8 miles from the subway, so we used the courtesy shuttle once each way, per day. The adjoining Sunnyside neighborhood, just up Greenpoint Ave is a very quaint community with the streets and building all decorated for Christmas." (5 out of 5)

…or one needs to read between the lines

"There were several people lounging around in the front lobby that did nothing for the reputation of the hotel and we felt terribly uneasy."

Review of the hotel published on *TripAdvisor*, on June 10 2006

Consumer *versus* Stakeholder

- web-based, commercial feedback systems sustain rather than challenge the power structure of producer (here: the hotel owner) and regulator (local police and franchiser brand), at the expense of the consumer

- BUT: perhaps that system of power is actually 'working' for the wider community

- would it even be a good idea to restructure the exchange processes only around me as a consumer?

- Consumer Stefan Schwarzkopf (CSS) from Copenhagen is not a stakeholder in that community, but an outsider: my only interest is in taking resources out of community (using it as a springboard to consume NY as space) – no long-term interest

- why should CSS have any say over how local people manage the production and consumption of sex services?

- unlike CSS, hotel owners (employing local labour, paying business rates etc), local police, the local prostitutes etc., are actual stakeholders with long-term interest in stability of the local social system

Counter-factual

- what *would* have happened if my views as consumer would have been all powerful
  - local police and franchiser brand would have withdrawn support from hotel
  - consumers would have withdrawn custom
  - shortly after hotel would have closed down
  - prostitutes would have gone back to '70s-'80s system of unsafe prostitution on streets and in private rooms
  - less security for individuals, leading to more crime and more unhygienic conditions
  - without providing socially viable alternatives to hotel-based prostitution, the exposure of *one* hotel would have made things worse, not better for community
- perhaps not a good thing after all to leave everything to anonymous opinion of complete strangers, but better to keep things authoritatively ordered under local control?
- from micro-sociological and micro-political perspective, the walls of silence that CSS faced from hotel, the franchiser brand, local police, feedback webpages etc. are very similar to micro-sociology of power faced by citizens in Soviet Union

Conclusions

- take Carl Schmitt at least as serious as Niklas Luhmann, John Stuart Mill and Walter Bagehot:
  - political *decisions* take place, and power struggles emerge between feedback mechanisms
  - feedback mechanisms *not* made up of neutral individuals amongst whom expertise is somehow 'distributed'
- Bagehot's view of government by discussion both naïve and destructive of social communities
  - public opinion is formed but it doesn't *decide*
  - especially not in the English governmental process: e.g. Privy Council and extraordinary renditions
  - Bagehot, 'Physics and Politics' (1872): an early machine-view of social systems
- 'Wisdom of the Crowd' vs. Caplan (*Myth of the Rational Voter*, 2009): expertise neither randomly nor equally distributed among people
- rational feedback and voting processes may not bring together the distributed expertise into one coherent whole that ensures most efficient outcome
- distributing feedback to largest possible number can lead to *less* efficient outcomes