

Let's Make a Deal: Consumers, Negotiation and Telecommunications Pricing in Canada

David Lauer

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uOttawa

Department of Communication
Faculty of Arts
University of Ottawa

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Abstract

The aim of this study is to re-contextualize prior negotiation theory emanating from the field of communications in a unique contemporary setting. The research focuses on the Canadian residential telecommunications sector, where the dominant business model involves the use of a rather peculiar variable pricing strategy, which has compelled a proportion of consumers to adopt competitive negotiation strategies. Through a series of three focus groups, the project gleans insight into the participants' experiences and perceptions of the telecommunications procurement process. Based on prior theoretical assumptions and on this original research, the study tests the appropriateness of descriptive phase models of negotiation in the Canadian telecommunications industry, providing a new dimension to the nascent body of academic research in this area.

Chapter 1: Introduction

1.1. Thesis Overview

Over the course of the last century, negotiation has garnered an extensive amount of academic interest from a number of different perspectives, and has become more popular as a topic of academic study than ever before (Lewicki et al., 2011; Thompson, 2006; Putnam & Roloff, 1992)¹. In particular, a concerted interest in negotiation has emerged from the communication perspective over the last several decades (Lewicki, Sanders, & Barry, 2011; Shell, 2006; Weingart & Olekalns, 2004; Spangle & Isenhardt, 2003; Spoelstra & Pienaar, 1999; Putnam & Roloff, 1992; Holmes, 1992; Young, 1991). Unlike researchers in other fields, communication scholars have treated negotiation not only as a transactional occurrence, but more fundamentally as a process of social interaction and information exchange (Weingart & Olekalns, 2004; Putnam & Roloff, 1992; Spangle & Isenhardt, 2003; Holmes, 1992; Young, 1991).

However, to date the body of communication research has been highly theoretical in nature, and the volume of empirical research has been rather limited (Weingart & Olekalns, 2004; Holmes, 1992; Putnam & Roloff, 1992). Furthermore, Weingart & Olekalns (2004) argue that despite a heightened overall academic interest in negotiation and despite newfound definitional consideration of negotiation as a social process:

The communication process, or the ways in which negotiators communicate in their search for an agreement, has received less research attention than have

¹ Thompson bases this conclusion on Pfeffer's (1993) assertion, that the "success" of a discipline can be measured by the degree of academic interest, internal consistency and paradigm development. See Thompson (2006, p. 1).

inputs (e.g. negotiator characteristics, styles, cognitions, motives, goals; contextual features, culture) and outcomes of negotiation (distribution of resources, integrativeness of agreements). (p. 143)

Emerging from this communication perspective, phase model research attempts to better understand how negotiation is actualized, observing patterns of negotiator behaviour and describing how those patterns of interaction are organized. Leading descriptive phase models, such as those developed by Douglas (1962), Gulliver (1979), Donohue, Kaufmann, Smith & Ramesh (1990) and Holmes (1992) posit that negotiation typically occurs over three phases: An initiation phase, a problem-solving phase and a resolution phase. A more recent model by Adair & Brett (2005), however, proposes four phases; a relational positioning phase, a problem-identification phase, a generating solutions phase, and a reaching agreement phase.

However, despite the publication of so many influential theoretical models, empirical research in this area has been sparse. Additionally, prior analyses, including the aforementioned, tend to focus on more traditional, bilateral negotiation structures, such as hostage negotiation (e.g. Holmes, 1997), international diplomacy (e.g. Zartman & Rubin, 2002) and collective bargaining (e.g. Douglas, 1965). In all of these instances, the structural elements that demarcate the negotiation process (such as when it begins and ends, who constitutes a negotiator, and what actions or activities comprise the negotiation, etc.) are assumed or implied, based solely on a familiarity with the rituals and behaviours that are characteristic to negotiation.

The present study examines business-to-consumer (B2C) interaction as it occurs during the procurement of Canadian residential telecommunications products and services. It

posits that while negotiation is becoming increasingly common in this sector, negotiation is structured much differently in this environment than it has been previously construed in communication research. Among other things, negotiation differs in this sector as a result of a wide range of factors, such as its unique power structures, consumers' differing levels of negotiation prowess, and the vendors' heavy reliance on customer relationship management databases (CRM) and automated decision-making systems.

In light of these exceptional situational features, the aim of this study is to re-consider prior negotiation theory stemming from the field of communications in the context of the Canadian residential telecommunications industry. Based on a qualitative examination of the consumer experience, it highlights the unique communication structure and patterns that distinguish the consumer-vendor relationship. In so doing, it proposes that interaction within this particular relationship is organized much differently than it is in those relationships explored in prior negotiation research. However, while it takes a broader approach to negotiation concept, it provides support for the three-phase model of negotiation and calls for the continued expansion of phase model research in this setting. The findings illuminate new directions for future academic research in this area, while also providing valuable insight into the consumer perspective of the procurement experience for commercial applications.

1.2. Setting: The Canadian Telecommunications Industry

Leading Canadian telecommunications vendors have adopted a rather peculiar business model in the sale of digital technology services to residential consumers, as economic pressures have driven them to heavily integrate variable pricing into their respective sales strategies (Higgins, 2010a&b; Ferguson & Brohaugh, 2008; Jallat &

Ancarani, 2008; Swabey, 2007). Variable pricing exists when a vendor sells two identical products at different prices, even though their marginal costs (the costs of production) are the same² (Armstrong, 2006). On the one hand, variable pricing can help vendors provide consumers with access to commodities at more affordable prices, which can in turn reduce excess network capacity, capture price-sensitive customers and increase market share³. On the other hand, variable pricing creates inequality from one consumer to the next. This puts the onus on consumers to act vigilantly during the procurement process to avoid paying higher fees, which can be ultimately rather irksome for the customer base (Jallat & Ancarani, 2008; Ferguson & Brohaugh, 2008; Stole, 2006).

Even though variable pricing is relatively common in many parts of the world, Western consumers (and Canadian consumers in particular) have typically had very limited exposure to the practice (Shell, 2006; Thompson, 2005). Still, variable pricing has become increasingly prevalent in the marketing and sale of telecommunications products to Canadian residential consumers, despite the fact that vendors have maintained (perhaps under false or misleading pretences) the aura of fixed pricing (Jallat & Ancarani, 2008; Ferguson & Brohaugh, 2008). Specifically, it has become manifested within aggressive marketing strategies utilized by telecommunications vendors to attract, poach and retain consumers, where price acts as a hook to draw consumers into long-term service contracts (Fitzgerald, 2010; Higgins, 2010a&b; Ferguson & Brohaugh, 2008).

² Variable pricing is also known as price discrimination.

³ For a thorough explanation of variable pricing and in an oligopoly market, see Stole (2006).

Increasingly, North American telecommunications vendors have utilized Customer Relationship Management (CRM) platforms to help to bring a degree of predictability to their customer base and revenue streams (Higgins, 2010a&b; Jallat & Ancarani, 2008; Swabey, 2007). CRM technologies provide the capacity for telecommunications vendors to develop expansive databases documenting rather detailed information about their consumers (Jallat & Ancarani, 2008). By analysing this data for insights about trends in consumer demographics and spending habits, vendors gain the ability to set pricing dynamically based on consumers' fluctuating perceptions of value (Jallat & Ancarani, 2008). The vendor is then able to offer preferred rates to price-sensitive consumers (those who would be willing to purchase services if they were less expensive), while landing consumers that are less sensitive to price at higher rates. In so doing, the vendor is able to extract higher margins from some consumers, while still reducing or eliminating any excess network capacity that would otherwise remain unsold.

Consumers, meanwhile, have become increasingly contemptuous of this practice, because of the perceived lack of transparency and inconsistency in pricing, as well as the finality of long-term contracts (Zwolinski, 2008; Ferguson & Brohaugh, 2008). As the findings may suggest, this has caused interaction between telecommunications vendors and consumers to become increasingly adversarial in nature and confrontational in tone. In fact, participants in this study showed a nearly unanimous disposition to engage in competitive negotiation tactics; researching the competition, shopping around, becoming argumentative, speaking to many different representatives, and putting in as much time as necessary to get the most favourable price.

For academia, the procurement experience is an intriguing communication process – and one that has not received much scholarly attention. This relationship involves two very distinct negotiators, both of whom treat the experience with great significance. Through this process, telecommunications vendors aim to solidify their long-term market share utilizing well-developed technology and finely-tuned customer service strategies (Fitzgerald, 2010; Ferguson & Brohaugh, 2008). Residential telecommunications consumers, meanwhile, are willing to go above and beyond to find savings, knowing that they will have few opportunities to affect downward price changes upon entry into a long-term arrangement with the vendor. With the outcome carrying such a strong significance for both parties, it becomes vitally important to examine the patterns of interaction that develop and emerge as part of the procurement experience.

1.3. Theoretical Perspective in Summary

Historically, negotiation had been studied from a range of research traditions, including the economic and structural perspectives (Lewicki et al., 2011; Bazerman & Chugh, 2006; Putnam & Roloff, 1992). However, various researchers, including Putnam & Roloff (1992), conclude that for the most part, these branches of negotiation research remain relatively silent on how the negotiating parties interact. As such, research on negotiation expanded exponentially in the social sciences in the 1980s and 1990s. This research took on a social-psychological dimension, studying how negotiator behaviour is influenced by cognitive factors such as negotiator styles, motives, culture and goals, and how these factors impact negotiation outcomes (Weingart & Olekalns, 2004). Communications research on

negotiation derives from a desire to study these elements together as elements of a more comprehensive system of interaction.

Weingart & Olekalns (2004) describe three streams of communication research on negotiation: First, research that studies the *frequency* of negotiation tactics and strategies; second, research which traces *sequences* of negotiation strategies; and third, research which characterizes negotiation *phases*. Much of the body of communication research considers the first two, focusing mostly on negotiation inputs and outcomes while failing to take into account how the process is actualized (Weingart & Olekalns, 2004; Putnam & Roloff, 1992). As such, the third stream, phase model research, aims to fill that gap by considering negotiation as a communication process.

Cupach & Canary (1997) explain that phase models describe “the sequences of behaviours that interactants display as conflict unfolds over time” (p. 152). Weingart & Olekalns, meanwhile, explain that:

Phase approaches provide information about how the negotiation process shifts over time by examining frequencies of tactics within temporally ordered segments of the negotiation. [...] Findings in this area demonstrate not only that patterns of communication change over time, but also that the way in which they change affects negotiators’ outcome. (Weingart & Olekalns, 2004, p. 154)

Michael Holmes (1992), meanwhile, traces communication research on negotiation from the mid-1960s to the early 1990s in great detail. He explains that phase model research examines flows of information within the context of a particular example. Phase models emerge as a means of either *prescribing* how parties should communicate in a negotiation, or *describing* how the parties actually do communicate. Descriptive phase models are further

divided into two categories: Stage models, which situate behavioural patterns within predetermined phases; and Episodic models, wherein phases are emergent and vary from one example to the next.

Holmes suggests that further research into episodic phase models is necessary, a conclusion that has been affirmed more recently by Koeszegi, Pesendorfer and Vetschera (2008), Adair & Brett (2005) and Weingart & Olekalns (2004). This research is therefore timely, given the need for further phase model research, and in light of the distinct business model that has been established (rather recently) over the past decade in the Canadian telecommunications sector. One of the more interesting dimensions to the project is that it does not focus solely on any given negotiation per se, but rather, it examines *consumer perceptions* of the procurement experience and the use of negotiation tactics over the course of the procurement process. The research question and methodology have been developed with this in mind and are described in the next section. The theoretical perspective, meanwhile, is described in full in Chapter 2.

1.4. Methodological Overview

This research seeks to answer the following question: *How do Canadian consumers shop for (procure) telecommunications contracts?* A series of three qualitative focus groups were conducted, with each group consisting of between six and eight residential telecommunications consumers from a variety of social and demographic backgrounds. The focus groups were conducted in August and September, 2011 in Ottawa, Ontario, lasting between 60 and 90 minutes each. Each focus group was recorded and transcribed by the researcher and interpreted using a method of framework analysis articulated by Rabiee

(2004) and incorporating guidance from Krueger and Casey (2009). The methodology is described in full in Chapter 3.

1.5. Structure of this Paper

The remainder of this report is organized into six chapters. In Chapter 2, a thorough review of prior literature on negotiation theory is performed. The second part of this chapter also provides a situational analysis of the Canadian telecommunications industry. In Chapter 3, a detailed review of the methodology is presented. In this chapter, prior literature on focus groups and on framework analysis is also presented to rationalize the use of these strategies in the current study. In Chapter 4, a review of the key outcomes of the qualitative research is provided. In Chapter 5, these outcomes are discussed in relation to the literature review, theoretical perspective, and the goals of the study. Lastly, in Chapter 6, the study and its findings are summarized, and reflections are presented on the findings, including a discussion on the possibilities for future research.

Chapter 2: Literature Review

2.1. Defining Negotiation

Recent academic definitions of negotiation share two common elements: Firstly, they describe negotiation as *a process*; and secondly, they note that negotiation is *constituted by communication between the participants* (Weingart & Olekalns, 2004; Spangle & Isenhardt, 2003; Holmes, 1992). For example, negotiation is:

- A highly interdependent process which exhibits a rich structure of interactions between parties. Each party continuously obtains and processes information from the other party to develop responses that might lead to resolution of the conflict at hand. (Koeszegi, Pesendorfer, & Vetschera, 2008, p. 386)
- An exchange of information through communication. (Spoelstra & Pienaar, 1999)
- Two or more interdependent parties who perceive incompatible goals and engage in social interaction to reach a mutually satisfying goal. (Putnam & Roloff, 1992, p. 3)
- Communication, direct or tacit, between individuals who are trying to forge an agreement for mutual benefit. (Young, 1991, p. 1)
- A process of potentially opportunistic interaction by which two or more parties, with some apparent conflict, seek to do better through jointly decided action than they could otherwise. (Lax & Sebenius, 1986, p. 11)

Beyond the examples provided, many definitions highlight the fact that negotiation occurs very frequently, with several interpretations going so far as to suggest that negotiation is pervasive and perhaps even subconscious (Fisher et al., 2011; Carrell & Heavrin, 2008; Shell, 2006; Spangle & Isenhardt, 2003; Spoelstra & Pienaar, 1999; Putnam & Roloff, 1992; Young, 1991).

Interestingly, some academics treat *consumer* negotiation differently than other forms of negotiation. Spangle & Isenhardt (2003), for instance, observe that “consumer negotiation differs from negotiation in any other contexts in large part because of the greater emphasis placed on price and satisfaction of economic expectations” (p. 253). Lewicki et al. (2011), meanwhile, differentiate between negotiation and bargaining, describing the latter as “competitive, win-lose situations such as haggling over price that happens at a yard sale.” Either way, because of the emphasis on success, Shell notes that consumers are “generally uneasy about negotiation, because of the possibility that they could be ‘had’ or that they could be leaving something on the table” (p. 7), a notion which is rather fascinating in light of the present study.

The preceding academic interpretations of negotiation do not simply define negotiation, but help to situate it as a topic of communication research, as they all emphasize the role of interaction itself. However, it should be noted these definitions are relatively boundless in scope, suggesting that a rather extensive range of interactions might be considered negotiation, a notion that is of critical importance later on in this paper.

2.2. Academic Traditions on Negotiation

As noted earlier, negotiation has been approached from several different academic traditions. In this next section, the most common streams of research are described with a goal of tracing the emergence of communication perspectives in a historical context.

Economic Perspective: Game Theory

Much of the research on negotiation is economic in nature, and focuses on the interrelated concepts of rational choice and utility maximization. Economic studies assume that negotiators behave rationally, and that in the course of a negotiation, the parties will seek to maximize their gains and minimize their losses (Neale & Fragale, 2006; Spangle & Isenhardt, 2003). At the forefront of the research in this area is Game Theory, which takes a probability-based approach and is perhaps the leading theoretical perspective on negotiation overall.

Game Theory involves developing models which mathematically enumerate the full range of outcome possibilities (*games*). Since each *player's* actions or decisions are definitively dependent upon the actions or decisions of another, game theorists try to determine what outcomes are possible and predict the probability of each of the said outcomes (Young, 1991; Myerson, 1991). In other words, Game Theory attempts to predict how each party will behave, based on their knowledge of the other party's options. Later models (e.g. Gill & Thanassoulis, 2009) expand on this concept by altering the input variables, thus complicating the scenario and impacting outcomes.

Although Game Theory helps to establish what outcomes could be pursued (and what proportion of the population may pursue each option), there are two major downfalls to these economic models. The first problem is that Game Theory assumes that negotiators are rational decision-makers always guided by the principle of utility maximization. Neale & Fragale (2006), explain:

[Economic] models often assume that negotiators are motivated by a single goal, the desire to maximize utility, but in actuality, there are multiple, and sometimes seemingly contradictory goals that negotiators may try to achieve through the course of their negotiations. The decision about which goal, or set of goals, to adopt during a negotiation may stem partly from individuals' chronic preferences to pursue some goals over others, but will also be affected by situational factors, such as which goals are made salient to the negotiators or which goals negotiators assume that their opponents will pursue. (Neale & Fragale, 2006, p. 29)

In simpler terms, it can be argued that rational choice models greatly oversimplify the negotiator psyche and fail to consider how the negotiators' values or social cognitions impact the negotiation.

The second problem is that in order to properly model potential outcomes, the researcher must know all of the contextual variables; for instance, how much each party is willing to shift from their original position (Young, 1991).⁴ Gill & Thanassoulis (2009), for example, construct a Game Theory model of the second-hand automobile market in Great Britain, but are only able to do so several years after the fact when they have a clear sense of how many customers walked away, how many accepted offers, etc. Without access to the final sales figures, it would not have been possible to outline how the sample population behaved. In practice, negotiations are complex and unpredictable, if only because "the rules of interaction – the permissible moves and countermoves, who can communicate to whom and when (about what) – are defined ambiguously, if at all" (Young, 1991, p. 2). Hence, while rational choice models are advantageous for studying economic activity on a mass

⁴ This is known by the acronym BATNA, the Best Alternative to a Negotiated Agreement.

scale, they are hampered by the fact that they fail to consider negotiations in their social context.

Structural Analysis

Politically-oriented analyses (e.g. Zartman, 2008; 1988) have generally been more concerned with the effects of power structures in shaping diplomatic-level negotiation and in facilitating international conflict resolution. Control over a negotiation (structural power) may come in a variety of forms, be it a result of resources, legal authority or access to information (Spangle & Isenhardt, 2003). Research in this area examines how these power structures impact upon negotiated outcomes. According to Zartman (1988):

Structural Analysis is based on a distribution of elements, in this case of instrumental elements or power, defined either as parties' relative positions (resource possessions) or as the relative ability to make their options prevail (or to counter the other's efforts to make its options prevail). (p. 33)

Structural analysts traditionally believed that the stronger party would leverage their resources and influence outcomes – an assertion that *the stronger side wins*. However, Zartman (1988) explains that “the deterministic statement that ‘The strongest side wins’ is usually tautological and post hoc” (p. 33). While stronger parties may try to use their structural power to influence or control the exchange, weaker parties can adopt strategies of their own to counter these measures (Zartman & Rubin, 2002; Zartman; 1988). For this reason, Zartman (1988) suggests that:

[To] avoid the tautology, the definitional identity between power structure and winning must be broken both by using an independent measure of power and by focusing on the way in which parties with different relative strengths achieve their outcomes. (Zartman, 1988, p. 33)

In other words, knowing that there is a vast imbalance in power, the weaker party can level the playing field by approaching negotiation strategically. As such, the more recent work in this area takes on a new interpretation of what constitutes power, moving from what one *has* to what one *does* (Zartman, 1988).

However, while Structural Analysis touches on tactical elements as part of its study of power structures, it looks at tactics generally in isolation. It fails to consider tactics and behaviour in their social context, and thus fails to look at negotiation as a system of interaction.

Negotiation and the Social Sciences

As noted in the previous section, although the economic and structural perspectives offer considerable insight into negotiation, they tend to remain silent on the cognitive aspects of social interaction as well as the emergent nature of social interaction itself (Putnam & Roloff, 1992). For example, while research emanating from economic and political perspectives had long assumed that negotiators were rational and guided by a set of stable, well-defined preferences, scholars began to question why it was that negotiators deviated, on occasion, from the expected approaches (Neale & Fragale, 2006; Neale & Bazerman, 1991). As a result, academic attention shifted away from economic and political models, as negotiators became increasingly interested in studying how the social-psychological and cognitive elements shape negotiation. Consequently, researchers developed an interest in decision-making processes (Bazerman & Chugh, 2006; Thompson, 2006; Putnam & Roloff, 1992).

Putnam & Roloff (1992) link the emergence of a communication perspective on negotiation to a body of social-psychological research that surfaced in the late 1970s and early 1980s:

A Communication perspective derives from attention to elements that are typically, the microprocesses and patterns of bargaining interaction, the dynamic or evolving nature of negotiation, and the systems of meaning enacted through individual, situational and cultural factors that shape the process. (p. 5)

They argue that negotiation is not simply *a collection of social behaviours* as social-psychological research might imply, but rather, that social behaviours form discrete parts of a wide-ranging *process of information exchange and social interaction* (Shell, 2006; Weingart & Olekalns, 2004; Spangle & Isenhardt, 2003; Spoelstra & Pienaar, 1999; Putnam & Roloff, 1992; Young, 1991).

Weingart & Olekalns (2004) and others (including Putnam & Roloff, 1992) thus delineate between **social psychological perspectives**, which focus largely on the inputs and outputs of negotiation, and **communication perspectives**, which focus on how inputs and outputs are strung together as part of a comprehensive, interactive process. However, as already noted, they also argue the negotiation process has received less empirical research attention than inputs and outcomes, despite new definitional linkages between negotiation and communication (Weingart & Olekalns, 2004, p. 143).

2.3. Communication Perspectives on Negotiation

Holmes (1992) describes four main communication perspectives on negotiation: mechanistic research, psychological research, interpretive-symbolistic research, and systems-

interaction research (p. 84). **Mechanistic research** addresses how the ability to communicate impacts upon negotiation outcomes. Bazerman & Chugh (2006), for example, look at how barriers or impediments to communication can prevent negotiators from fully grasping the impact of their decision-making, and how the removal of such impediments can lead to better results for both parties.

Interpretive-symbolistic research, meanwhile, looks at how systems of meaning are created, maintained and modified through interaction (Holmes, 1992). This includes discourse analysis and rhetorical studies. However, the interpretive-symbolistic approach is micro-analytic, meaning that it fails to contextualize its findings as part of the broader negotiation process (Holmes, 1992).

Psychological (social cognition) research focuses on the attitudes, beliefs and cognitions of the negotiators themselves (Neale & Bazerman, 1991; Holmes, 1992). This branch of research considers how individuals think about their social environment, how these perceptions impact their behaviour in negotiations, and subsequently, how they impact upon their negotiated agreements (Neale & Bazerman, 1991). Neale & Bazerman explain that:

[Unlike] traditional economic models of negotiator behavior, the social cognition approach recognizes that two negotiators, facing the same objective circumstances, may have different goals, express different behaviors, and obtain different benefits, simply because these two negotiators perceive their circumstances differently. (p. 27)

A considerable amount of research has originated from the social-psychological arena, looking at how negotiators' cognitions, attitudes and tactical approaches impact upon outcomes (Weingart & Olekalns, 2004; Putnam & Roloff, 1992; Murray, 1986).

The present study derives from the **systems interaction perspective**, which looks at “patterns or the sequential development of verbal and nonverbal messages” (Chatman, Putnam, & Sondak, 1991, p. 141). This branch of research aims to identify, quantify and describe recurring patterns in communication that emerge over the course of negotiation (Holmes, 1992). This research has focused primarily on describing negotiation tactics as interactive behaviours. These patterns of interaction (tactics) are then shown to be organized sequentially as part of a wider social process:

[Tactics] are not used in isolation, but rather in combination, either conspicuously or unconsciously to form a strategy. The way in which tactics are combined to form a strategy or the way strategies are employed to reach a goal is reflected in the form of the communication. (p. 143)

Negotiation tactics, as well as the manner in which they are organized, reveal a great deal about the negotiating parties as well as the negotiation process overall:

When aggregated within the individual, these messages provide information about the sender’s strategy. When aggregated across parties, the messages provide information about the process of the negotiation – the general approach being taken to the negotiation (often represented by *frequencies* of tactics), the influence of one party on the other (captured by the *sequences* of tactics), or the flow of the negotiation towards solution (as passing through *phases* of negotiation). (Weingart & Olekalns, 2004, p. 144).

Researchers in this area attempt to identify behavioural patterns, enabling them to describe negotiation sequentially.

Arguably, interest in this stream of research peaked in the mid-1980s as researchers closely examined how integrative and distributive negotiation tactics impacted the negotiation process. **Integrative tactics** involve collaborative efforts and compromise between the negotiating parties to minimize conflict, thus maximizing mutual gains and

satisfaction (Lewicki, et al., 2011). Through the use of integrative tactics, the parties can maximize joint benefits through cooperative interaction, which allows them to maintain a stronger relationship over the long term than they might have if they had approached the experience competitively. **Distributive or competitive tactics**, meanwhile, are more adversarial in nature, often pitting the negotiating parties against one another. Research on distributive bargaining shows how one party can generate more favourable outcomes at the other's expense, and might better approximate actual negotiation behaviour (Lewicki, et al., 2011; Murray, 1986)⁵.

Although this period was characterized by rather fervent debate between proponents of integrative tactics and proponents of distributive tactics, the widely-accepted philosophy today is that negotiators exhibit both integrative and distributive characteristics, and that negotiation itself is mixed-motive (Adair & Brett, 2005). Indeed, recent findings show that throughout the negotiation, the negotiators move back and forth between competitive and cooperative behaviour as necessary (Adair & Brett, 2005; Weingart & Olekalns, 2004). This lends support for the further exploration and development of phase models to better illustrate how tactical behaviours change over time (Adair & Brett, 2005).

⁵ A concentrated body of research focuses much more specifically on the dichotomy between these tactics (Lewicki, et al., 2011; Weingart & Olekalns, 2004; Spoelstra & Pienaar, 1999; Murray, 1986). It should also be noted that Spoelstra & Pienaar (1999) describe a third approach called *destructive negotiation*. This is a form of negotiation where one party tries to inflict damage upon the other while not caring about the damage it inflicts upon itself. This type of negotiation appears often in divorce cases. (Spoelstra & Pienaar, 1999, p. 10)

2.4. Phase Model Research

Phase Models emanate from the systems interaction perspective and use a sequentially-driven approach to describe negotiation. Holmes (1992) describes phase models as “a form of process explanation in that such models parse processes into sequentially ordered stages or phases that constitute a coherent story” (p. 93). Similarly, Cupach & Canary (1997) explain that phase models describe “the sequences of behaviours that interactants display as conflict unfolds over time” (p. 152). Weingart & Olekalns (2004), meanwhile, show that:

Phase approaches provide information about how the negotiation process shifts over time by examining frequencies of tactics within temporally ordered segments of the negotiation. [...] Findings in this area demonstrate not only that patterns of communication change over time, but also that the way in which they change affects negotiators' outcome. (p. 154)

Phase models serve one of two purposes in that they can be either *prescriptive* or *descriptive* (Holmes, 1992). **Prescriptive phase models** serve as guides or examples for negotiators, outlining the main phases in a negotiation with a goal of prescribing how negotiation can be used most effectively as a joint decision-making tool (Holmes, 1992). They highlight the various sequences of problem-solving or decision-making events rather than looking only at discrete aspects thereof (such as conversational structure, a series of proposal exchanges, etc.). Based on the systematic observations of prior negotiations, prescriptive phase models can be used as a yardstick for measuring progress, can serve as tool for predicting what will happen next, or can simply help to refocus the negotiating parties (Holmes, 1992). Appropriately then, many prescriptive phase models such as those developed by Donohue et al. (1990) and Abbott (1986) have been developed specifically to

guide police departments and social workers through crisis negotiation such as suicide threats and hostage-takings.

However, several problems plague prescriptive phase models. Firstly, as Holmes (1992) points out:

Prescriptive models tend to focus on the activity of one party and neglect the transactional nature of negotiation. They assume that phases are distinct, discrete and controllable by the negotiator. (Holmes, 1992, p. 88)

Thus while appropriate for crisis negotiators, who might need to know for instance how to strike up a cordial relationship with a troubled person as soon as possible, other negotiations are not bound by the same constraints. Secondly, Holmes cautions that “since event sequences for unsuccessful negotiations are not determined, prescriptive models implicitly assume that all negotiations are successful” (Holmes, 1992, p. 88), which is obviously not the case. The circumstances behind a negotiation, as well as the goals and characteristics of the negotiators can vary considerably, which serves as a limitation of the prescriptive approach (Weingart & Olekalns, 2004).

Therefore, **descriptive phase models** emerge as a means of exposing negotiation more contextually. Like prescriptive phase models, descriptive phase models are based on the systematic observation of negotiator activity. They also posit that phases are sequential, but the delineation of phases emerges in the analysis of the data rather than at the outset of the research. Unlike prescriptive models, descriptive phase models hold that phases are transitional, meaning that there is a degree of overlap from one phase to the next.

Both Weingart & Olekalns (2004) and Holmes (1992) distinguish between two types of descriptive models; **Stage Models** and **Episodic Models**. Weingart & Olekalns (2004) explain that the “major distinction between stage and episodic models is that stage models treat phases as fixed, whereas episodic models treat phases as flexible, allowing variations in both their length and the order in which they occur” (p. 145). While fixed phases can be applied to a wide variety of studies with ease, they have been “criticized as being too global to capture the true progression of any given negotiation” (p. 153). Episodic models, meanwhile, are derived with the specific characteristics of each negotiation in mind.

Although the actual number of phases can vary with each model, both prescriptive and descriptive phase models are rather consistently construed by three *types* of phases: an *initiation phase*, aimed at acknowledging the dispute, specifying priorities, and emphasizing points of difference between the parties; a *problem-solving phase*, characterized by debate, information exchange, and movement towards a solution; and a *resolution phase*, characterized by the formulation of agreement and execution of the agreement (Holmes, 1992).

Alternatively, Adair and Brett (2005) propose a four-stage descriptive phase model applicable to transactional negotiation, which they argue is more complex and progressive than other forms. In the first phase, *Relational Positioning*, the parties are understood to already know what their goals are, and begin by attempting to decipher whether their adversary is going to act distributively or in a more integrative manner. The second phase, *Identifying the Problem* involves reciprocal information exchange and the discussion of the issues at hand, and is characterized by the presentation of options for resolution. In the third

phase, *Generating Solutions*, parties shift between integrating information and influencing the outcome. This phase is characterized by parties attempting to persuade one another as to why they are deserving of more value. In the final phase, *Reaching Agreement*, parties reduce alternatives and move towards solution through compromise. Rather than rejecting offers outright, parties would make counteroffers that serve the dual purpose of helping to move the negotiation towards resolution, and helping the parties gain as much as possible from the negotiation. Conversely, this phase might also include reaching impasse.

Although he is a proponent of phase model research, Holmes (1992) finds three main hindrances with this branch of study. First, he cautions that leading descriptive phase model research, including the two most oft-referenced studies by Douglas (1962) and Gulliver (1979), is hindered by a lack of reflection on what constitutes a phase. Secondly, he argues that descriptive phase model research fails to consider what drives movement from one phase to the next, and thus calls for a more directed effort to do so in the future. Lastly, he finds there remains a general lack of empirical research in this area⁶. This notion has been affirmed by a number of researchers more recently, including Koeszegi & Vetchera (2010), Adair & Brett (2005) and Weingart & Olekalns (2004), who collectively advocate for the continued expansion of this body of research.

2.5. Consumers and the Canadian Telecommunications Industry

The Canadian digital telecommunications industry has been characterized in the last several decades by two main themes: Convergence and fragmentation (CRTC, 2010). On the

⁶All three of these observations are affirmed much more recently by Koeszegi & Vetchera (2010).

one hand, ownership of telecommunications companies has been consolidated under a limited number of corporate umbrellas, including most notably BCE Inc. (Bell Canada), Rogers Communications Inc. and Telus Corp. in Ontario, as well as regional providers like Quebecor (Vidéotron), MTS Allstream, Shaw, Cogeco, Sasktel and more in other parts of the country⁷. On the other hand, this concentrated list of service providers has increased its product offerings exponentially: While at one time each vendor may have focused on providing only a single commodity, technological convergence has allowed them to offer their customers a wider selection of subscription-based digital services over a single distribution network. This expansion has come in large part through investment in capital infrastructure or acquisition, depending on logistical or economic viability (CRTC, 2010). As such, many of these vendors now offer landline telephone, wireless services, broadband internet, and digital/high-definition television, services which are at the heart of the present study.

The Canadian telecommunications industry can perhaps be described as a series of regional oligopolies dominated by a handful of national companies. While Canada's four largest vendors, Bell, Quebecor, Rogers and Telus control the bulk of Canadian telecommunications access revenues, dozens of additional regional players catering specifically to the wireless telephone, broadband internet and landline telephone domains serve as viable alternatives in this market. However, very few of these vendors provide services across multiple platforms. As such, the Canadian Radio-Television and

⁷ This list is by no means exhaustive. For example, the Canadian Wireless Telecommunications Association lists no fewer than 33 licensed wireless carriers and 'resale partners' (Canadian Wireless Telecommunications Association, 2010). Similar situations exist in other digital technology domains, particularly in broadband internet and landline telephone.

Telecommunications Commission treats three of these service providers, Bell, Telus and Rogers as the marquee players in this industry⁸:

[...] telecommunications services revenues are largely controlled by three entities that also control an extensive portion of overall communications infrastructure in Canada. Several new entrants will join in the wireless access market as a result of the Advanced Wireless Spectrum auction which concluded in July 2008. A handful of MVNOs [Mobile Virtual Network Operators] operate as well, though their ability to pose a competitive threat to the largest three is limited by reseller agreements that constrain their flexibility to offer attractively priced services. As discounts are provided to quad play subscribers with a contractual arrangement, the opportunity for new single-play entrants to gain significant market traction is challenged. (CTRC, 2010, p. 22)

Therefore, while the long-term future of the industry is unpredictable, the Big Three are likely to remain the dominant forces in the market for the foreseeable future.

This research focuses on the Big Three, in part because they collectively generate the lion's share of national revenues, but also because of their supremacy in the Ontario market, where the study was conducted. The research also recognizes that new market entrants and alternative service providers are putting previously unforeseen pressure on the Big Three, which might impact pricing strategy in the long term. It is acknowledged, however, that because the nature of the market structure was a prominent aspect of the research, the results and conclusions might have been different had the research been conducted in another region.

⁸ CRTC data shows that while Quebecor's overall revenue is significant, it still lags considerably behind the other three vendors, particularly in the wireless telecommunications domain. While The Big Three averaged \$5.2 billion in wireless revenues (fiscal year 2008), Quebecor only generated \$32 million in wireless revenue. Quebecor's overall 2008 revenues were \$3.3 billion compared to BCE's (Bell) \$17.7 billion, Rogers' \$11.3 billion and Telus' \$9.7 billion in revenues (CRTC, 2010, p. 27).

2.6. On Variable Pricing

As noted in Chapter 1, variable pricing exists when a vendor sells two identical products at different prices even though their marginal costs (the costs of production) are the same (Armstrong, 2006). With variable pricing, differences in price from one customer to the next are not directly associated to differences in the cost of production or distribution, but are instead tied to other factors (Riley, 2006). According to Riley (2006), variable pricing can be offered to groups of consumers sharing common characteristics in a process called segmentation, or on an individual consumer-by-consumer basis. The eventual selling price will generally fall somewhere within a range established by the vendor, and can vary based on factors such as the customer's demographic, spending habits, and the circumstances of the purchase.⁹

While variable pricing may be confusing to customers, it can be beneficial for vendors to go this route. According to Stole (2006), variable pricing can be a way of eliciting heterogeneity in a market where heterogeneity among consumers is not directly observable:

“[Heterogeneity] can be indirectly elicited by offering menus of products and prices and allowing consumers to self-select. [The] firm seeks to price its wares as a function of each consumer's underlying demand elasticity, extracting more surplus and increasing sales to elastic customers in the process.” (p. 5)

⁹ For example, increases or decreases in the costs of commodities like liquor, gasoline or gifts ahead of a holiday period, assuming those price changes are influenced solely by the calendar and not by changes in production costs.

Thus, the vendor is able to attract more consumers who want the product and otherwise cannot afford it, or who don't really need it but who are willing to purchase it at a bargain price. At the same time, vendors can extract higher margins from other customers who are willing to pay more for the product. This practice thus allows service providers to minimize otherwise unused inventory (or in this case, unused network capacity), while building a strong client base (Stole, 2006). It also allows vendors to draw the enthusiasm of the proportion of consumers that believes they are getting a deal, making it an extremely advantageous strategy.

There are three main forms of variable pricing, described in detail by Stole (2006). In *first-degree price discrimination*, the price of a good depends on a customer's willingness or ability to pay. In *second-degree price discrimination*, the price varies according to the number of units being purchased, with lower per-unit prices offered for larger quantities (volume discounts). In *third-degree price discrimination*, price varies by demographic attributes, such as location, age or gender, with the attribute or segment in question being used to predict ability/willingness to pay. It should be noted that these represent vastly different strategies on paper, but the different categories of price discrimination are not mutually exclusive in application. Thus, a customer may be offered a price that is based in part on his or her willingness to pay, in part on the number of services to which he or she subscribes, and in part on his or her personal attributes and customer history (for ex. Roseman, 2009).

At one time, it was understood that firms would only resort to variable pricing if they were in a position of monopoly, and thus maintained control over the entire market (e.g.

Varian, 1989). However, it has been shown more recently that firms are also highly likely to engage in price discrimination if they are members of an oligopoly (Stole, 2006; Hazeltine, 2005). Hazeltine (2005) even finds that the extent of price discrimination, as measured by the gap between the high price and the low price *increases* as the number of competitors *decreases* (p. 3). Furthermore, Jallat & Ancarani (2008) note that the progression of technology has facilitated the use of variable pricing practices. Therefore, due to the heavy reliance on CRM databases and online interfaces by a relatively small number of vendors, the prerequisite conditions exist in the telecommunications industry for the widespread use of variable pricing strategies. Furthermore, based on Stole (2006) and Hazeltine (2005), it becomes likely that pricing discrepancies from one consumer to the next might actually be rather substantial because of the oligopolistic nature of the industry.

2.7. Variable Pricing in the Telecommunications Industry

Arguably, one of the defining features of the Canadian telecommunications market in recent years has been the elasticity of advertised (list) pricing in actual practice, a notion affirmed both in the results of the research as well as in the literature (e.g. Higgins, 2010a&b; Jallat & Ancarani, 2008; Swabey, 2007; Shell, 2006). Perhaps the most common form of variable pricing used in the telecommunications industry is bundling, whereby the vendor charges the customer an integrated price for two or more telecommunications services (Stole, 2006).

Bundling is a relatively common marketing practice with significant economic ramifications, both for consumers and vendors alike. Bundles are extremely attractive to consumers as the latter can maximize their savings, while consolidating services on a single

monthly bill (Consumer Reports, 2010, p. 23). Vendors, on the other hand, frequently utilise bundles to make second, third, and fourth commodities and value-added features more attractive to consumers. Rogers, for example, gained no fewer than 18,000 residential telephone subscribers in the second half of 2009 as a direct result of its bundled pricing strategy, interestingly enough at a time when landline subscriptions were in decline overall (Convergence Consulting Group, 2010, pp. 201, 254).

Another common type of variable pricing in telecommunications involves the use of introductory ‘teaser’ offers, designed primarily to attract new consumers or poach consumers from other vendors (Armstrong, 2006, p. 2). Vendors frequently use this form of pricing to subsidize the hardware required for the service (for ex. set-top boxes, smartphone devices or otherwise), discounting the service itself for a fixed number of months at the start of the contract term (Fitzgerald, 2010). Introductory offers are designed to entice consumers with potential savings in the short-term, on the contractual obligation that they remain loyal consumers over the long-term (Higgins, 2011b; CRTC, 2010). As such, consumers who are enticed by these offers often have to sign rather unwieldy service contracts with expensive exit clauses designed to dissuade them from breaking their contracts prematurely and taking their business to a competitor (CRTC, 2010; Fitzgerald, 2010).

It should be acknowledged that while price is perhaps the most important part of the value proposition, price constitutes only one aspect of the sales pitch (Kannisto & Väättäinen, 2007). Kannisto & Väättäinen explain that the consumer mentality is much more complex:

In general, pricing methods that perceive pricing as a simple one factor related decision, such as cost, competition and demand-based pricing fail to capture

the value the product or service delivers to the customer. (Kannisto & Väättäinen, 2007, p. 2)

In the wireless industry, for example, several other factors influence consumers' purchasing behaviour, including data caps, bandwidth, network speed and more (Eisner, 2011).

However, while consumers are likely to consider technological specifications as part of the procurement process, on a general level, the Big Three Canadian telecommunications vendors have been observed to provide services of reasonably comparable speed and quality (Consumer Reports, 2010; Convergence Consulting Group, 2010; Ferguson & Brohaugh, 2008). Because of what Ferguson & Brohaugh call 'technological parity', vendors can find it difficult to differentiate themselves from their competition solely based on the quality of the product. One group of researchers suggests that:

Consumers no longer buy products and services - they buy value, i.e. the total package of product performance, access, experience and cost (Vrdoljak, Bojic, Podobnik, Jezic, & Kusek, 2010)

As such, the sales proposition developed by Canadian telecommunications service providers hinges on the consumer's perception of value, leading vendors to emphasize add-on features, short-term discounts, and convenience in their marketing campaigns – the stalwarts of variable pricing (CRTC, 2010; Swabey, 2007).

In order to implement variable pricing schemes, service providers have relied largely on the use of Customer Relationship Management (CRM) databases (Higgins, 2010a&b; Jallat & Ancarani, 2008; Swabey, 2007). CRM databases maintain extensive personal information about existing or potential consumers, including their demographic profile, data usage, shopping preferences and credit information. CRM technology has been devised not

only to facilitate data mining, but to also optimise price projections for the vendor based on the stored customer data. Jallat & Ancarani (2008) explain:

In the last few years, telecommunication companies (both fixed and mobile) have invested a lot in creating huge databases on their customers and developing sophisticated CRM strategies. As a matter of fact, these companies understand that their customers are among their main assets and that they have to invest on a long-term relationship with them. This is even more critical in present time, when intense competition is dominating the industry and when revenues (ARPU – Average Revenue per User) are declining over voice services (now becoming a commodity), forcing firms to invest on large bandwidth networks and on the related value added services (VAS). (p. 473)

CRM allows vendors to customize service plans for each individual customer – providing a specific set of features and services at a price which generates the most possible revenue for the vendor, but is attractive to the consumer. One consequence is that CRM technology also obscures the market value of the commodity, confusing consumers to some extent as to what a product is worth, as evidenced in the results of the research.

This puts pressure on consumers to engage in distributive (competitive) negotiation tactics (Fisher, Ury, & Patton, 2011; Higgins, 2010b; Shell, 2006). Consumers that bargain can reduce their monthly expenditures significantly, as vendors trade lower margins for increased market share. The remaining consumers – that is, the proportion of consumers that do not bargain – essentially end up subsidizing these discounts (Gill & Thanassoulis, 2009). However, due to the impact of CRM databases and the role of telecommunications contracts, the vendor ultimately holds significant informational and structural power over the procurement experience.

As contractually-obligated customers find themselves unable to practically and affordably switch vendors for a fixed period of time, they can be frustrated when they find their peers benefitting from the latest hardware upgrades and plan features (Fitzgerald, 2010; Convergence Consulting Group, 2010). The final selling price that one pays is thus dictated by each consumer's familiarity with the variable pricing model, their ability and willingness to bargain with vendors, and their overall negotiation skill. This leads to a relatively wide disparity in pricing from one customer to the next, for what are ultimately rather similar levels of service (Consumer Reports, 2010; Convergence Consulting Group, 2010; Ferguson & Brohaugh, 2008).

Because of the strict nature of telecommunications contracts, the contract renewal process is a critical transaction for both parties, as vendors work to solidify their market share, and consumers seek to land the most favourable plan. Based on this, the process of communication that occurs over the course of the procurement experience is rather intriguing and becomes worthy of further empirical consideration.

2.8. Negotiation in Canadian Consumer Culture

Over the last several decades, negotiation has become increasingly pervasive in North American consumer culture (Fisher et al., 2011; Carrell & Heavrin, 2008; Shell, 2006; Spangle & Isenhardt, 2003; Spoelstra & Pienaar, 1999). The rise of negotiation might be attributable to two important developments that stretch well beyond the telecommunications industry. The first pertains to general advancements in technologies that have allowed for the implementation of variable pricing on a new range of consumer commodities, both at the strategic and transactional levels. At the strategic level, CRM databases have simplified data

mining and data analysis, facilitating the implementation of variable pricing strategies (as discussed in the preceding section). A significant impact has been felt at the transactional level, as well. Jallat & Ancarani (2008), for example, make note of new vending machine technology that has the capability of charging higher prices for chilled beverages on warm days than it does on cool days. Hazeltine (2005) meanwhile, examines computer technology that has the capability of setting different airline fares depending on seat inventory and the holiday calendar.

However, these practices could not be implemented without the acceptance of the consumer population. Therefore, the second major development involves a shift in cultural perceptions pertaining to negotiation – the normalization of the practice. In the preface to the third edition of their seminal book *Getting to Yes: Negotiating Agreement Without Giving In* (2011), Fisher, Ury & Patton call this the ‘negotiation revolution’:

We began the first edition of *Getting to Yes* with the sentence “Like it or not, you are a negotiator.” Back then, for many readers, that was an eye opener. Now it has become an acknowledged reality. Back then, the term ‘negotiation’ was more likely to be associated with specialized activities such as labor talks, closing a sale, or perhaps international diplomacy. Now almost all of us recognize that we negotiate in an informal sense with just about everyone we meet from morning to night. (Fisher, Ury, & Patton, 2011, p. i)

Thus, while North American consumers had traditionally only negotiated for big-ticket items such as homes or automobiles, or when shopping for bargains at garage sales and flea markets, consumers have become accustomed to the idea of negotiating for less-expensive commodities (Fisher et al., 2011; Gill & Thanassoulis, 2009; Ferguson & Brohaugh, 2008; Shell, 2006). As such, Shell (2006), concludes that in contemporary times, there is always “a

price tag for the people that pay it, and another lower one for the people who negotiate” (p. 7).

The Internet and the mass media have played substantial roles in this regard (Ferguson & Brohaugh, 2008). The Internet has provided consumers with a platform to conduct instant comparison shopping, and has also provided a forum for social discussion about negotiation tactics and product vendors (Ferguson & Brohaugh, 2008; Swabey, 2007; Barsness & Bhappu, 2004). Consumer-oriented media outlets, meanwhile, provide consumers with resources and guidelines on bargaining distributively, particularly when it comes to telecommunications commodities (e.g. Consumer Reports, 2010; Fitzgerald, 2010; Murphy Casey, 2010; Rosenwald, 2010; Roseman, 2009). Additionally, Fisher, Ury & Patton’s book itself – a veritable how-to for prospective negotiators – has even become one of the most influential works of the current generation, having sold over 8 million copies in 30 languages over three decades (Ury, 2011).

The Internet and the mass media may have helped to polarize consumers and telecommunications providers, as these works justify the use of competitive approaches by consumers by challenging the ethical values and fairness of variable pricing models. This kind of viewpoint both legitimizes and normalizes the practice of negotiation. Although this infers support for the assertion that negotiation is an increasingly important element of North American culture, particularly in consumer transactions, further research in this area might be advisable.

2.9. Conceptual Framework and Rationale for the Study

As noted, the leading vendors in the Canadian telecommunications industry have heavily integrated variable pricing into their sales models. This has led to the use of ultra-competitive pricing strategies designed to attract, poach or retain consumers, and the subsequent use of rigid consumer contracts to secure long-term market share. At the same time, cultural stigmas associated with negotiation have dissipated, leaving vendors amenable to offering discounts and leading consumers to engage in a bargaining process (Swabey, 2007). However, while vendors have shown a willingness to initiate offers, they retain a significant degree of power over the procurement experience. Vendors utilize CRM technology to appeal to targeted groups of consumers, tailoring offers to persuade them into long-term agreements.

List pricing is thus becoming somewhat illusory: While some individuals accept the posted price at face value, consumers that bargain with vendors more aggressively can benefit from much more favourable packages and pricing (Consumer Reports, 2010; Fitzgerald, 2010; Murphy Casey, 2010; Rosenwald, 2010; Roseman, 2009; Swabey, 2007; Shell, 2006). Some customers take it even further, deceptively playing one company off against the others to secure a better deal, under the ‘threat’ (whether real or suggested) of doing business elsewhere (Higgins, 2010a&b; Swabey, 2007).

Ultimately, the lack of transparency in pricing and the rigidity of term-based contracts have led many customers to become cynical of the contract renewal process (Zwolinski, 2008). The telecommunications procurement experience differs exponentially from one consumer to the next, and is affected by several unique factors. Firstly, not all

telecommunications consumers understand listed prices to be flexible, or to what extent (Carrell & Heavrin, 2008). Secondly, because pricing is somewhat arbitrary from one customer to the next (with vendors changing their list pricing and bundling options so frequently) consumers are left without a reference price on which they can base their decision-making, thus obscuring the value of the product in the consumer's mind (Fitzgerald, 2010)¹⁰. Lastly, telecommunications transactions are typically not restricted to a single one-time commodity purchase, but often involve long-term service commitments and multiple products and services from heavily-integrated companies (Canadian Radio-television and Telecommunications Commission, 2010). As a result, the introduction of competitive negotiation tactics has become one of the signature aspects of the telecommunications procurement experience.

However, while both parties exhibit behavioural tendencies characteristic of negotiation, few consumers, if any, actually engage in 'negotiation' as it is traditionally defined (Carrell & Heavrin, 2008). As suggested in Chapter 1, the telecommunications procurement process is very different and more broadly delineated than the traditional, dyadic negotiation processes studied in prior literature. Therefore, it may not be possible to describe the procurement experience strictly as a *negotiation process* in the traditional sense. Still, it is clear that negotiation characteristics remain at the heart of the procurement experience in Canada, as described above. As such, this purchasing process is

¹⁰ Because pricing plans change so frequently, and services are typically bundled under one price, it becomes hard to determine the value of add-on features and services. On an automobile purchase, there is a pervasive understanding as to what an automatic transmission costs, what air conditioning costs, etc., at least within a ballpark range. In the telecommunications sector, bundled pricing obscures reference pricing such that many consumers are altogether unsure of the market value for feature 'extras' like additional cable outlets, additional bandwidth or e-mail addresses, or voicemail and call display services.

unquestionably linked to the body of negotiation research emanating from the field of communications.

As noted earlier in this chapter, phase model research reveals that the negotiation process is best described as a series of sequentially-driven phases. However, as suggested, this research fails to stretch beyond several rather specific types of interactions.

Additionally, a rather specific set of situational features in the telecommunications industry leads to a reconsideration of what constitutes negotiation. Therefore, if:

- a) negotiation is becoming an increasingly important element of the consumer experience; and
- b) negotiation is a relatively new aspect of Canadian consumer culture; and
- c) the structural parameters that define contemporary negotiation differ from those addressed within prior academic literature;

...it then becomes rather suitable and timely to re-examine traditional models of the negotiation process in greater detail.

Therefore, this study questions the appropriateness of prior phase model research on negotiation, by contextualizing it in light of current economic and cultural realities in the Canadian telecommunications sector. Although it may not be possible to reach any wide ranging conclusions about consumer behaviour because of some of the limitations of focus group research, the results may nevertheless infer support for the expansion of prior negotiation theory or help to refute it altogether. The findings may serve to frame future quantitative study in this area, or alternatively, provide telecommunications vendors and

consumer groups with valuable insight into the consumer experience, thus guiding future pricing and marketing strategy.

Chapter 3: Methodology

3.1. Overview

A series of three qualitative focus groups was conducted in the summer of 2011, consisting of between six and eight participants per group, for a total of 21 participants originating from a variety of socio-economic backgrounds¹¹. The sample was identified using a snowball methodology, recruited by circulating a standard invitation seeking volunteers (Appendix A). Once volunteers stepped forward to participate, the individuals were grouped based on their availability and scheduled to attend one of the three sessions. The focus groups were conducted in August and September, 2011 in a large boardroom at 116 Lisgar Street in Ottawa, Ontario and lasted between 60 and 90 minutes each. Participants were provided complimentary refreshments and non-alcoholic beverages. Each focus group session was moderated by the researcher and digitally recorded using a laptop computer, an external USB microphone and a recording software program. The researcher also kept field notes during the discussion detailing the seating plan, as well as some pertinent physical gestures and pertinent quotes.

The research was approved by the University of Ottawa Research Ethics Board, file number 05-11-12 on 7 July 2011, with approval valid for a one year period. As per the terms of the Ethics approval, at the start of each focus group session the moderator reminded participants of the topic and some of the ethical considerations related to their participation, including:

¹¹ Krueger & Casey (2009) suggest that this size of group is ideal because it allows all participants the opportunity to speak up, while being large enough to obtain a variety of insights (p. 6).

- A statement that the research was authorized by the University of Ottawa Research Ethics Board;
- A statement that participation in the study carried no foreseeable risk of physical or emotional harm;
- A reiteration that participant identities would be shielded in written accounts of the research by assigning pseudonyms;
- An indication that participants were welcome to leave at any time before the conclusion of the focus group, on the understanding that any statements made prior to their departure were to be included in the research.

Participants were then invited to review and sign the standard consent form authorized for this purpose by the University of Ottawa Research Ethics Board (Appendix B), and were provided several minutes to do so at will.

Afterwards, the recordings were transcribed verbatim by the researcher using a standard word processing program. Line numbers were added to the transcription for reference purposes. This produced a dataset of approximately 120 pages of verbatim transcript, as well as several additional pages of the researcher's field notes. The dataset was then analysed using a method of Framework Analysis, as articulated by Krueger and Casey (2009), a time-tested approach that provides a comprehensive but systematic (step-by-step) method for analyzing this kind of data (described below).

3.2. On Focus Groups

The origins of focus group research are typically traced to Merton & Kendall's classic work *The Focused Interview* (1946). Merton & Kendall found the two most popular data collection strategies from that era, quantitative surveys and one-on-one interviews, to be problematic. In both of those cases, data collection is strictly driven by the format and questioning structure, limiting interaction between the participant and the researcher and thus generating a limited dataset. As such, based on their experimental research designs, they argued that participants were more likely to disclose their personal opinions and experiences more openly and more freely in a group setting amongst their peers. Merton & Kendall's method involved substituting the blunt one-on-one interviewing strategy with the more convivial nature of moderator-led group conversation, which was free-flowing but still focused on the topic at hand (Krueger & Casey, 2009; Fern, 2001).

While this approach gained momentum almost immediately in commercial market research applications, it would take several decades before it would catch on in academic applications (Krueger & Casey, 2009; Barbour, 2007; Fern, 2001). As late as the 1970s and 1980s, there remained a reluctance to employ focus groups in academic research because of a number of factors:

The acceptance of focus groups, and or qualitative research methods in general, has been delayed in academic circles for a variety of reasons: a preoccupation with quantitative procedures, assumptions about the nature of reality, and a social tendency to believe in numbers. Social science research paid attention to experimental designs, control groups and randomization. This sojourn with numbers has been beneficial in that we gained in our experimental sophistication [but] too often the quantitative approaches were

based on imperfect assumptions about people, about things or about reality in general. (Krueger & Casey, 2009, p. 3)

Additionally, the proliferation of focus group research has been slowed by criticism of the small sample size and the anecdotal nature of focus group conversations, which make it difficult for researchers to make generalizable conclusions based on this data (Rabiee, 2004; Fern, 2001).

However, the focus group method has gained traction in recent years, as academic researchers increasingly look to what kinds of data focus groups *can* uncover instead of focusing exclusively on what they *cannot* (Kruger and Casey, 2009; Barbour, 2007; Rabiee, 2004). While conclusions may not be applicable to the wider population, focus group research can help to uncover things like the range of perceptions, ideas, opinions and feelings individuals have about issues, products, services or opportunities (Krueger & Casey, 2009; Rabiee, 2004). Therefore, it becomes important to distinguish between the *generalizability* and the *usefulness* of focus groups.

Indeed, as social research has itself grown in the last half-century, recent academic literature has highlighted a number of key advantages of focus groups. First and foremost, focus groups have been utilized much more regularly in qualitative research because they are known to provide a large amount of rich, contextualized data in a relatively short period of time and at minimal cost (Rabiee, 2004; Bristol & Fern, 2003).¹² They are also known to

¹² Barbour (2007), however, cautions that focus groups indeed bear certain expenses including travel, room rental, refreshments and transcription. Additionally, an oft-forgotten and often unquantifiable expense is the amount of time and effort the researcher spends coordinating logistics of group composition and participant availability (p. 26)

create permissive and non-judgmental environments that promote self-disclosure and foster in-depth discussion (Krueger & Casey, 2009). Krueger & Casey (2009), Barbour (2007) and Fern (2001) all note that focus groups can help access the views of the otherwise muted or hard to reach, and can help access perspectives on topics that participants may previously have accorded little or no consideration (Barbour, 2007, p. 27). Barbour (2007) also posits that focus groups are well suited for studying decision-making processes, as they provide insight into how the participants incorporate situational and circumstantial factors into their decision-making (p. 26).

One of the defining features of focus groups is the role of group dynamics (Barbour, 2007; Rabiee, 2004; Green, Draper, & Dowler, 2003; Wilkinson, 2003; Thomas, MacMillan, McColl, Hale, & Bond, 1995). Wilkinson (2003) suggests that the interaction between group participants can lead to increased deliberation by the participants, providing broader insight on an issue. Rabiee (2004) explains that data generated through group synergy can be both deeper and richer than interview data¹³. Additionally, Burrows and Kendall (1997) note that there is a degree of spontaneity that advances the exchange of ideas. In this sense, participants can build on each other's answers, potentially resulting in more data and a broader range of ideas than if they had all been interviewed separately.

However, there are several other known limitations of focus groups (apart from the issue of generalizability). For instance, data collection is heavily reliant on participant self-disclosure (Fern, 2001). Disclosure itself consists of several dimensions, including the

¹³ However, she cautions that participants must feel comfortable with the moderator and with one another, and they must also be willing to engage in the discussion.

amount and breadth of information one shares, the intimacy of that information, and the duration of the disclosure, among other things (Fern, 2001, pp. 101-2). Additionally, dominant participants may influence others' opinions, and participants may make up or exaggerate answers to avoid potentially embarrassing responses or the embarrassment of non-responses. Furthermore, in the consumer context, there may be a tendency for focus group participants to intellectualize, portraying themselves as thoughtful, rational and reflective individuals, despite the fact that as much as 95% of consumer decision-making is subconscious (Krueger & Casey, 2009; Zaltman, 2003).

Although the quality and usability of the information disclosed is mostly outside of the facilitator's control, the moderator can help to overcome many of these concerns (Krueger & Casey, 2009). The moderator can play a significant role in fostering a convivial environment that promotes engagement and participation. Burrows & Kendall (1997) take this one step further, arguing that the facilitator should take a more active role in creating a "dynamic and interactive atmosphere" that fosters rich discussion (p. 253).

In any research design, the legitimacy of the research is contingent on the use of rigid methodological practices, both in the data collection and data analysis phases, and on the acknowledgement of some the limitations of the research. Data collection must be well-planned and methodical, and data analysis must be 'systematic, verifiable, sequential and continuous,' as well as 'purpose-driven' (Krueger & Casey, 2009). The researcher must keep this in mind when devising questioning routes and in framing procedural protocols. Therefore, when devising a methodology, it is perhaps wise to keep Rubin & Babbie's (2011)

observation in mind, that “No study in social research is ever perfectly flawless. Even the best ones have some (perhaps unavoidable) limitations” (p. 206).

3.3. Why Focus Groups: Rationale

As noted earlier, the aim of this study is to uncover how Canadian consumers shop for telecommunications products and services in order to examine the procurement experience as a negotiation process. That being said, a number of situational factors specific to the telecommunications industry influenced the design of the research methodology. Firstly, it became clear from the outset that a wide variation likely exists in the selection of technological commodities (i.e. landline telephone, digital TV, broadband, etc.) and value-added services (e.g. voicemail, call waiting, data plans, premium TV and movie channels, etc.) to which each individual consumer subscribes (CRTC, 2010; Convergence Consulting Group, 2010). With consumers procuring any number of commodities in an infinite number of configurations from multiple vendors, quantitative research thus had the potential to become rather unruly. Even if it were possible to isolate consumers subscribing to the same set of commodities and from the same provider, it would have been rather challenging to make rational comparisons because of the variation that might exist in value-added services alone.

The second major consideration pertained to the haphazardness of the consumer telecommunications procurement experience. Simply put, consumers do not all shop at the same moment in time, but shop instead on an irregular basis. However, pricing and features can change fairly rapidly in this market to coincide with technological advancements and market flocs. Therefore, the specific package of commodities and value-added services that

one customer procures at any given time may look vastly different than those procured weeks or months later, even if the service provider, basic set of commodities and value-added services are the same. Further to this, it is clear that consumers review their plans intermittently, sometimes well before the expiration of their contracts, making standalone comparisons of this nature next to impossible (Leggat, 2011).

With these two considerations in mind, it became clear that a quantitative examination of consumer activity in this area would be somewhat impractical and/or cost-prohibitive. Arguably, it would also be an area that would perhaps be more suitable for commercial analysis rather than academic research. Moreover, with regards to the purpose of this study, quantitative research would have uncovered very little about the attitudes, perceptions and other characteristics which drive the procurement experience. Therefore, the research design focuses on describing consumer attitudes, opinions and perceptions in qualitative terms in order to situate the procurement experience as a negotiation process.

That being said, the third major consideration was to take some of the peculiarities of the business-to-consumer (B2C) relationship in this sector into account in the research design. Unlike other B2C relationships, which are characterized by interaction between two human actors, this B2C relationship is a rather peculiar one in that it is characterized by technologically-mediated interaction (Higgins, 2010a; Jallat, 2008; Swabey, 2007): One of the parties, consumers, consists of individual actors driven by various personal goals and social experiences. Their adversary, the telecommunications vendor, typically consists of a series of call centre agents backed by large corporate entities and driven to maximize revenue with the help of CRM technology, as noted in Chapter 2.

This is a particularly salient point: Whereas negotiation is described in previous communications research as a *social* process, vendors in the telecommunications industry have placed greater emphasis on the mastery of predictive technology systems than on the mastery of customer relations (Higgins, 2010b; Jallat & Ancarani, 2008; Ferguson & Brohaugh, 2008). Because of this, it was anticipated that vendors were likely to keep vital strategic technological information strictly confidential. Therefore, it must be noted up front that in focusing largely on consumers, the research design doesn't shy away from quirkiness of this B2C relationship, but instead acknowledges it outright and incorporates it in a different way.

A focus group methodology was employed to provide participants an environment to talk openly and freely about their procurement experiences. Rather than concentrating on quantitative particulars, like what kinds of deals each consumer was able to obtain over the years, the line of questioning focused on how consumers felt about the process, how they went about it, and how their previous experiences may have influenced their current and future procurement decisions¹⁴. It allowed consumers to bring their perceptions forward and discuss their experiences freely, without specifically becoming an appraisal of the quality of service provided by any or all of the Big Three vendors. It also allowed participants to reflect upon how their perceptions of the process and their actual behaviour may have changed over the past years. This methodology ultimately revealed a fair amount of insight as to how consumers shop for telecommunications products and services, thus fulfilling the major aim.

¹⁴ For a full discussion on developing a questioning strategy, see Krueger & Casey (2009).

3.4. Sample Selection

According to Rabiee (2004), participants in focus group research are selected on the basis that “they would have something to say on the topic, are within the age-range, have similar socio-economic characteristics and would be comfortable talking to the interviewer and each other” (p. 655). To that end, Krueger and Casey (2009) suggest that participants should share similar social characteristics (age range, ethnic and social class backgrounds, etc.). Specifically, they caution that:

A focus group isn’t just getting a bunch of people to talk. A focus group is a special type of group in terms of purpose, size, composition and procedures.
(p. 2)

Since focus groups are purpose-driven, participants should be recruited rather carefully in order to maximize the likelihood of active participation and the value of each person’s contributions.

In their text on qualitative sampling techniques, Koerber & McMichael (2008) differentiate between probability sampling (where the sample is identified at random) and non-probability sampling (where the sample is identified by other means). While probability sampling allows for greater generalizability, non-probability sampling is much more convenient for the researcher, and for this reason, has been perceived as opportunistic, unsystematic, and lacking rigour (Koerber & McMichael, 2008; Charney, 1996). However, Koerber & McMichael and others, such as Marshall (1996) note that there has been very little scholarly attention afforded to the merits of non-probability sampling strategies, despite the fact that qualitative and quantitative research methodologies are frequently thought to complement one another equally.

To that end, Koerber & McMichael (2008) and Marshall (1996) show that an increasing number of health care studies, for instance, have utilized non-probability sampling rather than probability sampling to conduct research on sensitive topics like drug use and sexual behaviour. They argue that convenience sampling and purposeful sampling techniques, including snowball sampling, assist exponentially in reaching specific, targeted groups of the populace while maintaining a high degree of academic rigour. Qualitative health care research has actually expanded quite considerably in recent years, thus refuting the notion that qualitative sampling strategies are less systematic and less rigorous and more importantly, that results are any less legitimate. Lastly, although convenience sampling strategies might make the results less generalizable, Marshall argues that generalizability isn't (and shouldn't be) the end-goal of all academic research.

In the present study, the sample was identified using a snowball sample methodology. Koerber & McMichael (2008) explain that in snowball sampling “the researcher starts with a small sample of people who are readily available and easy to contact and then expands the sample by asking each participant to recommend other potential participants” (p. 463). Between June and September, 2011, the researcher invited acquaintances to distribute an information letter to potential participants, who were then invited to contact the researcher directly if they were interested in participating and met the screening requirements. The screening criteria for the study were as follows:

The participants in this study will be consumers of telecommunications services that:

- *Have had recent experience ordering/purchasing one or more subscription-based digital telecommunications products and services intended for personal or family usage; and*
- *Are not reimbursed by their employer for their monthly telecommunications expenses.*

Subscription-based digital telecommunications services include landline telephone, mobile phone, broadband internet, digital television and digital satellite or internet radio services.

A standard consent form was then provided to prospective participants, describing the nature of the study, the nature of the participant's involvement, and the time commitment required. Copies of these letters are appended as Appendices A & B. Ultimately, a group of 24 participants volunteered to participate and were assigned to groups, with three participants backing out of the commitment at the last minute due to other priorities, resulting in a total sample of $n=21$.¹⁵

3.5. Number and Size of Focus Groups

In general, focus groups can range in size from four to twelve participants or more (Krueger & Casey, 2009). Smaller focus groups are easier to recruit and conduct, and can be more comfortable for the participants, but might be hindered because the small sample size limits the number of experiences and viewpoints at the table (Krueger & Casey, 2009).

¹⁵ According to Krueger & Casey (2009), a small percentage of 'no-shows' in this range is to be expected.

Larger focus groups, on the other hand, provide for a better diversity of viewpoints, but can become disorderly or fragmented, and the group dynamics can negatively impact how the attendees participate. The ideal group size is thus thought to be between six and ten (Rabiee, 2004) or even between six and eight participants (Krueger & Casey, 2009). Focus groups of this size are generally large enough that they generate a variety of opinions and perspectives, but small enough that everyone is able to contribute.

As for the number of focus groups, Krueger & Casey (2009) recommend running focus groups until information is repetitious and no new data is being gathered (theoretical saturation). Many researchers, including Krueger & Casey and Burrows & Kendall (1997) suggest that this is often achieved in as few as three or four groups. Thus, based on the sample size of $n=21$, and based on participant availabilities, the researcher conducted three focus groups: one group of seven, one group of six and one group of eight participants respectively. With responses and themes becoming rather redundant by the end of the third session, the researcher was satisfied that the point of saturation had been reached.

3.6. Transcription

Upon the completion of the focus group sessions, the researcher transcribed the focus group recordings verbatim. Chronological line numbers were then assigned to the transcript quotes to help keep them organized. Krueger and Casey (2009) strongly recommend that the researcher perform this transcription oneself, not only because it is easier for someone who was physically in the room to interpret the recording, but also because it allows researchers to better familiarize themselves with the material. Ritchie & Spencer (1994) concur on this

point, explaining that it is vital in qualitative study for the researcher to immerse oneself in the material being studied.

3.7. Data Analysis Strategy

Following Rabiee (2004), the present study follows a five-step method of framework analysis articulated by Krueger & Casey (2009), while incorporating several elements from Ritchie & Spencer (1994)¹⁶. Framework analysis involves a "systematic process of sifting, charting and sorting material according to key issues and themes" (Ritchie & Spencer, 1994, p. 5). Rabiee notes that this approach is ideal for the novice researcher, in that it provides a comprehensive but systematic (step-by-step) method for analyzing qualitative data. Furthermore, this data analysis strategy was designed specifically for the analysis of focus group data, and is both time-tested¹⁷ and frequently cited in other works¹⁸.

Step 1 – Familiarization with the data: The first stage involves familiarization with the material. This occurs largely during data collection and the transcription phases, but also involves re-reading the transcripts, listening again to the audio recordings, and reviewing the researcher's field notes. In the present study, this stage occurred over a period of several months. The researcher was immersed in the data for many hours, having moderated the focus groups, transcribed the recordings and reviewed the audio recordings and transcriptions repeatedly and at length.

¹⁶ Rabiee references the third edition of Kruger & Casey (2000), while this study draws heavily from the fourth edition (2009).

¹⁷ Krueger & Casey (2009) is in its fourth printing, first published in 1994.

¹⁸ As of November, 2011, Google Scholar tallies more than 1700 citations of Ritchie & Spencer, and more than 8000 citations of Krueger & Casey (2009).

Step 2 – Identification of a thematic framework: The second stage involves identifying a thematic framework, by noting the preliminary themes that emerge based on a comparison between the transcript and the questioning protocol. Krueger & Casey (2009) suggest that the researcher identify a limited number of important ideas, experiences and preferences that illuminate the phenomenon being studied (in this case, the ideas and themes that illuminate how consumers approach and execute the process of telecommunications procurement). Therefore, upon extensive review of the data, the researcher observed and recorded a number of themes, concepts and statements that emerged in the conversations (See Chapter 4.2).

Step 3 – Indexing: The third phase involves indexing, whereby excerpts from the transcripts are categorized, highlighted or annotated according to the themes identified in the second stage or according to more specific subcategories that emerge. In this case, the transcripts were annotated using a standard word processor in accordance with the thematic framework identified in step 2. The transcripts were reviewed several times and this process resulted in some refining of the thematic framework as some larger categories were split and some redundancies were eliminated¹⁹.

Step 4 – Organizing the data: The fourth phase involves sorting or charting the different elements and excerpts according to these categories. The annotated excerpts were sorted and rearranged according to these categories, once again using a standard word processor.

¹⁹ Krueger and Casey (2009) stress that focus group data analysis is emergent in nature, and as such, the researcher has some flexibility to refine categories as the process is carried out.

Step 5 – Mapping and interpreting the data: The fifth and final phase involves mapping and interpreting the data. This is perhaps the most challenging phase, because it requires the researcher “not only to make sense of the individual quotes, but also to be imaginative and analytical enough to see the relationship between the quotes, and the links between the data as a whole” (Rabiee, p. 658). Both Rabiee and Krueger & Casey (2009) provide rather clear-cut guidance on what kinds of data to look for. Rabiee, for instance, recommends that the researcher consider the following:

- The words used and their meaning
- The context in which they are used
- The frequency of comments (how often a comment or view is made)
- The extensiveness of ideas (how common a view is among the participants)
- The intensity of comments
- The internal consistency of comments (consensus)
- The specificity of responses
- The bigger picture

(Rabiee, 2004, pp. 658-660)

Based on this, upon categorizing and reorganizing the transcript excerpts, the researcher was able identify several major concepts that describe the telecommunications procurement process. These findings are highlighted in greater detail in the next chapter.

Chapter 4: Results

This chapter presents the results of the research and is divided into three subsections. The first, data collection, describes the actual execution of the focus group sessions; the second, data analysis, describes the development of the thematic framework; and the third, findings, reports on the outcomes of the process.

4.1. Data Collection: Execution of the Focus Group Sessions

The three focus group sessions were conducted in August and September of 2011. The first session was held on Monday, August 8th, 2011 with seven participants in attendance; the second on Tuesday, August 9th, 2011 with six participants, and the final group on Monday, September 19th, 2011 with eight people in attendance. All three groups began at 19:00 and were hosted in a boardroom at 116 Lisgar Street. Participants were seated around an oval-shaped table, with the moderator seated at one end (Seating diagrams for each of the three sessions are included as Appendix E). Participants were served with refreshments and soft drinks and were provided an opportunity to review and sign the consent forms.

As noted in the methodology chapter, all three focus groups were recorded using a microphone situated in the centre of the table, and connected to the researcher's laptop computer. Afterwards, the recordings were transcribed and the participants were assigned pseudonyms (a requirement of the University of Ottawa's Research Ethics Board approval). Pseudonyms were assigned summarily, with male participants being assigned male

pseudonyms and females being assigned female pseudonyms. As such, the names utilized from this point on are the pseudonyms assigned as part of this process²⁰.

4.2. Data Analysis: Developing a Thematic Framework

Although Krueger & Casey (2009) present a rather comprehensive and systematic data analysis strategy, their coding technique was not congruent with this study. Kruger & Casey recommend comparing participant responses to the questioning protocol, and categorizing data based on the thematic content of the questions. However, our participants were rather passionate about the topic of the study and frequently strayed from the questioning protocol while generally remaining on topic, thus offering wider insight into their experiences than was originally envisioned. Therefore, upon closer review of the dataset, it became clear that this coding strategy would have omitted a great deal of context-rich data from the study.

As such, a thematic framework was developed using a coding strategy described in Corbin & Strauss (2008):

Coding requires thinking outside the box. It means putting aside preconceived notions about what the researcher expects to find in the research, and letting the data and interpretation of it guide analysis. Coding also means learning to think abstractly. The idea is not just to take a phrase from the “raw” data and use it as a label. Rather, coding requires searching for the right word or two that best describe conceptually what the researcher believes is indicated by the data. (2008, p. 160)

²⁰ Pseudonyms were drawn summarily from the U.S. National Weather Service’s list of retired hurricane names (U.S. National Weather Service, 2011), simply because this particular resource features dozens of common western first names.

Based on this, the coding strategy employed in this study involved a combination of open coding and *in vivo* coding.

4.3. Findings

The coded transcripts fell under two main conceptual categories: **Attitudes & perceptions of the telecommunications procurement experience**, and **consumer strategies and tactics**. By looking at trends within these two categories and the manner in which they are interrelated, it becomes possible to discern how consumers effectuated the procurement of Canadian telecommunications products and services.

On the whole, the participants perceived both the telecommunications procurement experience and the Big Three Canadian telecommunications vendors (Telus, Rogers and Bell) rather negatively. They often used rather acutely unpleasant expressions to describe their perceptions of telecommunications vendors and the sales experience:

- **Jeanne:** *I hate everything about the phone experience, dealing with these companies.*
- **Allison:** *[They] totally give you the runaround.*
- **Thomas:** *It's a whole turkey trot.*
- **Lenny:** *They kind of get you and they hoop you in.*
- **Allen:** *I think it's morally defunct, the system; it may not be ethically wrong but I think it's morally defunct.*
- **Lenny:** *You have no real ability to do anything with the phone company because they have you.*
- **Allen:** *A lot of their gimmicks, things that I would want them to change, are benefitting them.*

As the results of the focus group show, several aspects of the shopping experience, including a perceived lack of choice in the marketplace, an overwhelming pricing model, and an

exhausting shopping experience invoked feelings of confusion, frustration and helplessness among the participants. Knowing that many service agreements involved a long-term commitment, consumers recognized the significance of the contract renewal period and observed a shifting power dynamic as contracts approached maturity. Frustrated with the process and with the telecommunications vendors, consumers weren't hesitant to take advantage of these power shifts, adopting competitive negotiation tactics to maximize gains and minimize losses in the procurement process.

4.3.1. Attitudes and Perceptions

Limited Choice and the Canadian Telecommunications Oligopoly

One of the primary themes that emerged in the focus group sessions pertained to the structure of the Canadian telecommunications industry. Many of the participants felt that the degree of choice in the telecommunications market was extremely limited and that there were very few service providers to choose from. This actually became a rather contentious point for many:

- **Allen:** *The lack of options if you're telecommunications shopping, it's atrocious.*
- **Diane:** *There's not a lot to choose from. I think the last time we were shopping for it [...] there were only two or three choices. [...] I mean you got Bell, Rogers, and Telus are the only ones that can provide more than one service really.*

One point to note is that while some participants explicitly named the major telecommunications providers, thus positioning them as the dominant players in the market (as in the preceding excerpt), others did so more subtly, dismissing 'alternative' providers from the discussion simply by omission:

- **Diane:** *We've only ever just gone with Rogers for the past negative experiences with Bell.*

Many of the participants were uneasy that the Big Three had effectively established an oligopoly in Ontario:

- **Thomas:** *I think the problem in the Canadian marketplace is that there aren't very many competitors and I think these are the issues that are brought forward when you have two or three main players.*
- **Andrew:** *I think the only reason they get away with it is because there are the Big Three, and we all know, and there's nowhere else to go.*
- **Charlie:** *[It's a] choice between evils.*

However, it should be noted that in all three focus group sessions, participants acknowledged that their options technically did stretch beyond the Big Three. For example, participants were well aware that new entrants were challenging the incumbent providers in the wireless industry, that a number of independent service providers have existed for many years in the broadband internet domain, and that there were many new methods of accessing traditional television programming over the internet. Nevertheless, many of the participants cited technological limitations as reasons to stick with the incumbents:

- **George:** *You're kind of given two choices: You go satellite or you go cable. And you know, if you get outside of certain areas, then you kind of have to go satellite. And within certain parts of the city, it's really difficult to go satellite, and you have to go cable.*
- **Diane:** *The bigger ones give you much better service across rural areas.*

One participant rather consciously preferred to deal with independent businesses, but was unable to do so due to technological limitations of this nature:

- **Andrew:** *I've had problems getting high-speed living in the suburbs, [...] there's [sic] providers that can't provide me high speed cable internet right now and that's*

*[name withheld] actually, which is a smaller company, I'm trying to get away from the Big Three and they say "No, we can't offer you cable internet at this time!"*²¹

Meanwhile, some of the other participants were dismayed by the fact that some of the new entrants and smaller wireless providers were not fully independent at all, but were instead affiliated with or subsidiaries of the Big Three:

- **Charlie:** *I still don't feel like having Koodo and Solo and those companies, and Fido out there really adds to the spectrum of companies that I could choose between, because they go straight to Telus, Bell and Rogers. So I don't really think they open it up more. I think it would be more important to get new, new ones in, that doesn't have any relations [sic].*
- **Alicia:** *Some companies are actually, kind of 'foil' companies, like I believe Koodo is actually owned by Telus, so they're there to catch the customers, which I thought was really, really good strategy. [...] But in the end you're still paying the same company.*
- **Andrew:** *I was with Solo Mobile, which is...*

Diane: *...Bell...*

Andrew: *...Bell's small company and I went from there to Fido, knowing full well it was Rogers' company – when you go to pay your bill on the internet, who are you paying? Rogers. And that's... That was kind of a...*

Charlie: *...Kick in the teeth!*

Others suggested that these kinds of new or independent service providers had not yet gained enough traction in the market in their opinion and thus have not significantly altered the manner in which the incumbents' conduct their business:

- **Keith:** *I don't think there's any kind of [competition]. They've got a monopoly²² on the system, you got Telus, you got Shaw, you know you've basically got a few companies, they offer the same thing and the prices are so close between the three of them.*

²¹ It should be noted that the moderator never used the expression *Big Three* in the conversation prior to this reference; the participant offered this colloquially and without hesitation.

²² The participant is mistaken in that he is actually describing an oligopoly, not a monopoly.

- **Allen:** *But generally that's hard to get to and I think that most people don't do that and end up getting worse deals because: oligopoly.*
- **Jeanne:** *It's probably just a drop in the barrel for them that they lost, you know, like 500,000 customers to Wind and all these other small phone companies. Because they have like millions of customers already subscribed to them. So until these small players become actual real-time threats, they are probably just an annoying mosquito buzzing around these big companies' heads, not necessarily a threat to them.*

One participant even suggested that if anything, independent service providers have only benefitted the incumbents by removing high-maintenance, low-yield customers from the equation:

- **Frederic:** *You know they've left Bell, they've left Rogers, those are the people that are probably tying up the customer service line and the loyalty department. So the money that they're not making probably counteracts with the time spent servicing those customers. And now they're still getting the money from Wind for, I think it was as [Dean] said, for the infrastructure. So I think this is a win-win situation for these, for the, you know, the big players.*

Additionally, there was an understanding that Canada's vast geography serves as a major deterrent for companies wishing to challenge the incumbents, with the sheer costs of overhead infrastructure serving as a major inhibitor. This led some of the participants to speculate on how the government might intervene to encourage greater competition:

- **Alicia:** *I think about the role of the government, [...] there's not, a whole lot of competition. So I think if something is perceived to be unethical, where the customer is kind of being boxed in to having no options in terms of the purchase, well then maybe there's a problem with the regulations.*
- **Allen:** *I think the government should step in in some way, it's an oligopoly which acts as a negative for consumer prices and is an impeditive [...] and they could open up towers for other companies to be able to buy those towers. It doesn't have to be the Big Three. In different regions they've done that to a certain extent, but not nearly as far as they could go. [...] It still operates as an oligopoly.*

Therefore, while participants acknowledged the presence of other service providers in the market, they believed that these providers weren't able to meet their needs, and thus didn't represent significant competition for the incumbent service providers. Without any legitimate alternatives, many of the participants were inclined to dealing with the Big Three incumbent providers in some form or another.

The Business Model

Even though most of the participants were procuring services from only three vendors, many of the participants still found it particularly confusing to shop for telecommunications services due to the business model adopted by these companies. Participants were overwhelmed by ever-changing pricing and promotions, the emergent nature of telecommunications products and services, pushy salespeople, and the extensive range of add-on features and services. Specifically, pricing strategy was a common concern, since telecommunications pricing was perceived as unsystematic and haphazard. Some of the participants even suggested that in some instances, it felt that pricing was situational:

- **Thomas:** *Why does telecommunications [sic] have to be like you're in a Mexican market? You have to haggle.*
- **Allison:** *Sometimes I feel super frustrated because I feel like it is just kind of random, [based on] who you talk to. And in every case, I'm the same person, and I have the same history with them.*
- **Fran:** *I'll hear "Oh I just got a \$20 phone plan, and I got this data, and this, that, and that." And you go "Oh wow! That sounds great, I'm going to call in tonight and see if I can get that." And you call in, and they're like "No, that doesn't exist, there's no way that you can get that." That's when I get frustrated. Because really, like five people just told me today they have that same plan.*

Whether participants were shopping in-store or through call centres, they felt pressured by sales agents up-selling or over-selling them hardware products or plan features and services that they felt were unnecessary or unwanted:

- **Mitch:** *A lot of times I feel I'm being pressured into getting something I don't really need or want. They say that this is the best deal, according to them, but not really according to what you need. So you can be offered like a \$60 package, but they'll say the \$80 package is way better for you.*
- **Marilyn:** *I felt taken advantage of because she kept trying to sell me things that I didn't need and I would tell her that I didn't need them. I said I didn't want a data plan and she showed us like how many phones with a data plan? I said I didn't want an iPhone, and she showed us like five different iPhone options.*

With hardware technology evolving at a rapid pace, a plethora of add-on features to choose from and pressure from competing sales representatives, participants found it difficult to compare from one provider to the next:

- **Charlie:** *Just for a normal cell phone, start adding up all the extras, like your call display and your text messaging, text forwarding, and you know like all these extras, it's actually like quite hard to compare apples to apples I find.*
- **Keith:** *When I go shopping into those places, I'm just totally intimidated because the people that you talk to, they know everything about it and they talk so fast, and assuming [SIC] you know what they are talking about.*

Virtually all of the participants adopted an extremely cautious approach to dealing with telecommunications vendors, knowing that they would soon be bound to long-term contracts. For example, many of them became skeptical of teaser rates and free hardware promotions:

- **Frederic:** *The worst part about that three-year contract, is that typically the phones don't last that long. So then, it's almost like they're designed to last a year, which is exactly the length before you're eligible for a free upgrade if you re-sign another three-year contract. So it's this endless cycle of, you know, you had this one phone*

that was free for a year, and then when that year is up, they offer you an upgrade to a new phone, as long as you sign another three-year contract, and you just keep going with that.

Others questioned a business model where price was locked in for such a long period:

- **Dean:** *When you sign up, you always know that it could've been a better deal at some other time, it's just a frustrating process, and if you [only] knew that it was just transparent right off the bat. Like, this is what the service costs, and that's just what it is, and you didn't have to hear about your neighbor getting a better deal, and your brother-in-law getting this even better deal, and your friend getting a free this. You are constantly bombarded knowing that it could have been better, so you think 'I can get better,' right?*
- **Dean:** *You can't turn on the radio without knowing that there's a new deal for the new person. So every time, you know that you've got screwed somehow. There's always something better, you're never satisfied with what you have because they're always giving a better deal somewhere else.*

As such, participants found it important to invest a significant amount of time and effort into the procurement process, not only get a good deal, but to avoid getting a bad one.

The Shop-by-Phone Experience

While members of all three focus groups were frustrated and perplexed by the pricing and marketing strategies adopted by the incumbent Canadian telecommunications vendors, they were also irritated by the call centre shopping experience. While many participants expressed a longing to deal with salespeople face-to-face rather than on the phone, they typically found shopping by telephone to be unavoidable. In-store, they encountered salespeople who didn't have the authority to approve special pricing, whereas on the phone, they were transferred over and over, kept on hold for extensive periods of time, and dealt with agents reading prepackaged scripts rather than listening to their problems.

Upon visiting a retail store or kiosk, participants found that they were often directed to contact the telecommunications vendors through the call centre. Additionally, they found that there was an inconsistency between the decision-making authority of the storefront staff and the call-centre staff when it came to solving problems and offering promotions:

- **Diane:** *There's a 'disconnect' between some of the in-store people and the phone people. [...] They can't give you the same things; they can't set you up the same way.*
- **Lenny:** *You think 'Okay, I'll go into the store and have them help me out with it,' because it's a face and they can do something. But "No, sorry, there's a phone there in the corner if you want to call [name withheld]." Which is super-frustrating, yeah that they're a store, they can sell you the contract, they can negotiate everything for you, but when it comes to any issues with it, it's "Sorry, I can't do anything for you, you have to call, call our 1-800 number."*
- **Gloria:** *I know that if I call into the customer service line, they can give me an even better deal. So I'm like really, what's the point of even going in-store? And they admit it, like "Yeah, no it's true, call this number and if you talk long enough they'll give you whatever you want, so you're like "okay!"*

Interestingly, one of the participants was a former employee of a retail store operated by one of the Big Three providers, and recounted similar concerns while trying to contact corporate headquarters for her customers, despite being an actual employee:

- **Fran:** *I think the phoning-in thing is probably the worst. When I did work at [name of company], I always had customers coming in, and they were the most irate when they had just... They'd be like "I just got off the phone for eight hours dealing with this or that." And they were the ones, they had just hung up and they come in and they wanted to speak to us, and they wanted to talk to a face, a person. And the tough part was, there was very little we can do for them in-store. We don't... We can't change their accounts; we can't access any of that stuff. What would happen is, I would end up having to call the customer service with the customer standing in front of me and try to negotiate via a worker of [name of company] to see if we can figure something out.*

Although they were compelled to deal through the call centres, participants found that doing so was equally as aggravating. They reported that shopping by phone required a significant amount of time and frequently tested their patience. For instance, several consumers described the call centre experience in terms of hours, not minutes. Although this certainly entailed a degree of exaggeration, there were so many references to the length of calls and hold times that it was clear that participants viewed being kept on the phone as a great inconvenience, even if just for a few moments:

- **Allen:** *Do I find it frustrating? Yes, when I'm on the line for an hour or two hours.*
- **Dean:** *You have to like book off your Saturday or Tuesday night or call in at three in the morning, like whenever you have a lot of free time.*
- **Moderator:** *What aspects do you find frustrating?*

Diane: *Waiting on the phone.*

Allen: *Yeah. That's my number one complaint.*

Diane: *Or being transferred more so, not just waiting on the phone but being transferred between departments because you have to tell your...*

Carla: *Story a million times?*

Felix: *Same thing...*

Indeed, another recurring complaint was being transferred frequently:

- **Thomas:** *You have to call their line, and like go through 50 different operators or whatever...*
- **Allison:** *It seems to be taking me longer and longer to get through to the person that actually need to speak to and I don't know why, but I've seriously been on the phone for like, hours on hold and like going to the wrong, like been sent somewhere, been on hold, finally gotten through and then they're like "I can't help you, I'm going to put you through to this other line."*

Interestingly, the former telecommunications salesperson wasn't immune to this:

- **Fran:** *I still got the runaround as [an employee] for that company itself. It's frustrating for anyone calling into those lines, no matter what.*

Consumers were also aggravated by what they believed to be the use of scripts by call centre agents to guide their way through customer problems and concerns. They believed that call centre agents weren't listening intently to them and weren't flexible enough in some instances because they were following scripts:

- **Frederic:** *I think the scripts are actually pretty annoying because you can't like... These people have a script right in front of them and they're just reading off it, and they're not listening to anything you're saying. And they say, "Oh yes, yes, I completely understand." But they haven't listened to anything that you said. They're just reading the script, and this is how you respond, so you're not actually getting anywhere, you're just talking to yourself really.*

This particularly annoyed one of the participants, who hailed from Ottawa but was mistakenly offered a promotion intended for residents of Toronto. Rather than realizing that there had been a mistake, the representative tried to convince the participant to accept a complimentary HD television receiver offer, even though the customer would have to visit a retail store in Toronto to pick it up, since the Ottawa stores weren't offering the same promotion.

Participants also reported that it was difficult to visualize what was being discussed over the phone. As such, it was not uncommon for them to have had billing discrepancies in the weeks and months following a change in service. This reportedly happened so frequently that some of them questioned whether or not these discrepancies were intentional:

- **Jeanne:** *You know, it's guaranteed it's going to be wrong, and it's going to be not in your favour.*
- **Jeanne:** *You think you're getting a good deal, but you know when you actually get the bill, it's going to be complete chaos. [...] Then you have to call back, and probably spend another couple of hours explaining to someone completely different.*

- **Allison:** *Every time they make mistakes and discounts never go through the first time around. So the more times [sic], I think that they're actually just trying to charge me more and they are waiting to see if I'll spend 10 hours on hold to tell them they made a mistake and have someone fix it.*
- **Mitch:** *But I think a lot of companies would be that way, if you have any complaints we'll just try to wait you out and hope that your complaining will subside, and eventually you'll get too tired of calling in or doing anything about it.*

Participant Response to an Onerous Shopping Experience

The various factors presented thus far, including a consolidated marketplace, a business model that made comparison shopping increasingly challenging, and a time-consuming shop-by-phone process ultimately made for a rather onerous shopping experience. When this was further complicated by the inflexibility brought about by term contracts, it becomes possible to observe the makings of a 'perfect storm': A series of conditions that collectively left consumers with a generally distasteful perception of Canadian telecommunications vendors and led them to react strategically.

However, it should be noted that while participants were irked by the telecommunications procurement process and by the Big Three vendors themselves, there was a relatively strong sentiment among the three groups that vendors were not acting unethically:

- **Diane:** *I really don't find it unethical per se, given that I as a consumer am aware of my options, and I'm aware that I can change [suppliers]. So I think it's really on the customer to make those choices.*
- **Felix:** *So to say its 'unethical' for them to do that? No, no, you signed up at the time, with the best deal for you. Two-and-a-half years later it doesn't suit you? Well, it was a three-year contract.*

- **Charlie:** *If I was running a business, I would probably be like them, like 'do your best to keep your business here and also don't give them anything for free, you're not going to get rich by giving things away.'*
- **Lenny:** *They are doing it right. [...] We are all bitching and complaining about it, but we probably don't switch companies every single week that we're not happy with them. Hey, you're stuck with them for a period of time, if you are really dissatisfied, you switch. But they've still got your money for that time, and they know that you'll probably come back when you are dissatisfied with the other company.*

Instead, consumers simply questioned their loyalty to the telecommunications vendors.

Unprovoked by the moderator, two of the three groups raised and discussed the concept of 'reverse loyalty,' contemplating why they should tolerate a system where newer customers are given preferential treatment over loyal customers:

- **George:** *After a while you get the sense that they're, that they feel as though they are fine that they've got your business, that they don't need to do anything to keep it.*
 - **George:** *I think that, you know, it is kind of frustrating that there isn't returned loyalty in terms of, you know for me, I pay an exorbitant amount on the full package, and part of me sort of wonders why they don't ever kind of come back and say "you know, you do sort of spend a lot of money with us, so I don't know, maybe we're going to..."*
- Mitch:** *Give you something free?*
- George:** *Something.*
- **Lenny:** *So why are you excited that you are getting [an offer that is intended for new customers] as an existing customer? [...] Shouldn't that be an expectation that if you are willing to give this to a new person, why shouldn't you be willing to give this to me, someone who has already been spending all my money with you? [...] We get excited by these little deals when we are with them, because we think 'Oh yeah, we are an existing customer and they're helping us out here and there.' But the amount of things that they offer you to get you on board at the very beginning is astronomical compared to what they are willing to give you as a loyal customer, five, 10 years down the road.*

This became the rallying cry for several participants to approach the procurement process more aggressively in the future, while for others, served as the rationale for already doing so:

- **Alicia:** *It bothers me a little bit but at the same time, it also makes me realize that with that, in dealing with that particular industry you have to be more, kind of mercenary.*
- **Andrew:** *I don't want to play games [...] for things like this. I understand the need to, and I will do it, but it doesn't seem fair that you should have to do that.*

It also led some of them to describe telecommunications shopping as a long and arduous process that involved extensive preparation and an aggressive approach. Furthermore, a number of participants observed that the process was extremely adversarial, using words like 'battle' and 'fight' to describe how it plays out:

- **Allen:** *Everything is adversarial.*
- **Charlie:** *Put on your fighting gloves.*
- **Dean:** *You know this is going to be a battle, like you are going in there with this mindset and it's kind of ridiculous when you think about it. [...] If anything you learn, it's that when you're going into these things, you're going in for a long, tough battle, and you got to be prepared for it.*

When Contracts Expire: A Shifting Power Dynamic

Annoyed by the telecommunications vendors, and willing to get aggressive in the future, many of the participants commented on how power shifts significantly in their favour as term contracts approach maturity. While under contract, consumers felt that they had very little say in any changes to the price plan. However, participants ubiquitously understood that over time, as they approached the renewal period, they could leverage their business to obtain extra features and price discounts:

- **Dean:** *I find the minute you go in and say you're shopping around, like right there it's a hard close. It's like they'll throw everything at you just to try and get you to not leave the store so that they can close you.*
- **Jeanne:** *You know if you start threatening to leave they will try to keep your business.*

This spurred analysis in all three groups of a perceived shifting power dynamic:

- **Alicia:** *I think the power dynamic totally changes over the time of your contact depending on how long your contract is and if you have one. [...] If you're near the end of your contract, if you're talking in terms of like, receptiveness, I think they're much more receptive near the end of your contract and being aware of that power dynamic can definitely help you in getting a better deal.*
- **Lenny:** *I find their whole tune changes, you're constantly asking and asking for things, and then it comes time to renew your contract and you're back in a position of power, that they're more receptive to your ideas [...] rather than at any other time in the procurement process where you have no real authority.*
- **Fran:** *Who has the power in that dynamic at the moment? The company or you? And that dynamic is the reason why there is [sic] contracts, they wouldn't bother signing you in to a two-year or a three-year contract if it didn't mean that they could hold something over your head. [...] So I think it's more so, who has the power, who can walk away from the situation easily, or whether you have to pay now these incredible amounts to get out of your contract. They'll probably treat you a lot better if your contract is almost done.*

Due to the long-term financial commitment that it entailed, consumers clearly understood the importance of securing a favourable price plan before committing to a new service agreement. However, they understood that the onus fell on their own shoulders to aggressively solicit vendors for the best pricing. The participants suggested that those that don't take it upon themselves to pursue suppliers for discounts were certain to incur less favourable plans:

- **Jeanne:** *With these packages, you have to actually work to get the deals.*
- **Floyd:** *I think the onus is on each of us to really figure out what we want. And if it means putting in a couple of phone calls saying "This is what I'm willing to do, I have these services with you, I'm happy to move them," you know, see what they do – what's the worst they can say?*

In fact, there was a widely-held belief among the sample group that those who were willing to take on a more aggressive bargaining style and commit significant amounts of time to the process could expect to benefit from savings on their telecommunications plan:

- **Frederic:** *You have to make sure you ask for promotions, right? Because they don't...*
Lenny: *If you don't ask, they won't give it.*
Frederic: *[Nodding in agreement with Lenny] If you don't ask, they won't give it.*

In fact, participants may have even felt *entitled* to deals if they did so; believing that discounts were an eventuality if one put in the time and effort.

- **Diane:** *You know that you can get it if you ask for it; it's just, are you willing to go the extra distance?*
- **Floyd:** *If I have my stuff with Rogers, and I phone Bell and say "I'm with Rogers, my contract's up in, you know, 60 days, what can you do for me?" I bet you they throw everything but the kitchen sink at me.*

Interestingly, this was a widely-held belief, even among those who professed to be non-bargainers. In fact, the rooms weren't split on *if* the telecommunications vendors would offer promotional pricing, but rather, on *whether or not it was worth the time and effort* to seek it, since several participants suggested that the savings were insignificant to them:

- **George:** *But, you know, for me, the less that I have to do with these things the better. You know, like I'd rather just kind of set this stuff. And you know, if something costs me a few dollars more or whatever then it's not a big deal, I just kind of want to be able to, you know like get the package that I need and not really worry about it from then on.*
- **Charlie:** *I haven't looked into it. So right now, should I sit down and evaluate my TV needs and my internet needs and spend two days researching it to see if I can save ten dollars a month? Or do I sit outside and enjoy the summer? For me literally it comes down to that.*

This participant even expressed envy of some of the others:

- **Charlie:** *It seems like people on the other side of the table here are the guys that I kind of want to be in the sense that, you go for your demands, you get the service that you want, you set your terms, right? Obviously you guys have to spend more time with them on the phone and aggravation and knowing the right things to say. [...] I on the other hand, I really wish I had the patience to do that. [...] And you guys, they are probably still making money on you, but there's a lot of 'us' here too, that sit back, like "oh, that sucks," and then go on with it right? And it works for a lot of people.*

However, these participants were in the minority, as an overwhelming majority of attendees strongly opposed paying anything more than they felt was necessary and were more than willing to make the effort to pursue telecommunications vendors aggressively on a go-forward basis.

4.3.2. Competitive Negotiation Tactics

Prior theoretical literature on negotiation emanating from the field of communication often touches on the role of negotiation tactics. As noted earlier, tactics are not utilized in isolation, but are used sequentially as part of a broader negotiation strategy. Additionally, it was also noted that “the way in which negotiation strategies are utilized in pursuit of a goal is reflected in the form of the communication” (Weingart & Olekalns, 2004, p. 143). Thus, by scrutinizing how communication occurs in negotiation, we are afforded a great deal of insight about the negotiation process itself. Furthermore, prior literature concludes that not only do the patterns of communication change over time, but also that the manner in which they change impacts upon the negotiated outcomes.

As noted earlier, by framing their relationship with telecommunications service providers as an adversarial one, participants were able to rationalize the use of competitive negotiation tactics by consumers to challenge the Big Three. Participants discussed a number

of competitive negotiation tactics that they believed consumers should employ during the renewal period in order to get the best possible deal. Furthermore, even the non-bargainers among the three groups (those that elected to pay more to save themselves the hassle of negotiating aggressively) believed in and endorsed the use of a specific set of negotiation tactics when interacting with Canadian telecommunications companies as part of the procurement process. These tactics included:

1. Beginning well ahead of contract maturity to avoid getting caught in the minimum cancellation window. Several participants pointed out that many telecommunications contracts stipulate that even if the contract term is over, the consumer must give 30 days' notice of their intention to terminate their service. To prevent this from becoming an obstacle, participants simply started their reconnaissance well before the renewal period began:

- ***Floyd:** For me next time, you know, my plan comes due, like two months in advance I'm going to start looking and then start making phone calls. [...] I mean it's right that we are kind of like 'you know whatever let's get it over with,' [but] if you have a union, would the union go 'oh whatever, let's just get it over with?' They start, like, three months, two months, six months in advance.*

2. Researching competitor pricing on the internet and shopping around. Because telecommunications services are offered with many different value-added features and in many different bundled configurations, participants believed it to be beneficial to educate themselves thoroughly on competitor offerings:

- ***Mitch:** I like that it's all online that you can shop yourself, and once you are ready to buy, you know how much things cost [...] or what each provider is able to offer you. So if you want to shop around for whatever it is, you can go with Rogers, Telus or Bell and see what they're offering, what the comparisons are between each company.*

Moderator: *Do you find that the websites give you the information that you need?*

Mitch: *Obviously they leave some things off. But I think the overall packages you can see online, compare the pros and cons with them.*

Floyd: *I think it takes away too as [Keith] said earlier, the intimidation factor, that if you're going in there even if it's for Internet, you know, what you want, you can compare the different, compare the three or four Internet service providers, so that when you go in there you know you want. You can't, you know, can't be sold on something that you don't want or need, maybe that's one way to take away a bit of the, not so much the intimidation factor, but...*

Mitch: *The strong arm...*

Floyd: *The overwhelming kind of, like, 'what do I need?'*

Mitch: *The strong arm...*

3. Calling back several times to speak to multiple agents and get transferred to a superior, the customer retention department or the customer loyalty department.

One of the main frustrations noted earlier came from being transferred from agent to agent in the call centre. Nevertheless, there was a strong belief that front-line staff generally didn't have the authority to override standard pricing. Therefore, perhaps ironically, participants stated rather frequently that speaking to a person of authority was of utmost importance:

- **Allen:** *I will always ask to speak to the next person, their supervisor because they'll always give you a better deal. [...] The first person I talk to is almost never the person that's going to give you the best deal. [...] So I think it's a benefit that you get transferred, as long as it's their supervisor. You want to get transferred to someone that has a bit more authority.*
- **Alicia:** *I know that there's this fabled kind of customer loyalty branch and you call and say "Hi, I've been your customer for so long" and you insist on speaking with this branch to get kind of forwarded to a 'special' person who will give you a [deal].*
- **Allen:** *It usually only gets to [yelling] when the first person that I'm talking to isn't giving me the deal that I think is legitimate and so if there's a point where they're*

saying 'no this is not possible' and I know that it is, then they have to transfer me.

- 4. Threatening to terminate service.** Part of the reason why participants felt it important to speak to a person of authority was so that the caller could threaten to terminate their service unless the person of authority was prepared to offer preferential pricing.

Consumers didn't regret making this threat falsely and some even found it humorous:

- **Mitch:** *When they transfer you to customer retention, that's about the only time they do listen.*
- **Jeanne:** *You call and they put you through to retention once you get kind of upset with a regular customer service person they'll put you through to the retention or the loyalty, I think loyalty first, retention may be after the loyalty people. But retention, you know if you start threatening to leave they will try to keep your business. I have actually gone through with it a couple times, I quit with Rogers and I quit with Bell before so you just have to stick it out and really insist if you're sure.*
- **Floyd:** *Because that's the other thing when you phone, like I know Rogers has a 'customer retention unit' so when you threaten to call or to cancel, they transfer you to this and you know, it's like being on a game show. Like, "We'll give you this! And this! And that! And a new car!" [Laughter from others] But it's true!*

- 5. Leveraging promotions from other suppliers.** Having researched pricing and promotions offered by other vendors, participants felt that consumers should leverage this prior knowledge for advantage. However, they noted that offers were generally initiated by the vendors and that as consumers they typically did not have the ability to propose the contract terms. Therefore, they found that they could *elicit* favourable offers by leveraging competitor pricing:

- **Gloria:** *Well I was with [Company A] and I was thinking about switching over to [Company B] and they were offering me [...] a \$300 credit since I'm going to have to cancel my [Company A] account and then an extra hundred dollars in additional money just for switching over to a new company.*

Mitch: *But you stayed with [Company A]?*

Gloria: *I stayed with [Company A], yeah, because [Company A] found out about this and they kind of folded.*

- **Floyd:** *I mean, it might make sense to go to the competitors first before you go to your actual provider.*

Mitch: *And tell them what they can do...*

Floyd: *Yeah, and say what can you do for me, you know, prove that you want my business.*

Mitch: *Yeah, this is what they're offering me, what can you do to match it or beat it?*

6. Being polite. Many participants recounted their experiences yelling at or arguing with sales representatives, usually reflecting on them in a humorous light. Although this was viewed light-heartedly in retrospect, it became clear that some of the more experienced bargainers were particular about behaving aggressively, but politely. The participants suggested that agents were more likely to sympathize with them and assist them in achieving their goals if a cordial relationship was struck.

- **Frederic:** *You got to be firm, kind of do your research but you have to be polite. You're not going to get anywhere without a certain level of etiquette on the phone, but you can really get a lot more than they're willing to offer you up front if you kind of just stick to it and keep digging and don't accept their first, second, third, fourth, fifth offers.*
- **Felix:** *I've found that whenever I call them and I'm not screaming and yelling at them, number one I probably don't get transferred as often, and then they're more willing to say 'OK yeah, this guy legitimately wants to stay.*

This following exchange occurred between Allison and Fran just moments into the third session (with Fran being the aforementioned former telecommunications industry employee):

- **Allison:** *I try to be nicer going into the conversation because then I end up getting more instead of being mean right off the bat.*

***Fran:** Yeah, that's important. If an irate customer comes in yelling and freaking out, the sales rep or the person you're talking to gets turned off right away. But if you come in being reasonable and polite and pleading a case [...], you can appeal to someone's emotions and they'll be more likely to help you out or send you to the right people rather than just turn you away.*

7. **Hanging up and trying again.** The customer is always free to sign the contract, or reject offers and try again. One participant even noted that the consumer has nothing to lose by doing so, particularly since many telecommunications vendors require that agents document their conversations. Therefore, consumers can call around, while the best offers remain on the table since they've been documented on the customer's account.
8. **Follow up to ensure billing accuracy.** As noted earlier, many participants expressed that the first month's bill would likely be full of discrepancies. Therefore, participants found it advisable to review monthly statements rather closely, and to follow up with vendors as needed to ensure that any discrepancies are addressed.
 - ***George:** The bills are complex enough that every so often you have to kind of go back through them. Because on your cable you have such and such a package that has, you know, things that are added to it and it's taken away because of a certain discount and then you know, it takes a long time to go through the entire math of this.*
 - ***George:** They went through and they changed what my TV package was in a way that was disadvantageous to me. It was basically just an error [...] but you know it took me about two months and I had to call back and be like "okay something seems amiss."*

In describing how telecommunications consumers perceive the procurement experience, how those perceptions drive them to adopt competitive negotiation tactics, and how these tactics formed part of a grander procurement strategy, it becomes possible to

position the procurement experience overtly as a negotiation process. This notion will be elaborated upon in the next chapter.

Chapter 5: Discussion

5.1. The Procurement Experience as a Negotiation Process

Throughout this report, a deliberate delineation is made between the terms *negotiation* and *procurement experience*, because *negotiating for* products and services is undoubtedly different than *shopping for* products and services. Indeed, one of the things the study confirms is that consumers incorporate negotiation into the telecommunications procurement experience to vastly different degrees: Some categorically treat the procurement experience as a negotiation process, while others view negotiation only as one of a variety of potential strategies that might be pursued. Nevertheless, while procurement and negotiation serve as different concepts in definitional terms, upon detailed analysis, the results of the study suggest that the two are rather closely interrelated.

Countless definitions of negotiation emanating from the communication perspective (such as the ones presented earlier) describe negotiation rather vaguely, explaining rather simply that it is a process of communication between the participants. Generally, they emphasize the interdependence of the negotiation process, the rich nature of information exchange, and the importance of social interaction amongst the opposing parties. However, despite casting a virtually infinite definitional footprint, prior studies paint a rather narrow picture of negotiation. For the most part, earlier academic literature treats negotiation as a relatively systematic, orderly process, and looks almost exclusively at bilateral relationships. Therefore, it assumes that negotiation is reciprocal, whereby both parties serve as active participants in the dispute-resolution process (Olekalns & Weingart, 2008).

Because it assumes reciprocity, prior empirical research is almost exclusively observational in nature. Adair and Brett (2005), for example, identify 90 pairs of interactants and assign buyer and seller roles to each individual, and observe how those parties come to resolution. The participants are informed of their assigned roles, and then define their tactical strategies based on their preconceptions about the relational structures and behaviours that they believe are normal in negotiation. The parties then engage in a rather deliberate, reciprocal exchange in the pursuit of an agreement, and this activity is later analysed at length by the researchers.

Many of the seminal works in this area, including Gulliver (1979), Abbott (1986) and Holmes (1992) utilize a similar approach, either by employing role-playing human negotiators in hypothetical situations, or by analysing transcripts or recordings of actual negotiations. Undoubtedly, these analyses have provided unbridled insight over the last several decades as to how negotiators behave at different stages in the negotiation process, and how their behaviour shifts as the negotiation unfolds. However, since negotiation is today ever-pervasive and shaped much differently than it has been previously construed, it becomes reasonable to consider examining negotiation processes using other research methodologies.

Indeed, in virtually all of the prior observational research, the parties either explicitly agree to negotiate, or are compelled circumstantially to negotiate with one another to resolve a dispute (e.g. Adair & Brett, 2005; Holmes & Sykes, 1993). However, with rather vague *literal* definitions of negotiation, their subsequent interaction then becomes organized only according to a culturally-inherent notion as to what that process comprises (Holmes, 1992).

These culturally-defined relational boundaries structure all aspects of the negotiation, from the setting in which it occurs, to the forms and patterns of interaction, to the information that is actually brought forth. It is thus reasonable to say that the negotiation experience has been defined largely by convention, both in academic circles and in practice, through a cultural recognition of the customs and rituals that are characteristic to it.

Meanwhile, many of the leading contemporary thinkers on negotiation, including Fisher, Ury & Patton (2011), Carrell & Heavrin (2008), and Shell (2006) are in agreement that negotiation is becoming an increasingly important aspect of modern consumer culture and everyday interaction. In fact, both the results of this study and the contemporary literature reveal that negotiation is a vital aspect of the telecommunications procurement process. Conversely, both the results and the literature also reveal that due to certain circumstantial features, interaction in this particular marketplace is structured much differently than it has been in prior research on negotiation.

In the Canadian telecommunications procurement process, the two parties never explicitly agree to negotiate bilaterally, and the procurement process is never implied to have a negotiation dimension to it. Instead, vendors lean heavily on list pricing and advertise short-term promotions without explicitly pointing to the negotiability of pricing. For instance, vendor websites generally do not feature an invitation for consumers to bargain with vendors, and there are typically no advertised caveats (e.g. “Or Best Offer”)²³. The sample consumers, meanwhile, generally didn’t explicitly ask vendors to negotiate, either.

²³ See Rogers Communications (2012), Bell Canada (2012) and Telus Corporation (2012).

Instead, the participants in this study went to great lengths to *coax* vendors into extending discount offers, rather than simply asking the vendors to negotiate outright:

- **Allen:** *I will always ask to speak to the next person, their supervisor because they'll always give you a better deal. So I found it a probing process.*

Moderator: *How receptive do you find the companies are when you are the one initiating that?*

Allen: *They're not receptive unless I threaten something. Like I've been your customer for this long, and I'm gonna switch services, I'll stay on the phone with the same person and they are not going to move off of their positioning until the point which I threaten to either leave or switch one of their services or just to say I want to downgrade and pay you less. So I find they are not receptive very much until you threaten.*

This was echoed in many of the other comments, where consumers found indirect ways of *eliciting* offers from telecommunications vendors. The experience among the participants in this research thus differed significantly from the sample of negotiations that have been the subject of traditional observational research, where both parties – as well as the observers – were acutely aware that they were immersed in negotiation.

Nevertheless, the relationship between telecommunications vendors and consumers was characterised by the use of distributive tactics as part of a broader negotiation strategy that started well before the interaction began. Participants in this study showed a nearly unanimous disposition to engage in competitive negotiation tactics, such as researching the competition and shopping around, becoming argumentative, speaking to different representatives, and putting in extensive amounts of time to get a favourable price. According to many of the participants, interaction with telecommunications vendors regularly became adversarial in nature and at times confrontational in tone. Furthermore, even those participants that didn't tend to engage in these tactics at the very least believed in

their efficacy, opting to pay more for services only to avoid the perceived hassle of bargaining with telecommunications vendors. As a result, among both factions of participants (those who identified themselves as negotiators and those who did not), there was a universal expectation that discounted pricing was an eventuality if one were to pursue competitive negotiation tactics aggressively enough.²⁴

Therefore, the findings of this study show that negotiation is becoming increasingly pervasive, while at the same time showing that contemporary negotiation processes may be structured by and influenced by a wider variety of situational characteristics than prior research might imply. This suggests that either prior definitions have been too vague in scope (as to what kinds of interaction actually constitute negotiation), or conversely, that the body of empirical research has been too narrow in scope (by focusing only on the most recognizable forms of negotiation). Furthermore, while procurement and negotiation are different concepts in the most literal sense, the findings reveal that the Canadian telecommunications procurement experience might be treated more appropriately as a negotiation process, since distributive negotiation tactics feature so prominently as part of a broader procurement strategy. However, if this is the case, it becomes reasonable to question whether or not traditional phase models still hold weight, given that negotiation is structured so differently in this environment than it has been traditionally construed.

²⁴ For an interesting discussion on consumers and the sense entitlement, see Spangle & Isenhardt (2003).

5.2. The Telecommunications Procurement Process and Phase Model Research

According to Cupach and Canary (1997), phase models describe “the sequences of behaviours that interactants display as conflict unfolds over time” (p. 152). Similarly, Holmes (1992) describes phase models as “a form of process explanation in that such models parse processes into sequentially ordered stages or phases that constitute a coherent story” (p. 93). As noted in the literature review in Chapter 2, prior phase model research generally identifies three key negotiation phases: An *initiation phase*, aimed at acknowledging the dispute, specifying priorities, and emphasizing points of difference between the parties; a *problem-solving phase*, characterized by debate, information exchange, and movement towards a joint solution; and a *resolution phase* characterized by the formulation of agreement and execution of the agreement (Adair & Brett, 2005; Holmes, 1992).

Alternatively, four-stage model proposed by Adair and Brett (2005) details transactional negotiation in particular, which they describe as being more complex and progressive than other forms of negotiation. This model comprises a *Relational Positioning* phase, where the parties get to know one another and position themselves in relation to their counterpart; a *Problem Identification* phase, where negotiators build trust and bring the issues to light; a *Generating Solutions* phase, where parties move toward settlement; and a *Reaching Agreement* phase, where the settlement is reached. Although the first and last phases in the two models are very similar, the Adair & Brett (2005) model describes two intermediate phases rather than one, hence the four stages in total.

However, Holmes & Sykes (1993) conclude that “it is important to know how well theoretical phase models describe actual cases and to understand what dynamics may influence that resemblance” (p. 38). Therefore, to help position the procurement experience as a negotiation process, it becomes important to identify linkages between these prior theoretical models and contemporary Canadian telecommunications procurement activities.

5.2.1. Initiation/Relational Positioning Phase

In the first of the three phases in the Holmes’ model (1992), the initiation phase, the parties acknowledge their dispute, specify priorities, and emphasize points of difference. Meanwhile, in the first stage of the four-phase Adair & Brett model (2005), the relational positioning phase, the parties try to decipher whatever they can about their adversary and try to anticipate how the latter might proceed tactically. The tactics exhibited by consumers in the early phases of the procurement process were reflective of the initial stages in both the three-phase and four-phase models.

The participants in the present study initially set out by gathering information, conducting research, and posturing for advantage. Firstly, they sought to uncover whatever information they could about their existing agreements. Secondly, they used this opportunity to thoroughly investigate their future needs (such as hardware and network specifications), and research products, pricing and promotions offered in the marketplace. Lastly, they prepared for the remainder of the process, both mentally and logistically. While this phase involved very little verbal communication between the two parties, it should be noted that consumers’ non-verbal actions and verbal actions alike were characteristic of distributive negotiation, as participants used their prior experiences to guide their purchasing tactics.

The participants observed in retrospect an extremely important shift in bargaining power as time passed. As consumers approached the final months of their term contracts, they found themselves in a progressively stronger position to negotiate for future telecommunications products. Not only did they find that they could threaten to terminate their contracts to get better pricing from telecommunications vendors, but they also found vendors to be more eagerly courting their business during this period to get them signed to new long-term agreements. This period, described earlier as the *renewal period*, became a rather critical one for the participants.

Consumers began the telecommunications procurement process by establishing precisely *when* the renewal period was. This involved determining what termination parameters existed in their current contracts, such as the end date, early cancellation fees, and the minimum time frame for providing notice of termination (e.g. 30 days). For some consumers, establishing the renewal period became extremely important, as they consciously made bargaining for telecommunications services an annual occurrence:

- **Dean:** *I also just get frustrated just knowing that every year you have to call back in and you have to renegotiate.*
- **Jeanne:** *And then what I have to do is, every year, try to remember when my contract expires and then when your prices start to go back up after that year, you call back, ask for the loyalty department and they start throwing deals back at you.*

For others, knowing how much time they needed to provide their vendor with notice of termination was equally important, as the customer could only gain leverage from a cancellation threat if they could legitimately terminate the contract with little or no penalty:

- **Jeanne:** *It's really hard to threaten to quit when you know you can't leave.*

- **Lenny:** *You have no real bargaining power in those three years unless you want to say yes, reading the fine print, I'll give you \$600 to cancel my contract right here, right now.*
- **Alicia:** *You're pretty much theirs unless you're willing to pay the somewhat prohibitive fee of getting out of your contract.*

Furthermore, some participants reported that they vigorously monitored contract expiry dates, because they had been surprised by automatic renewal clauses in the past, whereby their contract was automatically extended by the vendor for another term upon expiry of the current term. For these consumers, awareness of the renewal period was as much about avoiding future financial liability as it was about finding future savings.

Another preliminary step involved research and information-gathering. Because of a number of factors, including the rapid evolution of technology and frequent changes to pricing plans, participants recommended that consumers think long and hard about their current and future technological wants and needs before initiating the procurement process. Some participants noted a tendency for salespeople to pressure them to commit to more expensive service plans than were needed. Others, who wanted to maintain a simpler complement of products and services, were overwhelmed by the range of basic options as well as the various add-on features and services available to them. As such, many of them made a very deliberate effort to educate themselves on product offerings well ahead of time.

Although part of the research process was geared towards finding one's bearings from a purely technological standpoint, participants also sought to gain pricing information in an evolving marketplace through comparison shopping. Consumers were actually quite keen to visit competitor websites to review promotions thoroughly before contacting their existing

service providers. In fact, with the exception of one participant, who fiercely endorsed one particular vendor over all others due to a previous billing conflict, the remaining participants showed very little inclination to remain loyal to any particular brand, unless there were any overarching technological requirements (e.g. a need to utilize satellite services over cable due to geography, etc.). This was a bit of a moot point for some, however, since many reported that their goals were just to mine preferential pricing from their existing suppliers rather than cancel, using their newfound familiarity of the competition's offerings:

- **Charlie:** *Do your research first so you don't get caught, so they don't call your bluff on it. [...]*
Allen: *No that's right, even if there's [only] one other company that you actually potentially could go to.*

Having approached the procurement process competitively based on their prior experiences, research thus became a crucial early step, as participants fought to equip themselves with as much information as possible as part of a broader strategy.

A final preliminary step involved preparing mentally and logistically for a long and drawn-out process. Indeed, one of the most common concerns raised by the participants pertained to the duration of the procurement process. However, there was a collective understanding that those who were willing to commit significant amounts of time to the process would be more successful than others. From a mental standpoint, this involved getting in the mindset to go through an exhausting, adversarial process and, in some cases, even meant adopting personality traits that weren't characteristic:

- **Alicia:** *[...] in dealing with that particular industry you have to be more, kind of mercenary. [...] You do have to be really aggressive. [...] It's not often that I think that you have to be that way when you're looking for a service that you're paying for.*

Even the consumers who took on a more integrative approach by being polite did so for distributive reasons, putting on a 'nicer' persona as a means of getting more out of the ensuing interaction:

- **Allison:** *I try to be nicer going into the conversation because then I end up getting more instead of being mean right off the bat.*
- **Fran:** *You can appeal to someone's emotions and they'll be more likely to help you out or send you to the right people rather than just turn you away.*

Logistically, meanwhile, preparation involved clearing schedules and making oneself available to communicate with telecommunications vendors without being limited by time constraints. Indeed, participants frequently joked about rescheduling activities and freeing up their down time simply to connect with their vendors.

5.2.2. Intermediate Phase: Problem Identification & Generating Solutions

A second pattern of activity emerged that shared many commonalities with the intermediate phases in both the three-phase and four-phase models. In the problem-solving phase in Holmes' three-phase model (1992), interaction is characterized by debate, information exchange, bartering and movement towards a common solution. Meanwhile, two intermediate phases are described in the Adair & Brett model: A problem identification phase, characterized by reciprocal exchange of priority information as negotiators build trust and bring the issues, options, and underlying interests to light; and a generating solutions stage, where parties passionately shift between integrating information and influencing the outcome (2005, pp. 36-37).

The mid-point of the telecommunications procurement process was indeed characterized by information exchange, as participants made their first contact with

telecommunications vendors. For many, this became a rather passionate occurrence as time went on, as participants recognized the importance of securing a favourable contract for the long term. Undoubtedly, many of the participants were more than willing to spend hours on end on the phone because they felt so entitled to pricing discounts. This passion then boiled over in some instances, as participants reported becoming agitated, arguing and even yelling vehemently on occasion with telecommunications vendors.

Throughout this stage, consumers acted competitively to realize future gains. For example, for many participants finding the right person to communicate with was just as important (or even more important) than actually communicating with them. Participants were shuffled between call centres and retail outlets, only to find that store employees had little authority to override base pricing. Therefore, they typically engaged in the procurement process by telephone. Once in contact with a representative in the call centre, participants looked for ways to speak to a person with substantive decision-making authority. While some reported simply asking to speak to a superior, others actually threatened to terminate their service outright, merely to be transferred to a different representative in the customer retention department.

At this point, many consumers adopted certain personality traits insincerely; taking on personae that they believed would help them achieve their aims. Although these ‘alter-personae’ were devised earlier in the process, it wasn’t until the intermediate phase that they could be adopted. Participants found merits in being both aggressive and firm, but polite and patient. Some felt that aggressive behaviours, such as yelling or becoming argumentative would compel telecommunications vendors to become more flexible with pricing, while

others found it more beneficial to endear themselves to a sales representative, who would in turn be more likely to assist the consumer.

Whether consumers pursued the procurement process argumentatively or endearingly, once participants found a sales representative that they were comfortable communicating with, they sought to parlay the findings of their earlier research into better pricing. Again, participants were certainly not hesitant about threatening to terminate their services, even if they were making the threat under false pretences:

- **Diane:** *I would stay with [Name of Vendor], likely announce or maybe use an empty threat of some sort. Fully knowing it's an empty threat; I wouldn't leave their service.*

After communicating with their existing service providers, virtually all of the participants were then prepared to reach out to other service providers and lure the various companies into a bidding war for their business. Consumers were also prepared to continue shopping around, or to continue speaking to different sales representatives until an acceptable offer was presented. In a number of instances, the participants even suggested hanging up and calling back to try to find another sales representative that might be more responsive to their wishes.

5.2.3. Resolution phase

In the final phase of both the Holmes and Adair & Brett models, the negotiating parties moved beyond information exchange towards a resolution (Adair & Brett, 2005; Holmes, 1992). For Holmes, the resolution phase was constituted by formulating agreements, working out the finer details, and executing the final agreement (pp. 86-87). On the other

hand, Adair & Brett are less optimistic about this phase, noting that it doesn't necessarily involve reaching a settlement. They note that it is characterised by a final exchange of highly distributive offers, as parties seek to maximize their gains in the final agreement, and suggest that in this phase, the parties are more likely to present counteroffers than utilize persuasion. Because the Adair & Brett model describes negotiations that are more reciprocal in nature, the latter stages in the present study thus became more reflective of the Holmes model than the Adair & Brett model (the concept of reciprocity is discussed in greater detail in the following subsection).

In this phase, the negotiating process came to a pinnacle as consumers either entered into long-term service agreements, or walked away altogether and found an alternative service provider. Generally, consumers pressed vendors until they believed that the latter was presenting their final offer. However, there was very little insight as to how consumers determined when that offer was actually in play:

- **Moderator:** *How do you know, as a customer, when you were talking to them on the phone, what's a good offer, and what's a not-so-good offer, or do you not know that?*

Allison: *I suppose you don't. You just know how the person is treating you. But I guess if they leave you with a sense like they've looked through their options, and they're kind of being honest on the phone, saying "okay, I can do this and this and this," and they're trying to actually get you the best deal. [...] But if you have someone like, "oh, my hands are tied, I'm really sorry I can't offer you anything," and you know that's not true, then they should be able to offer you something.*

The customer implies that she might be more likely to accept an offer and sign a new contract if she was content with the level of customer service she is being provided.

In regards to customer satisfaction, the resolution phase was characterised by short term gratification, but more widespread discontent in the longer term. While consumers

were excited by short term discounts or the thrill of obtaining the latest and greatest hardware products, their enthusiasm faded once they got their first bill or the hardware became obsolete:

- **Charlie:** *I really, really enjoyed the feeling I had for probably the first week after I had my iPhone because I got an amazing deal. [...] That first week right after I purchase something I'm really happy, but then I get my bill.*
- **Keith:** *A lot of the stuff she told us just didn't turn out to be true. [...] And then you're into arguing with them, and something that was the cheapest phone [available], it was like \$39 a month turned into \$122 in the space of a month and a half. So I wasn't too happy about that.*
- **Frederic:** *The worst part about that three-year contract, is that typically the phones don't last that long. So then, it's almost like they're designed to last a year, which is exactly the length before you're eligible for a free upgrade if you re-sign another three-year contract. So it's this endless cycle.*
- **Lenny:** *I was quite happy with the service that I got right off, afterwards. But now, I guess, when you constantly see all these new deals coming out with lower prices for this, that, you start to question whether the package that you have is really that great. [...] So I think over time, I've been less and less happy with my package rather than when I first had it on day one when I was super-pleased with it.*

Because of these mixed feelings, participants in all three sessions recounted being torn between staying with their incumbent provider, and moving to an alternative vendor. They discussed a number of considerations that they might take into account to decide whether to stay put or move their services to another vendor. Among these, price and technological limitations were cited rather frequently, as discussed in the previous chapter. However, as noted earlier, participants also showed very little preference towards any particular brand. Therefore, the issue of customer satisfaction and consumer loyalty is discussed in the next section in greater detail.

5.3. On Loyalty and the Reciprocal Nature of Interaction

If the telecommunications procurement experience is to be treated as a negotiation process, it is acknowledged that the findings likely project a rather one-dimensional view of that interaction by focusing almost exclusively on the consumer perspective. However, upon closer examination of some of the relational dynamics in this particular market, it becomes possible to see why this is the case. By and large, vendors have placed greater emphasis in recent years on automating many aspects of the customer experience (Ferguson & Brohaugh, 2008). Arguably, the dominant approach to managing customer relationships has been tuned more towards the development and implementation of CRM platforms and yield management strategies than on refining social processes like customer service (Higgins 2010a&b; Ferguson & Brohaugh, 2008; Jallat & Ancarani, 2010).

It might even be argued that the dominant business model has been predicated upon a misguided notion of what constitutes customer loyalty. In the telecommunications industry, consumers are attracted by preferential short-term pricing and effectively lured into becoming long-term clients²⁵. Although the participants in the study and the prior academic literature both refer to this as a form of consumer loyalty, the results suggest that when consumers commit to telecommunications contracts, they are doing so to save money rather than to express their allegiance to a given brand. Therefore, while vendors have used CRM platforms and short-term incentives as means of generating consumer loyalty, some research has shown that these moves have actually had the opposite effect, by alienating consumers

²⁵ However, it would be unfair to suggest that consumers are universally blind to this prospect. Many of the consumers in this study were well aware of the sacrifice they were making to get favourable pricing.

and ultimately making them *less* allegiant to brands in the long run (Ferguson & Brohaugh, 2008; Higgins 2010a&b).

Various experts, such as Higgins (2010b) and Ferguson & Brohaugh (2008) suggest that telecommunications vendors have been going about their business the wrong way. They argue that in working so hard to master call centre and consumer data management, telecom vendors have effectively neglected customer service practices. Ferguson & Brohaugh caution that:

The industry is still fraught with the mindset that if you build the pipe or the platform, customers will still plug in and pay the bill every month, regardless of how they feel about the brand. The end-game of technological convergence, however, is technological parity, with all providers offering the same relative levels of products and services at the same prices. (Ferguson & Brohaugh, 2008, p. 315)

The problem, in their opinion, is that telecommunications vendors have placed so much emphasis in recent years on customer acquisition rather than on customer satisfaction. They peg the average acquisition costs for the typical telephone or cable company at over \$200 [\$USD] per customer, a burden that presents a new set of challenges:

These costs have forced telecoms to recoup costs by enforcing loyalty through the use of restrictive long-term contracts, which in turn lead customers sick of poor customer service, spotty networks and sweetheart deals for new customers looking for the exit signs. [...] Big Telecom's focus on acquisition actually breeds disloyalty. The churn rates in the telecom industry are the highest in nearly any industry. (Ferguson & Brohaugh, 2008, p. 315)

For Higgins (2010b), part of the problem is that while vendors have successfully begun integrating telecommunications distribution and content, they have yet to horizontally integrate their customer service streams, which continue to operate as discrete business units:

One reason telecoms have difficulty in appreciating the full customer experience is that they engage customers via a functional approach, rather than a personal one. For example, a telecom's "tech support" department sees a consumer as a problem needing a solution, while the billing department only has records related to payments, and marketing sees an up-sell or cross-sell opportunity. No one sees all of these functions in a holistic way. One key to improving the customer experience is to reduce internal "silos" or barriers. (Higgins, 2010b)

Jallat & Ancarani (2008) go so far as to argue that:

Telecom companies do not know their customers' behavior very well. And they try to reduce the great variability observed among customers in order to obtain a set of well-controlled behaviors. This is one of the main reasons why their communication is very price-oriented. (2008, p. 472)

Telecommunications vendors would likely oppose this sort of characterization of their activities. However, it is certainly a dimension worth exploring further, as one of the recurring themes in this study was the weak overall perception of the customer experience. For example, participants reported being fed up with being transferred to different business units, to the point that they started using this tactic vengefully. As well, despite purchasing telecommunications services promoted as integrated bundles, participants had difficulty getting integrated monthly bills²⁶. Furthermore, consumers reported being frustrated with marketers trying to sell products that didn't meet their actual needs. Moreover, participants believed that customer service representatives were not listening to them attentively and were using a heavily scripted approach to customer service rather than acting genuinely. Lastly, in one of the focus group sessions, participants even complained about some of the more

²⁶ A similar conclusion is reached in a recent consumer study in the United States by Consumer Reports magazine. See Consumer Reports (2010).

mundane aspects, like having to repeatedly verify their personal information for privacy purposes each time they were transferred to a different agent.

Therefore, even if telecommunications vendors and industry experts disagree on paper as to how vendors perform in the area of customer services, what really matters is how vendors are *perceived* by consumers. In this instance, because of a whole host of factors, the participants became so disengaged that they vindictively devised and effected competitive negotiation strategies without reservation. For the consumers, negotiation did not constitute a singular exchange between two parties, but as a longer process involving many different elements. As such, this paper posits that the sample participants didn't treat negotiation as a *bilateral* process involving two human adversaries, but engaged in negotiation *unilaterally* against anonymous, corporate adversaries. Customer service representatives served merely as deputies of decentralized corporate entities, and as such, telecommunications vendors did not share a parallel seat at the negotiating table. This supports the earlier notion that negotiation structures are not universal, and provides support for further research in this area.

Chapter 6: Conclusion and Recommendations

6.1. Revisiting Prior Research on Focus Groups and Negotiation

In recent years, an emerging body of social research has helped to refine and systematize focus group sampling strategies, methodology and data analysis techniques. This has had the residual effect of both normalizing and legitimizing the wider use of qualitative focus group-based research throughout the social sciences. More than ever before, focus groups have been embraced by the academic community for their ability to generate a large amount of rich, contextualized data in a manner which is both cost-efficient and timely. On the other hand, because of the small sample size and the emphasis on participant-driven responses, this often comes at the expense of generalizability and representativeness, which must be taken into perspective when analysing results and generating conclusions.

To that end, this paper does not profess to make any comprehensive declarations about negotiation, the telecommunications procurement experience, or the concept of customer satisfaction. However, it does provide critical insight into all of those areas by uncovering how the sample group perceives telecommunications vendors and the procurement experience. This leads us to revisit negotiation process (phase model) research, as well as the concept of negotiation itself, while providing new direction for vendors actively marketing to Canadian telecommunications consumers.

Over the course of the last century, negotiation has been examined from a number of different disciplinary perspectives. However, in recent years, a nascent body of communication research has looked at the interactive aspects of negotiation. Research in this area denotes that negotiation tactics, both distributive and cooperative, feature prominently in negotiation. It also holds that these tactics are used not in isolation, but rather form part of a sequential negotiation strategy. These strategies are reflected in the communication between the parties (Weingart & Olekalns, 2004, p. 143). Thus, by scrutinizing how communication occurs in negotiation, we are afforded a great deal of insight not only about the negotiators' strategies, but the negotiation process itself.

As part of its examination into the procurement experience, this particular study looked at some of the situational features specific to the Canadian telecommunications market, such as its fiercely competitive and oligopolistic market structure. Based on a review of recent academic literature and on the findings of the study, the research concludes that these factors have played a rather profound role in shaping the consumer approach to the procurement experience. Consumer activity is both *influenced by* market conditions, and is simultaneously the *product of* those conditions, a conclusion which might be affirmed more positively through further experimental research.

Additionally, the research did not concentrate exclusively on verbal interaction, but also touched on some of the forms of non-verbal communication that have become integral features of the procurement experience and an extended negotiation process. This included many different non-verbal cues, ranging from visiting a retail outlet in person, to hanging up the phone and calling back, to conducting online research and more.

The research revealed that the sample consumers perceived the Big Three vendors—as well as the procurement experience itself—in a rather negative light, which had a considerable impact on the way in which consumers effectuated the procurement process. The participants showed a tendency to approach the telecommunications procurement process calculatingly and strategically, and reported forming procurement strategies characterised by aggressive behaviour and competitive tactics rather early on. On an individual basis, these behaviours revealed a great deal about consumers' respective procurement strategies – *how* they expected to secure products at a reasonable price. However, on an aggregate level, these behaviours provided unbridled insight into the telecommunications procurement experience overall, helping to define it more appropriately as a negotiation process.

Interestingly, the participants in this study reported that in the telecommunications industry, both the dynamics of negotiation and the patterns of communication changed over time. Generally, they agreed that the balance of structural power shifted significantly as their contracts drew nearer to expiry. Participants felt that while under contract, they were less likely to persuade telecommunications vendors to offer preferential pricing. However, as consumers approached the end of their contracts, they were almost universally prepared to leverage their business to secure discounted pricing, free hardware, or value-added features. Participants also reported that the ways in which they interacted with telecommunications vendors, in terms of the medium of communication (through the call centre, online or in-store), the characteristics of interaction (duration, tone, etc.) and the frequency in which it

occurred, changed depending on how close they were to the end of their contracts.

Therefore, not only did the patterns of communication change over time, but these changes had significant impact on the outcomes of negotiation.

This raises a number of opportunities for further academic inquiry or alternatively, for commercial application, as discussed in the next two sections.

6.2. Opportunities for Future Academic Research

This study looked at the various characteristics and features of two very different data collection strategies; namely focus group research and observational-style research. The study posits that observational research is incapable of fully describing the negotiation process because it involves the systematic analysis of dialogue, which is in effect only a snippet of a relationship. Despite looking at negotiation as a process, it fails to examine the negotiator relationship in its true context because by its very nature, it takes on a rather limited view of what comprises the negotiation experience. As such, observation-based research largely fails to take into account how negotiators develop preconceptions about their counterparts, how those preconceptions affect the communication dynamic, and how changes in that dynamic impact the outcomes.

Meanwhile, the focus group methodology employed in this study is better suited to uncover some of the circumstantial aspects of negotiation. Unlike observational research, it reveals more overtly that in the development of a negotiation strategy, negotiators generate preconceptions about their counterparts based on their prior relationships and prior encounters with competing vendors. This implies that transactional negotiation is a much

lengthier process than it might first appear. This leads to a reconsideration of the structural and definitional boundaries of negotiation: Who is a negotiator, and at what point does an exchange become not merely an interaction, but a negotiation?

On the other hand, this study is bound by certain methodological limitations. For example, the participants' assumptions about telecommunications vendors were largely anecdotal in nature. This suggests that while this study provides support for prior phase model research and endorses the expansion of empirical research in this area, its conclusions are somewhat circumstantial in nature. A different sample population, for example, may have featured a larger group of clients from vendors that do not rely as much on term contracts, such as some of the new wireless market entrants.

Furthermore, focus groups involve a fundamentally different analytical approach than observational research, meaning that while this strategy can provide a great deal of insight into the consumer perspective, it is not the ideal vehicle for uncovering the vendor perspective. For this reason, even though data was systematically-collected and seemingly convincing, the researcher concludes that there is significant merit in pursuing both streams of research, provided that they complement one another and/or can be supported by other forms of empirical research.

While this study takes a more comprehensive view of what constitutes negotiation behaviour, the findings of the research do infer support for the Holmes phase model, as discussed in Chapter 5. However, because of methodological limitations described above, the researcher posits that future observational-based, experimental research on the

telecommunications procurement experience might permit the development of a more firmly-rooted phase model in this area. Arguably, such an endeavour would provide a much more balanced, two-dimensional analysis of negotiation relationships, which might help to reinforce some of the conclusions in the present study more affirmatively. However, if such an initiative were to proceed, based on the findings of the present study, it is recommended that the data collection (that is, the observation of the negotiation experience) begin much earlier in the process rather than solely at the point of interaction. A further initiative would be to conduct observational-style research in this area that is much more discrete (perhaps even secretive), to eliminate the prospect of participants behaving un-genuinely knowing that they were being closely monitored for an extended period. However, it is noted that this raises significant ethical considerations which would undoubtedly have to be addressed.

Additionally, future case study research on vendor strategy and CRM technologies would be advisable, provided that telecommunications vendors would be willing to openly provide better insight into their respective strategies. This should not be treated as a given, since it would ask vendors to disclose and make public confidential information about their operations. This is perhaps unlikely to occur in the short-term because of the continued competition among the Big Three. Alternatively, it might involve the signing of a non-disclosure agreement, which would prevent the findings from being widely circulated after the completion of the study. Therefore, the best prospect for analysis of this nature may come retrospectively, well into the future.

6.3. Commercial Applications

The research presents a potentially game-changing strategic opportunity for Quad-Play telecommunications vendors in Canada. If one or more of the national vendors sees the need to redefine the industry standard of customer service, and is willing to take the risk and front the immediate investment in this area, it may find itself pleasantly surprised by the outcome. Indeed, Higgins (2010b) suggests that the vendors that are likely to be most successful in the future will be the ones that find a way to provide a more fully-integrated, customer-centric experience. Ferguson & Brohaugh (2008), meanwhile, note that while new mobile consumers are more likely to choose their carrier based on elements like plan features, handset features and cost, renewing consumers are more likely to base their choice to stay or switch providers based on their perceptions of brand image, quality of service, and switching barriers. Therefore, in an era of rapid churn, the best growth strategy may involve shifting the focus towards customer retention rather than maintaining an emphasis on customer acquisition.

Assessments such as these are certainly deserving of additional consideration, even if based solely on the subjective observations of the participants in this study:

- **Fran:** *They aren't being trained properly; they aren't being given the proper materials to know [...] who to send you to, how to deal with you. And if they were better at that process, we wouldn't get as frustrated as customers.*
- **Mitch:** *Show a bit of honesty instead of trying to strong-arm you into something you don't want to do.*
- **George:** *Just being upfront and scaling back some of the pressure, and being clear about what the pricing is, that's the main thing.*
- **Jeanne:** *If they don't stay on top of the market and stay on top of what customers want, then eventually new companies will come in [...] and if they are not at the*

forefront in keeping customers happy, then they eventually will lose share price and they will lose customers.

However, one barrier to adopting a new business model might be that by the time new customer service processes can be designed and implemented, consumers will have only just become accustomed to the present model. This might make telecommunications vendors extremely reluctant to toss their current business model by the wayside, if they believe that their customers would be so skeptical as to continue to act competitively in the short term. Therefore, a good intermediate step might involve studying the triadic relationship between Average Revenue per User (ARPU), consumer churn and customer satisfaction more comprehensively. Vendors might be more willing to revisit their current customer relations strategies if it can be convincingly demonstrated that increasing customer satisfaction will lead to higher ARPU.

6.4. Conclusion

This research finds that consumers' perceptions of the dominant Canadian telecommunications vendors have a considerable influence on their purchasing behaviour. Not only does this carry significant economic ramifications for both parties, but it also leads many consumers to procure telecommunications products and services strategically. A qualitative examination of the telecommunications procurement experience reveals that both the tactics employed by consumers and the manner in which they are organized are characteristic of negotiation. However, the telecommunications procurement experience features a relational structure that is pointedly unique – and thus vastly different – than those described in traditional negotiation research, as consumers effectively engage in the

negotiation process unilaterally. Nevertheless, a comparison between consumer telecommunications procurement activity and some of the leading theoretical phase models supports the notion that this experience be treated as a negotiation process. By reconsidering the definitional concept of negotiation, this study provides an impetus for the expansion of phase model research in this area and beyond. This study thus contributes to the body of empirical negotiation research by providing a new dimension to the prevailing theoretical assumptions in a relatively understudied area, while providing ample opportunities for further research.

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Appendix A: Letter to Prospective Participants

David Lauer, M.A. Candidate,

Department of Communication,
Faculty of Graduate and Postdoctoral Studies, University of Ottawa

Dear Participant,

As an M.A. candidate from the Department of Communication at the University of Ottawa, I am conducting a research project titled ***Lets Make a Deal: Consumers, Negotiation, and Telecommunications Pricing in Canada.***

Having received the approval of the University's Office of Research Ethics and Integrity, I am presently seeking volunteers to participate in a focus group on their experience negotiating telecommunications service plans in Canada.

The participants in this study will be consumers of telecommunications services that:

- Have recent (last 3 years) experience ordering/purchasing one or more subscription-based digital telecommunications products and services intended for personal or family usage; and
- Are not reimbursed by their employer for their monthly telecommunications expenses.

Subscription-based digital telecommunications services include landline telephone, mobile phone, broadband internet, digital television and digital satellite radio or internet radio services.

Your participation will be needed for approximately ninety minutes. Your involvement will include your participation (along with several other participants) in a moderated focus group conducted in English, as well as the completion of a brief questionnaire (attached).

Your identity and that of all participants will be kept private and confidential, so that the nature of the questions posed is such that there is no risk to you. The answers that you provide in the focus group will be audio-taped and, later, transcribed, printed and kept strictly confidential at the University of Ottawa. All participants will be asked to sign a confidentiality agreement

Your participation would be greatly appreciated. If you are interested in participating in the focus group, please let me know your availability to attend a meeting at the University of Ottawa.

Thank you for your support and contribution to this research. Please feel free to contact me if you have any questions.

Sincerely,

David Lauer

Appendix B: Standard Consent Form

Title of the study: **Let's Make a Deal: Consumers, Negotiation, and Telecommunications Pricing in Canada**

Researcher: **David Lauer, M.A. Candidate, Department of Communication, Faculty of Graduate and Postdoctoral Studies, University of Ottawa**

Supervisor: **Dr. Pierre Bélanger, Ph.D., Associate Professor, Department of Communication, University of Ottawa**

Invitation to Participate: I have been invited to participate in the above-mentioned research conducted by *David Lauer*.

Purpose of the Study: This study aims to examine consumer attitudes and behaviour in the Canadian telecommunications industry, specifically in relation to pricing and the negotiation of service plans.

Participation: My participation will involve the completion of a demographic questionnaire and participation in one of three focus groups with the researcher serving as the facilitator and mediator in a private meeting room in Ottawa. My participation will last approximately sixty (60) to ninety (90) minutes. The focus group will be audio recorded and notes will be taken.

Risks and Discomforts of Participation: Participation in this study requires approximately sixty to ninety minutes of my time in a focus group with the researcher. I will be interacting with other participants.

Benefits of Participation: My participation in this study will contribute to the academic understanding of negotiation behaviour and consumer negotiation tactics. My involvement may help frame future quantitative study in this area, or alternatively, provide telecommunications vendors and consumer groups with valuable insight into the consumer bargaining experience, thus guiding future pricing and marketing strategy.

Confidentiality and Anonymity: Although my name will be masked in written publications or presentations, I may be directly quoted from the focus groups

in any publication or presentation of the research under my chosen pseudonym. I understand that the confidentiality of participant identity and participant information is assured and that every focus group member has a shared responsibility to keep the session discussions strictly confidential and anonymous due to the sensitivity of this study.

Conservation of Data: All data (both hard copies and electronic data, including audio-tapes, transcripts, questionnaires and notes) will be kept in a locked drawer in the researcher's home throughout the research period. Only the researcher and his academic supervisor will have access to the raw data. After the researcher's thesis is defended, the researcher's supervisor will keep a copy of the research data in his locked office for a period of five years, from 2011 to 2016. A copy of the data will be stored at the University of Ottawa during the conservation period. After the 5 year retention period, all research data will be destroyed.

Voluntary Participation: I am under no obligation to participate and am free to withdraw from the study at any time and/or refuse to answer any questions without suffering any negative consequences. As transcript review is not recommended in focus groups, participants will not be offered the opportunity to review transcripts. I also understand that my contribution to the study cannot be withdrawn during or after the focus group session, as it is an integral part of the focus group collaboration in the research and could possibly be used in the study. Should I withdraw from the study, the data collected up to that point will not be withdrawn.

Contact Information:

The researcher: David Lauer, M.A. Candidate, Department of Communication, Faculty of Graduate & Postdoctoral Studies, University of Ottawa.

The supervisor: *Dr. Pierre Bélanger*, Department of Communication, University of Ottawa.

Acknowledgement & Agreement to Participate in Research:

I agree to participate in the above-mentioned research study conducted by David Lauer of the Department of Communication, Faculty of Graduate & Postdoctoral Studies, University of Ottawa, under the supervision of Dr. Pierre Bélanger.

I understand that direct quotes from my interview may be used in the researcher's thesis. As a result, I agree to be contacted if necessary to verify the accuracy of transcripts.

If I have any questions regarding the ethical conduct of this study, I may contact the Protocol Officer for Ethics in Research, University of Ottawa.

There are two copies of the consent form, one of which is to be signed and returned to the researcher before participation in the focus group and another is mine to keep.

I voluntarily agree to participate in this study.

Participant's Name: _____

Participant's Signature: _____

Date : _____

Researcher's Signature: _____

Appendix C: Focus Group Protocol

- 1) Tell us a few sentences about yourself. (Icebreaker)
- 2) What telecommunications services and companies do you currently subscribe to? What other telecommunications providers have you dealt with in the past? (Icebreaker)
- 3) Think back to times that you have shopped for, initiated, or renegotiated an arrangement for telecommunications services. What were your impressions of the process? How did you approach this process?
- 4) How did you feel about the outcomes of this process initially, and how did you feel about these outcomes over time?
- 5) What aspects of the telecommunications shopping experience do you appreciate? Which aspects do you find particularly frustrating?
- 6) What do you think variable pricing means? What are your impressions of variable pricing? Do you think that variable pricing is fair? Ethical?
- 7) Have you ever cancelled or intended to cancel your telecommunications services? Have you ever initiated the cancellation process but not followed through? Tell us about it.
- 8) Thinking back to the times when you have established or renewed your relationship with a telecommunications provider, what have you learned about the process? What have you learned about your approach? What have you learned about the telecommunications providers' approach?
- 9) Thinking ahead to the next time that you will establish or renew your relationship with a telecommunications provider, is there anything that you might do differently? What do you think the big companies might do differently?
- 10) Do you think that the telecommunications providers treat existing customers differently than potential customers? What leads you to think this way? In what ways do you think the big telecommunications companies strategize about this process?
- 11) If you could give advice to a consumer who has never before initiated a contract in the telecommunications industry, what advice would you give?
- 12) If you could give advice to a consumer whose contract has expired and is eligible for renewal, what advice would you give?
- 13) If you could give advice to a telecommunications vendor, what would you say?

Appendix D: Demographic Information Form

For confidentiality, a pseudonym will be assigned in place of your real name, and will later appear in transcription, notes, data analysis and in presentation or publication of the research.

First Name: _____
 Last Name: _____
 Home Phone: _____
 Work Phone: _____
 E-mail: _____
 City: _____

Gender: ☐ Female ☐ Male

Age: _____

Occupation: _____

To which of the following services to you presently subscribe?

	Name of Provider?	Do you have a term contract?
☐ Digital TV/HDTV		
☐ Analog (Basic) Cable		
☐ Wireless Phone (Phone only)		
☐ Wireless Smartphone (Phone & Data)		
☐ Landline Telephone		
☐ Residential Internet		
☐ SiriusXM Satellite Radio		
☐ Other: _____		

Do you receive any of these services as part of a multi-service bundle? If so, please describe.

Appendix E: Focus Group Seating Plans



