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CUSTOMER ALERTNESS AS AN EXTERNALITY OF THE MARKET

In paying open attention to the features of demand as an endogenous market element, thus downplaying the decisive role of supply technology, Austrian theory constitutes a deviant from economics' mainstream. Still it is obvious that customer impact is not a key concern for a market process view that sees entrepreneurial efforts as mostly originating with the seller. To remedy this shortcoming time is ripe to lay bare the manner in which customer entrepreneurship in particular informs market dynamics. By thus reinstalling ideas on consumer sovereignty once proposed by Hutt and later expanded upon by Mises, this paper argues that market explanans are discerned that otherwise are not easily seen. Such a twist of the argument is particularly apt in times of global tendencies towards marketization where customers are assigned a particular role for the workability of such markets. That is to say, consumers (and customers in general) are not only beneficiaries of, but also agents behind, welfare consequences that result from market efficiency. On a larger scale and from a European perspective this is seen (or maybe not seen due to market inefficiencies) in the coughing transition process of formerly socialist economies and in the troublesome path towards deregulated utilities markets where consumers are expected to choose the most efficient supplier thus contributing to their own well-being.

> *According to traditional notions … the more alert the customers the better for the functioning of … markets.*[1]

The essence hereof is that the customer is in the position to exert market impact as an entrepreneur, something originating with customer alertness. This paper sets out to examine such alertness by conceiving hereof as a market externality. An alert customer does not stand to benefit only herself from alertness, but so is presumably the whole market most of the time. The argument obviously already prevails in Austrian reasoning, but is it really spoken out? In humbly following the footsteps of Rothbard and Cordato it can then be argued that the welfare effects of customer alertness constitute an 'unintended fringe benefit' of the market system and not its failure as conventional theory would be forced to argue.

[1] Hirschman 1970, pp 24-25

On externalities

Ever since the days of Marshall and Pigou external (dis-/)economies are endemic to the discourse on societal welfare as eventually brought about by the market. These economies imply that 'some firm is rendering a service to other firms without being able to appropriate to itself all of the value of these services, or else it is inflicting a loss on other firms without having to pay a fee for its nuisance value. … [S]ome kind of nonmarket [production and preference functions] interdependence [is involved]' (Blaug 1997, p 366). The external nature of externalities in other words stems from them not being fully reflected in the relevant prices for goods and services. This means that the market system is not fully transparent in the sense that it cannot accommodate their consequences to the detriment of the signaling function of prices (and thus outputs) as identified by Hayek and many others. There is hence a deviation from the Pareto optimum since marginal social benefits and costs are not equal in a fictive equilibrium state of perfect competition (which is to say that marginal private and social products do not coincide in a Pigovian manner). The most fundamental taxonomy of such deviations-externalities distinguishes between on the one hand where they origin and on the other what is their welfare impact. This means externalities occur in both production and consumption and in either case they can be positive or negative. In the former case society would improve if more was produced at a lower cost (price is higher than marginal social cost) and in the latter the same would happen in the case where less was produced at a higher cost since price here is lower than marginal social cost. To fully grasp their essence, externalities must however be thought of in terms of their impact on thus interdependent individuals. '[A]n externality is any activity of Bs that enters directly, but unintentionally, into As production or utility function' (Cordato 1992, p 2 referring Mishan 1971).

By imagining how this comes true in the case of a local hangout the following could be argued. A negative externality of production is the waste created by the kitchen that is thrown into the backyard thus attracting stray dogs (scaring the local cats) whereas a corresponding positive externality is the unused food that is given away to the poor. In consumption there is a positive impact as the good atmosphere thus created reduces unlawful behavior in the area whereas the smoking that takes place on the sidewalk constitutes a negative externality of pollution by noise and cigarette-ends.[2] These agencies of production and consumption respectively coincide since their social impact as framed here occurs only as a spillover effect of activities that are intended with other purposes in mind. The establishment does not primarily intend to attract dogs or support the poor. But still this happens, entailing social consequences.

> *What the* [mathematical] *notation* [of externalities] *alone does not succeed in conveying … is that the effect produced is not a deliberate creation but an* ***unintended*** *or* ***incidental*** *by-product of some otherwise legitimate activity.* [3]

The presence of externalities, as conventionally conceived of, implies that they constitute a fertile ground for welfare policy initiatives since reducing their impact on quantities of goods and services provided (by way of prices charged) promises to be desirable. Such an initiative houses two main alternatives. In the case of a negative externality output could be cut back by either enforcing a decreased production as such or by imposing a tax that translates into less demand by a higher price. Its equivalent when a positive externality prevails is to expand demand via a lower subsidized price that results in increased output or alternatively to render such increase obligatory. Relying in this manner on the price mechanism means to internalize the externality thus rendering private and social costs equivalent (Bannock et al 1992, Cordato 1992). There is however an additional way of thus internalizing externalities by drawing attention to a less prominent role by the state and to the opportunity of bargaining in the case of liabilities prevailing in light of moderate transaction costs. Au lieu of subsidizing or levying, public policy could instead be oriented towards the safeguarding of well-specified property rights. Coase Theorem, endemic to new institutional economics, posits that liabilities exchange via negotiations between those who cause and those who stand to enjoy or suffer (from) an externality produces what is socially optimal (confer Boudreaux 1994).

With the advent of revised market logics that inhere in the idea of a renewed economy, externalities are lately often discussed with reference to the context of interdependencies where they accrue. Such a setting can be depicted as a web of interconnected relations, a network that brings with it the corresponding type of externality.

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[2]Katz and Spiegel 1996 cite reputational goods, educational services, congestion and proximity as instances where mostly negative consumption externalities are likely.
[3]Mishan 1971, p 2

> *Network externalities in consumption are present when the number of consumers who purchase a particular good is an important quality characteristic of that good, which affects the utility derived by consumers either directly or indirectly*.[4]

This reasoning could be expanded upon by looking into the role of information for the generation of consumption externalities in general (as seen in free access to an electronic text) or more specifically by analyzing the propelling role of network externalities for the emergence of the internet (Aréna and Festré 2004). The latter case holds promise in particular as it, by reference to Metcalfe's law (according to which the value of a network increases as the square of the participant number), illustrates how a monopolistic technology holder in such a context is better off by promoting competition. '[Still, w]hile the network structure is compatible with a high degree of connectivity between agents and, thus, apparently easily reaches Pareto optimality, the structure of costs and even more the effect of externalities induces underexploitation of the network's capacities' (Tosi and Torre 2004).

What now if Austrians are invited to have a say regarding the above that mostly reflects neoclassical thinking inclined towards an equilibrium brought about by perfect competition? Despite the Hayekian character of externalities as unintended (confer Mishan 1971 as quoted above) the market process view as represented by the Austrian school takes on an expectant if not outright hostile position. The reason is obviously more the assumptions concerning the context wherein externalities are found, than externalities themselves. That is to say, the lion's share of Austrian critique mirrors what is raised against the neoclassical market view. As observed by Cordato (1992, pp 1-7) the mainstream perspective taints the market framing (of externalities) by a) regarding the market as a static outcome void of timely impact, b) treating value and utility as objective, observable and measurable thus making a distinction between private and social costs, c) conceiving of market knowledge as 'knowable' in the sense that what is not known is known and that knowledge can in fact be made an aggregate.

> *In the standard analysis, the welfare consequences of externalities are arrived at strictly by comparing the static equilibrium results that are obtained in the presence of externalities, ceteris paribus, with the Pareto optimum that is reached in the PCGE* [perfect competition general equilibrium]*. But when markets are viewed as a dynamic, open-ended process this comparison becomes irrelevant for normative assessments of the real*

[4]Bental and Spiegel 1995, p 197

world. By implication, the public policy prescriptions that are derived from this comparison are equally irrelevant.[5]

The Austrian view of externalities is in the making but some seeds thereof, meritoriously alluded to by Cordato (1992) do prevail. The potential should be there since externalities, as observed by Mises (1963 (1949, p 658)), have 'their own domain and character' and are hence 'not simply the inversion of the case of external costs'. He goes on to identify two instances thereof. In the first case an undertaking, in the eyes of an actor, is considered worthwhile to pursue despite the costs incurred and the fact that resulting benefits also accrue to others. In the second case these costs are so huge that this actor, and others making the same deliberation, abstains from an undertaking on their own (rendering it the character of public goods and as such the target for free-riding). The participation of other beneficiaries is crucial for it to come true. The market process view in consequence, as observed by Vaughn (1998 (1994), pp 90, 99) and Cordato (1992, pp 16ff), holds that negative externalities are not endemic, but only exogenous, to the market process. The problem will then not be such externalities per se, or the market process wherein they unfold, but merely the poor legal enforcement of property rights, the safeguarding of which would stop these negative economies from arising. Enforced property rights would thus mean welfare enhancement as negative externalities are internalized, for instance by negotiations. In addition to this reasoning pertaining to negative externalities, Austrians stand out when positive externalities are looked at. While being a nuisance to the economics mainstream (and thus symmetric to negative externalities), the market process perspective sees them as entirely beneficial since they will improve people's well-being, despite them being underutilized in relation to some abstract optimum. In Rothbard's words these externalities constitute fringe benefits of the market system.[6]

These are the nuts and bolts of the fundamental Austrian stance to externalities whereupon the argument of this paper, the tying of entrepreneurship and externalities, relies. Before homing in hereupon it is however necessary to tell about why it is feasible to bring forward the customer and her role for the market process in this discourse.

[5] Cordato 1992, p 5

[6] In Cordato's (1992, p 24) view Hayek is an Austrian exception (and maybe also self-contradictory given his stance on knowledge and spontaneous market order) here since he is closer to the economics mainstream in endorsing some state intervention in order to cope with the free-riding endemic to externalities. Property rights is hence not an issue.

Where is the customer?

Despite classical turning into neoclassical thinking thus leaving behind a pure focus on supply parameters, and bringing forward the notion of subjective value, economics' market analysis at large remains the inquiry of seller impact (confer Blaug 1997). That is to say, even though supply is mainly treated in the aggregate (when it comes to production functions, technology et cetera) there is at least some scope for a discussion of conduct. This is hardly the case for demand where buyer behavior is not really salient save for general assumptions of utility functions and maximizing conduct. The active exchange party is the supplier who offers goods that the passive customer reacts to. This means that any impact eventually exercised by the buyer is conditioned by what is put on the menu by the seller. There is hence an asymmetry in exchange between two parties who display unequal magnitudes of market power vis-à-vis one another. This also holds for the vast majority of works in the Austrian tradition where subjective, individualistic and purposeful human action endemic to market dynamics mostly unfolds in the guise of entrepreneurship as exercised by sellers (who of course emerge as buyers in the factor market). So whereas the overall Austrian dictum of human action posits that actors are not takers but makers of price and other offer variables, these makers are mostly sellers. The argument here to follow has it that these market makers could also be buyers and thus eventually influence how market offers develop in a manner that means more than just a reaction to what is proposed by suppliers.

The most telling proof of buyer negligence in general is evident by having a brief look into the area of marketing, the predominant 'mix' tradition of which is firmly derived from conventional microeconomics (confer Kotler 1967, 2000). This muteness of marketing in the area of customer conduct is furthermore evident when turning to a recent edition of the *Handbook of Marketing*, the disciplinary encyclopedia par préference. Customer impact is not an issue. Weitz and Wensley (2002, p 2), who edit the volume, pose that 'the chapters in this book focus primarily on the substantive issues facing marketing managers' then leaving out buyer conduct. This is considered as less relevant for a marketer as such research apparently 'is of little interest to anyone else except the researcher'. And one could add that not even for this character does customer behavior create lots of enthusiasm. This is apparently so as marketing is seen as equivalent to the 'managing of markets' and not the working out of consumer impact, let alone the understanding of its influence on the market process.[7] Such a flaw, thus also applying to the economics discourse at large, is however well recognized by the editors (Wensley and Weitz 2002, pp 559, 559-560).

> *To define the domain of marketing overall without careful attention to the nature and behavior of the consumer limits our understanding of an essentially interactive process to the perspective of only one part. … A more integrated and extensive focus on consumer behavior would allow us in principle to investigate alternative notions of the 'competent' or 'confident' consumer: to reframe the relationship with the suppliers so that instead of just responding to a specific set of product choices, the individual consumer is playing an active role in both reintegrating the individual choices into a meaningful pattern and, indeed, attributing meaning to the patterns themselves.*

This is not to say that the customer is fully absent from the market discourse in economics. Exceptions are mostly found as market power is made an issue. Such potential buyer potency can be structurally conceived of as a bilateral monopsony/oligopsony. The works of Galbraith (1993 (1952)) on countervailing power recognize the prevalence of customer influence on market conditions. This partly inheres in the obvious fact that very few manufacturers sell directly to consumers but only through multi-layered distribution channels.[8] In effect vertical negotiation procedures, conceived of through game theory, can then act as a substitute for competition among sellers concerning prizing impact (McAfee and McMillan 1996). A talented customer is in the position to attain a price from an oligopolistic or monopolistic supplier that corresponds to what prevails only in the case of more competition among several suppliers. Snyder (1996) models this by framing 'an infinitely repeated procurement auction' wherein the customer offsets suppliers' collusion potential. The buyer here faces a continuous stream of consumption opportunities and could postpone the placing of orders until a certain volume thereof is at hand in-house. This means that the customer, once approaching the supply market, houses a considerable amount of buying power which counterbalances any collusive attempts from suppliers. Mere threats in this

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[7]That consumer behavior and market functionality hardly are mentioned on the same day is obvious as the last ten years' editions of Journal of Consumer Research is scrutinized. A very representative specimen in this regard is Bettman et al (1998) discussing consumer choice processes. One of the very few contributions found that go beyond the immediate consumer behavior sphere is Dickson (2000).

[8]'One of the seemingly harmless simplifications of formal economic theory has been the assumption that producers of consumers' goods sell their products directly to consumers. … In the typical modern market of few sellers, the active restraint is provided not by competitors but from the other side of the market by strong buyers. Given the convention against price competition, it is the role of the competitor that becomes passive in these markets. ... In the market of small numbers or oligopoly, the practical barriers to entry and the convention against price competition have eliminated the self-generating capacity of competition. The self-generating tendency of countervailing power, by contrast, is readily assimilated to the common sense of the situation and its existence …' (Galbraith 1993 (1952), pp 117, 112, 114).

direction is furthermore enough to induce sellers to quote lower prices (confer Baumol et al 1988).[9] A similar reasoning could be applied to the ideas of Koppl (2002a) concerning how some actors are in the position to impact the formation of market expectations. Such a Big Player is then a nexus of agency, something discerned via the discretionary use of power that influences the market process. So privileged Big Players could possibly (something however not specified by Koppl) emerge as customers using their power by thwarting the reliability of market expectations formation to their own benefit.

The most overt argument in recognizing customer impact on the market process, whereof the majority of the discipline sadly seems to be oblivious, is the reasoning on consumer sovereignty as brought forward by Hutt (1940). Although allegedly borrowed from the discipline of marketing it is Hutt himself who renders the concept analytically feasible by means of a few careful observations.[10] Customer sovereignty is an element of demand and means that buyers are in the position to exercise some discretionary impact over the supply market, the 'effective choice between ends … by free [buying] individuals' (Hutt 1940, p 67). This implies that whereas producers choose the means by *their* pure discretion, this choice unfolds only subject to the ends thus initially delineated by the customer. By tying means and ends (what is conducive for explaining actor conduct) to supply and demand respectively, Hutt implicitly formulates some fundamentals of a market theory with few if any equivalents when it comes to truly recognizing customer impact. This holds irrespective of the recognition that the supplier offer seldom is 'a *passive* response to bidding' which would render the argument *as* one-sided as orthodoxy's emphasis of producer sovereignty.

> *Supply factors in their entirety are … a result of producer's discretion in the interpretation and anticipation of consumers' will. And that discretion, which is concerned with choice of means, must not be confused with a preference, which is concerned with choice of ends. Hence, in so far as individuals whom popular language would describe as producers are in fact choosing between ends, they are consumers in the most general sense*

[9] 'The results turn out to depend on three key variables. The usual results hold for the number of firms N and the discount factor δ: collusion becomes more difficult as N rises and δ falls. A new parameter is introduced, γ, which measures the relative ease with which the buyer can transfer its consumption opportunities intertemporally. In general, γ is less than one, implying that the benefits from buying at the preferred time degrade with delay. The broad result is that as γ increases, the maximum collusive price falls. This result can be seen intuitively: the larger is γ, the more valuable is any backlog of unfilled orders the buyer accumulates, ie, the larger is the endogenous "boom" in demand generated by the buyer. The sellers are forced to lower the collusive price to prevent undercutting' (Snyder 1996, p 749).

[10] Confer Dickinson et al (1986) for a contemporary recognition of the concept's everlasting relevance for marketing.

of the term; and in so far as a particular means happens to be an end in itself, the producer and consumer aspects of individuals are merged.[11]

In clarifying the argument, and thus moderating it in light of some received criticisms, Hutt goes on to emphasize that consumer sovereignty is not a binary variable. It is always a matter of degrees of sovereignty, which renders it appetizing as an explanans for the market process.

> *The* ***incomplete*** *expression of consumers' sovereignty is always faced with an* ***incomplete response*** *to that expression. There are* ***always*** *obvious withholdings of that capacity. Hence, there is always some pressure, in the form of an urge to effect substitution, tending to break down the withholding which makes the response incomplete. But each release of capacity involving a* ***fuller response*** *to market demand means that a new market demand, involving a* ***fuller expression*** *of consumers' sovereignty, is in process of formation. Ultimately, one can imagine its* ***complete expression*** *and a* ***complete response*** *to it. It is the securing of a* ***fuller response*** *which leads to the* ***fuller expression*** *of consumers' sovereignty.*[12]

One of the seemingly few places where Hutt's reasoning of above enters into the discourse on the market process is in Mises' (1963 (1949)) elaboration of competition. According to him the decision to buy or not to buy from a particular seller is decisive for the way in which suppliers take on competitive social market positions. Market entry (the foremost competition prerequisite) and incumbency is conditioned by discretionary consumer choice.

> *If a businessman does not strictly obey the orders of the public as they are conveyed to him by the structure of market prices, he suffers losses, he goes bankrupt, and is thus removed from his eminent position at the helm. Other men who did better in satisfying the demand of the consumers replace him. …* [In this process, the consumers] *are merciless bosses, full of whims and fancies, changeable and unpredictable. For them nothing counts other than their own satisfaction. They do not care a whit for past merit and vested interests…. Every penny spent has the power to work upon the production processes. … The decision of a consumer is carried into effect with the full momentum he gives it through his readiness to spend a definite amount of money.*[13]

Heterogeneity in demand invoking supply differentiation

The preceding sections further two ideas. It is argued that market impact by customers as discerned by Hutt in the idea of consumer sovereignty is a much conceded ground in economics. The unintended consequences of market conduct are furthermore delineated as externalities that by and large remain to be elaborated from a perspective that does not consider them as pure nuisances to the market process. Given its overall preoccupation with market demand, and unconventional insights already made in the area of externalities, there is good reason to believe

[11] Hutt 1940, p 68
[12] Hutt 1940, p 76
[13] Mises 1963 (1949), pp 269-270, 271

that Austrian economics is in a favorable position to come forward with an account that combines these two features by integrating them into a market process context. By so doing this theory of market dynamics will enrich itself in a manner that stretches well beyond grounds that are already occupied by the mainstream argument.

The conception of the customer as an alert entrepreneur whose efforts impact the market at large is evidently not absent from Austrian market theory as it stands. In fact it is almost all there. Already. But it is not really put to the fore, something constituting the humble raison d'être of the pages here coming forward. The idea is to shed light on aspects of the market process that seldom are the subject for such attention. This is not to say that *supplier* alertness is any less important, or that the *intended* consequences of action are, only that complementary ideas are needed in order for the market process to be envisaged in a more encompassing way.

By tying customer alertness to market externalities it is evident that the entrepreneurial agent's own well-being (as market opportunities not seen by ignorant others are drawn upon) is not the sole subject of subsequent conduct. But so is also, unintentionally, the supply market as such and thereby also other customers. If furthermore the buying function, the agent of customer alertness, is discerned either as an end customer (ie a consumer) or as a deputy customer (ie an organization) the below taxonomy of customer-induced market impact appears.

agents/subjects of customer alertness	the buying function is the subject of customer alertness	the supply market is the subject of customer alertness
an end customer is the agent of customer alertness	**1**	**3**
a deputy customer is the agent of customer alertness	**2**	**4**

Table 1; Customer-induced market impact via alertness

Whereas instances 1 and 2 pertain to cases where an impact is mostly discerned for a consumer/a group of consumers or an organization, instances 3 and 4 convey consequences for the supply market. That is to say, they illustrate externalities. In reality these analytical instances coincide as customer alertness will always have some impact on both the buying function and the supply market although the balances between these two could vary. Following Bianchi (1998, p 4) one could posit that instance 2 is rather well understood by what is learned from the theory of the firm and various facets of so-called supply management (confer Snehota 1990, Wilson 1994). Instance 1 is most unexploited as 'consumers, though represented as active producers, completely lack the entrepreneurial dimension which, as Kirzner has shown, inevitably characterizes production'. The same arguably holds for instances 3 and 4 that will be at the center of the discourse below.

By conceiving of customer alertness as an externality of the market it can be shown how this particular proneness to opportunities implies that differences among buyers discerned as entrepreneurship are being reproduced when it spreads to sellers. Demand heterogeneity thus invokes differentiation in supply. Given the locus of sovereignty it is suppliers who ultimately respond to a customer impetus. There is hence a transmission of entrepreneurship which means other customers and the market as a whole stand to benefit from alertness displayed by one particular customer or a group thereof via supplier impact. Ultimately embodying the Austrian dictum of human action it is obvious how positive externalities in this sense benefit the market process. And such advantages are more than mere fringe benefits of the process. They are in fact a prerequisite for the market to work out in an equilibrating manner. The conception of customer alertness as a negative externality necessitates the emphasis of time as in the long run also these externalities are likely to be welfare enhancing since they bring the market closer towards coordination of actor plans by providing opportunities. In the short run it is however feasible to envisage that the advantages accruing to the alert buyer could exert a negative welfare impact on some others. Consider as a case in point how passive buyers subsidy the active ones in the market for daily subscriptions as the latter keep switching around by making use of time-limited offers. In the long run it is viable to posit that such conduct will alert suppliers to enhance the quality of their offer thus turning switchers into loyals, something also benefiting traditional subscribers.

A few Austrian prerequisites

The seeing of customer alertness as an externality in the vein thus foreshadowed draws on two assumptions about market order and entrepreneurship. Self-evident as they may seem to some they still need to be spoken out (not least since they merely reflect one particular strand of Austrian thinking). They are followed below by some more precise Austrian summarizing observations on externalities and customer impact feeding into the final paragraph that sets out to close in on customer alertness a little bit more in detail.

a. Market order can be conceived of as equilibration in the guise of actor plan coordination. An intermediate Austrian position in the spirit of Mises and Hayek conceives of market order as relevant but not eternal, midway between conventional equilibrium economics and facets of radical subjectivism (Kirzner 1992, pp 3-4). This stance has got a decisive impact for how welfare could be thought of as market efficiency. The market then emerges as an entrepreneurial process, the dynamics of which are propelled by knowledge renewal as recurrent discovery (Kirzner 1997, p 67). Full market order cannot ever be, but only successive entrepreneurially improved plan coordination. This position foreshadows a market as 'driven' by 'entrepreneurial boldness and imagination' and 'constituted' by 'the series of discoveries generated by that entrepreneurial boldness' (Kirzner 1997, p 73). The market will in consequence always be in a state of flux. Market alterations could be either exogenous or endogenous and the outside impacts the inside only in a rather loose manner. Whereas the former means variations in 'underlying' variables (for instance preferences and technology) the latter stems from revised 'induced' variables such as production methods, prices and product qualities decided upon. The crucial role of such decisions means actors are not passive takers, but active makers, of price et cetera. The foremost prerequisite of these dynamics is free market entry that is also the backbone of the resulting view of competition as a discovery procedure that is governed by entrepreneurship (Kirzner 1992, pp 38-39, 42).

> *What distinguishes discovery (relevant to hitherto unknown profit opportunities) from successful search (relevant to the deliberate production of information which one knew one had lacked) is that the former (unlike the latter) involves that surprise which accompanies the realization that one had overlooked something in fact readily available. … This feature of discovery characterizes the entrepreneurial process of the equilibrating market. What accounts for a systematic tendency toward that succession of wholesome surprises which must constitute the equilibrative process, is not any implausible series of happy accidents, but rather the natural alertness … to possible opportunities (or the danger of possible disaster) which is characteristic of human beings.*[14]

Assuming now that (social) order as conceived of by Hayek (1948 (1937)) is a reasonable indicator of market efficiency, it follows that interplan coordination is a proxy for societal welfare. A similar argument concerning how efficient externalities bring about improved tendencies towards plan coordination as an 'unintended fringe benefit of the market process' is made by Cordato (1992, pp 49 ff) who also observes that welfare, however thought of, is irrelevant if not applied to defined societal subunits such as organizations or delimited

[14]Kirzner 1997, p 72

economies. To be able to buy/sell at a low/high price at the margin under improved plan coordination is then a sign of relative market efficiency. Following the reasoning pursued by Kirzner (1973) it is obvious that full market equilibrium in terms of interplan coordination will never prevail in a context characterized by the passage of time which carries with it successive entrepreneurial discoveries and hence learning. As plans of others are learned about, own plans are updated, a process also subject to alternating expectations regarding the unfolding of external events. The crucial element here is how coordination of information, thus deployed as knowledge, entails also action coordination.

> *A coordination approach directs our attention to the important social questions relating to externalities – questions that all too often are not raised in orthodox analysis. These questions should surely concern the likelihood that external effects* ***may not be noticed at all*** *(or if they are noticed, that the possibility of avoiding them through rearranging activities is not noticed). But this raises those questions of entrepreneurship … which are simply not considered in welfare economics.*[15]

Kirzner (1992, pp 174-175) deepens this turn on externalities in relating Hayek's knowledge problem concerning markets not clearing due to the dispersed nature of knowledge. As will be recalled 'problem A' arises since people are over-optimistic in thinking that others will buy and sell at too high/low prices respectively. It is solved by people learning correctly to anticipate what others will do, something entailing expectations emerging as a kind of social order. What is more intriguing from the horizon of externalities is however 'problem B' according to which people are over-pessimistic as market opportunities are missed out on since it is not known what others might have been prepared to do. Only entrepreneurship, thus grasping the residing opportunities by means of alert discovery, can be a remedy in this regard. Kirzner points out that this 'fortunate coincidence of private and social profit' is not recognized outside the market realm, such as when social institutions are considered. This is in fact very much akin to the second instance of externalities pertaining to public goods as delineated by Mises where a cost-benefit analysis carried out by the individual will prove discouraging for promoting a particular case.

> *Alert entrepreneurs are attracted to notice suboptimalities (constituting expressions of Knowledge Problem B) because they respond to the scent of pure profit which accompanies such suboptimalities.* ***By grasping the profit accompanying such suboptimalities, the entrepreneur benefits the market as a whole*** *(since he moves prices and costs closer to equality, eliminating hitherto unnoticed, unexploited opportunities for mutually gainful exchange between unalert market participants). … The stimulus needed too attract the entrepreneur to*

[15]Kirzner 1973, p 234

> *benefit society was provided by the prospect of pure profit for himself. Every possibility for social gain through the overcoming of Problem B implies the attraction of private gain for the alert entrepreneur who can notice the opportunity. … Solution to Knowledge Problem B always calls for entrepreneurial imagination. The externality feature endemic to Knowledge Problem B* [ie the adoption of the metric system of measurement] *outside the market context discourages us from having faith in any spontaneous discovery procedure that is patterned after the process of entrepreneurial discovery which drives the market process.*[16]

The equilibration tendencies of this process of successive plan alteration-coordination could, from a welfare perspective, be judged subject to the derivative properties thereof. That is to say, at each point in time and place it would in theory be possible to model the rate of interplan coordination acceleration and the prevailing deviation from a momentary optimum, had the plans remain unchanged. A positive externality, for instance an alert customer, would then serve as a propellant that means plan coordination closes in on what would be an optimum at that particular instance of time.

b. Entrepreneurship is the fuel that promotes plan renewal and alertness is the orienting momentum that makes plans close in on one another.

The exercise of entrepreneurship entails some deliberation over market opportunities that are omnipresent as there will always be someone who is ready to pay more for an offer or to put it on the market for less. Entrepreneurship means judging non-obvious potentials for market arbitrage. 'The profit-grasping actions of entrepreneurs dispel the ignorance which was responsible for the profit opportunities, and thus generate a tendency towards coordination among market decisions' (Kirzner 1992, p 12). It is hence ignorance on the part of others and ideas on resource deployment that is crucial and not ownership of these resources. Such entrepreneurial ideas converge in constituting a kind of arbitrage as discrepancies within and between supply and demand are acted upon over time. This is not to say that such arbitrage is always successful in bringing the market closer to coordination. Entrepreneurship might in fact also err. Such misallocation of resources is however not salient and when occurring it gives rise to further market opportunities since the mistakes committed constitute a scope for renewed entrepreneurial action (Kirzner 1997, p 82). This entrepreneurship à la Kirzner stands out from some other (ie Schumpeterian) notions of market renewal as opportunities are not actively created but noticed and reacted to in a creative manner. This creative notice is alertness.

[16] Kirzner 1992, pp 174, 175 (emphasis added)

> *Entrepreneurship is seen as the* ***responding*** *agency; the alertness of the entrepreneur to profit possibilities is seen as the social mechanism ensuring that society will capture the possibilities available to it. What the entrepreneurial element in individual decision making is to the individual, the entrepreneur is to the market economy.*[17]

Entrepreneurship is akin to action, the formulation of plans and subsequent alterations thereof, but alertness is different. This is evident as alertness does not entail an opportunity cost (Koppl 2002b). Instead it constitutes the micro-foundation of entrepreneurship, a propensity to discover profit opportunities that only subsequently can be acted upon as the creation of new means-ends frameworks by way of market experience gained. Whereas entrepreneurship might also entail error, alertness implies that market opportunities are in fact grasped as actor plans are brought more into coordination. So whereas entrepreneurship (a generic dimension of human action) serves as the lubricant of the market system, it is alertness (an individual propensity that accrues only to some) that fuels it in the direction towards equilibrium when actor plan coordination is improved. Alertness is the proneness that enables, entrepreneurship is the agency which is enabled.

But alertness is a tricky thing.[18] Despite being the most sophisticated and central aspect of Austrian ideas on entrepreneurship, it is not very well elaborated. This might seem a little bit like a paradox but in part it is endemic to the nature of alertness itself.[19] As framed by Kirzner (1979, p 8), '[w]e [simply] cannot explain how some men discover what is around the corner before others do'. Because if we could, this alertness would no longer constitute a unique propensity inhering only in some, and bestowing market profits upon them, and not in others. Just like successful competitive strategies, if fully realized by all, it would no longer constitute a discriminating market factor (confer Jacobson 1992 who argue in favor of an Austrian school of strategy). Alertness is by Kirzner (1992, pp 26-27) interpreted as some kind of exclusive prescience, the uniqueness of which implies that the ignorant mistakes committed by some constitute sources of profit for others and this opportunity is 'what sparks the entrepreneurial imagination of the more prescient, the more "alert" among human beings.' It is the profit-within-

[17]Kirzner 1979, p 117

[18]'In spite of its [(alertness')] importance … it remains a somewhat elusive concept' (Koppl 2002b, p 3). 'We know relatively little about what constitutes alertness' (Yu 2001, p 52).

[19]As to the dubious character of what it entails to 'be alert in an entrepreneurial way', confer Ricketts (1992, pp 81-82), Vaughn 1998 (1994), pp 117-118.

reach that ignites entrepreneurial alertness (Kirzner 1985, pp 11, 27). There is furthermore a certain quality to alertness that matters which is more than pure guessing. It is a bit of 'fertile imagination' endemic to 'the capacity independently to size up a situation and more correctly reach an imagined picture of the relevant (as yet indeterminate) future.' It is closely connected to the context wherein decisions, mirroring imagination imbued with high-quality considerations, emerge. It is 'the knowledge of sources of knowledge in terms of market data', 'the propensity to know where to look for information' (Kirzner 1973, pp 67, 68), '[the] motivated propensity of man to formulate an image of the future' (Kirzner 1985, p 56).

An Austrian platform of externalities, firmly based in the view of the market as an equilibrating entrepreneurial process according to the two assumptions made above, can then be depicted as follows.

1. The overall criterion of social welfare is interplan coordination that expresses market efficiency.
2. This market efficiency can be measured as the derivative of the process thus revealing which is the rate of ongoing momentary equilibration.
3. Any social optimum is relevant only insofar as it is a local nexus of market exchange within organizations or well-defined sub-economies.
4. The market process benefits from entrepreneurial alertness as a positive externality since ensuing action improves interplan coordination.
5. A positive externality constitutes a fringe benefit of the market system and is on the verge of knowledge as discovery.
6. The underutilization of positive externalities is endemic to the market process since if utilized/internalized in full a market stalemate would result as no ignorance would prevail and in consequence there would be no opportunities to spur entrepreneurial alertness. *This is the Austrian externality paradox.*
7. Whereas positive externalities are endemic to the market process, negative externalities are exogenous which means there is an asymmetry here.
8. Negative externalities effects are safeguarded against by legal enforcement of property rights which is instrumental for the internalization of such externalities.

9. There are three obvious challenges that inhere in the Austrian stance thus taken, a) how to treat entrepreneurial disequilibrating error?, b) how to handle Mises' second externality where cost-benefit analysis, and not plan coordination, comes to the fore?, c) how to assess whether an externality changes guise from negative to positive over time as initial hampering of some entrepreneurial plans might in fact entail that overall plan coordination is improved in the long run?[20]

The safe placing of the customer on this platform is partly undertaken by Kirzner (1973, pp 44-45, 180-186) in his reconciliation of the vertical and horizontal market dimensions. His claim rests upon an assumed symmetry between entrepreneurship in the demand and in the supply markets respectively, that is between buying and selling. The pure coordination of plans in supply ('buying resources') and demand ('selling products') markets then constitutes an often overlooked entrepreneurial opportunity, an underutilized scope for supply market arbitrage. The more external resources are relied upon in the supply market (the more dependent the customer is on suppliers), the more of pure customer entrepreneurship there is scope for as more arbitrageian brokerage could be undertaken. An actor with only minor value-added internal operations (such as a trading house) is more eligible for such alertness to be switched on then a mining company since there are in general far more supply market profit opportunities present in the former case.

> *His* [the customer's] *buying effort has succeeded in entrepreneurially 'differentiating' that which he buys, in exactly the same manner as* [a] *selling effort 'differentiates' entrepreneurially that which a producer offers for sale... It turns out, we have discovered, that the entrepreneur's role as buyer in the factor market is wholly symmetrical with his role as seller in the product market. … The entrepreneur-producer discovers that in this way he can simultaneously offer opportunities in the factor market and in the product market, at terms that leave him with a profit. … In the factor market, too, the entrepreneur's function must surely include making factor owners aware of the opportunities to sell which he is prepared to offer them. Thus there is nothing so far to suggest that buying effort by entrepreneurs-producers should necessarily be less vigorous than their selling effort.*[21]

The subtleties of customer alertness

The homing in on alertness relevant for this paper entails four distinct facets that each will be commented upon below.

[20]Confer Cordato 1992

[21]The first part of the argument relates the labor market but it is explicitly recognized that it pertains to '*any* kind of buying effort' (Kirzner 1973, pp 181-183).

- Customer alertness is an aspect of human action that is akin to the context of supplier choice.
- The context of choice entails four major supply market alternatives where an actual/potential supplier can be considered in light of other actual/potential suppliers.
- Whereas Hirschman's theory of exit, voice, and loyalty can be drawn upon concerning how customer alertness relates to prevailing relationships, there is still the need for a similar anchor when it comes to potential buyer-seller relations.
- Customer alertness is conditioned by specificity and information

As observed above entrepreneurship is the market lubricant whereas alertness orients the workings of this process as equilibration of actor plans. Alertness is then the proneness that enables whereas entrepreneurship is the agency that is enabled. This means that customer alertness is not identical to action but a mere aspect thereof, an 'uncaused cause' that precedes discovery of market opportunities, the consequence of which is change (Koppl 2002b). From Mises it is learned that '[a]ction is will put into operation and transformed into agency'. This will expresses preferences that inform the working-out of action plans as alternatives are formulated and subsequently selected (Mises 1963 (1949), pp 11, 12-13, 22).

> [A]*cting man chooses, determines, and tries to reach an end. …* [O]*f two things both of which he cannot have together he selects one and gives up the other …*

Choosing among available opportunities following one's preferences is hence paramount. To make a choice is to decide and '[a]ction is to make choices and [by way of subsequent conduct] to cope with an uncertain future' (Mises 1963 (1949), p 248). To act is then to choose whereas to choose is not necessarily to act as there is a conceptual asymmetry at hand between acting and choosing. Choice does not necessarily have to entail action but induces future activity which renders it a corollary of customer alertness and the key, it seems, to render the latter within reach. Koppl (2002b) takes some pains in delineating how alertness is what constitutes the subjects of choice, the possibilities at hand. Hereby what is labeled open possibilities are turned into problematic dittos that are decided upon. Alertness becomes 'the propensity to problematize open possibilities'. Structural uncertainty, if one wishes, is converted into parametric ditto (Langlois 1994). To be an alert customer then does not primarily mean that one chooses to act, but that one chooses to be eligible for market opportunities that do not necessarily have to be exploited. This is a choice in a responsive, but not in an active, sense. Given the reactive nature of alertness, it is not the choice de facto undertaken, but that pondered upon, that counts. In consequence customer alertness is to realize the very ‘sphere’ wherein choice eventually will unfold, void of which no choice of supply can be undertaken that subsequently impacts the market as exercised entrepreneurship. It is to recognize a prerequisite, a supplier context of choice.

> *Entrepreneurial alertness is not an ingredient* ***to be deployed*** *in decision-making; it is rather something in which* ***the decision itself is embedded*** *and without which it would be unthinkable.*[22]

Following the assumption of consumer sovereignty means that customers momentarily choose the ends (to buy or not to buy in light of prevalent opportunities) whereas suppliers adapt their means-offers accordingly. Facing a supply market it is furthermore viable to posit that an alert customer enjoys four major opportunities of choice eventually to be pondered upon.

a) An actual supplier can be considered in light of other actual suppliers
b) An actual supplier can be considered in light of potential suppliers
c) A potential supplier can be considered in light of other potential suppliers
d) A potential supplier can be considered in the light of actual suppliers

For each of these considerations/opportunities it is viable to posit that the choice underway embodies customer alertness, the consequence of which is the offers that are put on the market. The momentary constellation of actor plans then frames the market as made up of triads where no one seller is considered in pure isolation. There will always be a supply alternative around the corner which means competition is spurred when market entry in this sense is free as actual and potential competitors, much like in contestability theory, are always at hand. Whereas many efforts still needs to be put down as to how potential sellers are deliberated (information on the seller organization and its recorded performance with other reference buyers most likely play a major role here), the consideration of actual suppliers safely relies upon the work put forward some time ago as the theory of exit, voice and loyalty (Hirschman 1970).[23]

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[22]Kirzner 1980, p 11

[23]This theory is particularly appetizing for an Austrian scholar as ‘[i]t is perhaps because the whole range of phenomena … described [as the observation of exit, loyalty and voice] has no place in the perfectly competitive model that it has not been paid attention to by economists’ (Hirschman 1970, p 4).

Hirschman's argument, that explicitly refers to customers as alert or inert (what an Austrian would call ignorant), revolves around the observation that supplier performance deterioration (reflecting organizational slack) carries with it two major behavioral reactions-consequences on the part of buyers. Either they 'exit' (they cease buying) or they address their dissatisfaction by 'voice', telling openly about it to anyone who cares to listen. Whatever is undertaken impacts the market in an unintended way akin to the dictum of consumer sovereignty put in an Austrian guise.[24] And Hirschman (1970, pp 35, 39, 59) approaches the ideas of this paper by relating customer reactions as a facet of market externalities. Customer alertness can be discerned in both exit and voice. When exit occurs it means alertness invokes a change of suppliers. This behavioral consequence thus safeguards market openness (competition) but also provides the incumbent supplier with a valuable feedback mechanism. That is to say, the supplier will alternate its plan set-up in order to better attract and keep customers in the future by matching its plans in an improved manner with those of buyers. Voice typically occurs when there are few if any alternative sellers at hand but does not necessarily relies upon such market characteristics. It means to try to make change come by, to articulate one's interests by 'alerting [an] organization to its failings' (Hirschman 1970, p 33). It brings with it market consequences similar to those of exit but provides suppliers with yet more details for their revision of plans. Any market situation displaying customer alertness is likely to experience a complementary mix of exit and voice expressed by different customers, something thus driving the market process and subject also to prevailing elasticities of demand. Under some circumstances (for instance when voice cannot constitute a threat of exit despite unhappiness creating *Bauchschmerzen*, or when deterioration is not perceived at all) what Hirschman labels loyalty represents inert, or ignorant, customer behavior that does not result in voice. That is to say, customers do not exit and it is not necessary that they resort to voice either.

This final section until now poses that customer alertness is the context of supplier choice that the buyer faces in light of actual and potential suppliers, the former of which can be considered via the theory of exit, voice, and loyalty. Two concluding remarks put forward some ideas as to what jointly conditions the prevalence and absence of customer alertness. Each of them is the sine qua

[24]'The consumer-member is here a "quality-maker" rather than, as in perfect competition, a quality-taker' (Hirschman 1970, p 99).

non of business and deserves a lengthy discussion but will here only be touched upon in brief given their lengthy and exhaustive treatment elsewhere.

1. supplier specificity

Supplier specificity is an argument from within new institutional economics (confer Williamson 1987) according to which transaction costs are subject to the degree of specificity to which resources are put. A high level of supplier specificity means that the identity of the seller impacts the costs endemic to switching from one seller to the other. Resource deployment as exchange economies of scale and scope hence suffers. Such specificity can then be delineated as ties of various kinds that evolve between buyers and sellers. Whereas economic links stem from incentive-based prizing schemes, technical dittos could result from ICT frames. Social bonds epitome social capital (confer Hammarkvist et al 1982, Woolcock 1998). An Austrian interpretation hereof in the tradition of Lachmann (1971) would put to the fore the notion of uncertainty that is shouldered aside by recalling the emergence of institutions, some of which pertain directly to assets with various specificities. A social relationship between a buyer and a seller, unfolding over years in the guise of repeated acts of exchange, then takes on two functions when considered from the customer's perspective. On the one hand it reduces uncertainty as this source of supply will most likely stay on in a manner that is known of. On the other it creates inertia as switching becomes costly in light of the risk exposure/increased uncertainty it entails. Following Langlois (1994) it is viable to say that whereas uncertainty with an incumbent supplier is mostly parametric that prevailing with a potential supplier is structural. A lower level of specificity could result from the prevalence of common technical standards in a given industry. It should be observed that these specificities do not pertain exclusively to exiting but also to entering a relationship. It is hence feasible to imagine situations where there prevail asymmetries in the sense that entering and exiting are not equally difficult in terms of specificities encountered.

2. supplier information

The second conditioning factor relates to information about the market seen as actual and potential suppliers. Which alternatives are around and what could they offer? To be informed about an actual supplier is obviously different than being informed about a potential seller, but it could entail as many challenges. Obviously the informed customer could be more or less active as the recipient of such information, either by passively receiving market data or by consciously searching for it. In the extreme case such information might result in the buyer creating an appropriate seller. If then such information is looked upon as knowledge it follows that there is a learning process at hand where discoveries are made concerning supply market opportunities. Supply market discoveries then appear as what and where to buy (from).

What conditions the turning-on of alertness is obviously low specificity (high easiness of switch) and/or the access to supply market information, something eventually expressed as
<customer alertness = f (market opportunities a/b/c/d, supplier specificity/information)>

Customer alertness appears as the molding context wherein decisions, as choice, are dovetailed by means of plans concerning imaginable future supply market realities. So whereas customer alertness implies that there is in fact a context of choice subsequently to be acted upon, the absence of such a context foreshadows customer ignorance. Customer alertness is a social mechanism that discloses a hypothesized chain of concatenated events. It explains by opening up one of the black boxes to be found midway between buyer agency and supply market novelty. The observation that such agency impacts supply features is thus in no way unique, but the seeing of it as an Austrian externality and the detailing of some underlying features of this process, is.

Three policy implications

The above delineates customer alertness as an externality of the market. As posited the wide majority of observations made are by no means new although some of the guise wherein they appear are. Still the question is there. Why? What is the valued added of elaborating upon yet another economics idea? The reason is that such a concept, although very much in the making, promises to spur a deepened understanding for the market process with tangible implications for societal well-being. Given the Austrian conception of welfare as market plan coordination it is obvious that the promotion of customer alertness as an efficiency enhancer deserves attention in any policy agendas. But the true potential hereof does not come forward unless customer alertness is considered as an externality of the market in line with the argument brought forward in this paper. A few promising policy features hereof are touched upon below.

Consider as an initial case in point the legislation surrounding public procurement in several countries. Although it is realized that such activities exercise an impact upon the economy at large given the sheer magnitude thereof (in Sweden some 20% of GDP equivalent to approximately USD 52 billion), the particularities of such an impact are less salient. The legislation of the European Union in the area among other things furthers that 'competition among companies shall be exploited to the benefit of consumers and the economy' and also stresses that suppliers shall be treated in a businesslike fashion void of irrelevant considerations (Swedish Competition Authority 2004). But in very few instances do these guidelines allude to the manner in which procurement affects the market as a whole. A talented public buyer favors the use of public resources and the fairly treated suppliers-to-be, but the dynamic market impact as alluded to by customer alertness as an externality is nowhere to be seen. Competition is hence drawn upon but not really recognized as a target of progressive public procurement. A revised inclination here seems most called for.

An additional area where there prevails a potential of seeing customer alertness as a market externality is when consumer policy is pondered upon. The Scandinavian tradition, as opposed to its United States' equivalent, since long embraces this policy as a tool of protecting the consumer from commercially bad purchasing. That is to say, not only does this policy set out to counteract supply that is dangerous to consumer health and safety (something encountered also in the United States), but it deliberately aims at actively taking care also of the consumer's purse thus keeping her from making inferior buying decisions. This is discerned in the publication of the periodical 'Råd & rön' (*Advice and observations*) by the National Board for Consumer Policies, the institution of consumer counseling (a kind of local ombudsman at the consumers' disposal) and the widely recognized TV broadcast 'Plus'.[25] But times are changing, very much reflecting a global reorientation towards the promotion of competition as discerned in the coming into being of revised American-influenced antitrust legislation. According to this paradigm the consumer is

[25]The editor-in-chief, Ms Lundgren (2004), makes a rather illustrative observation in her latest editorial of 'Råd & rön'. 'It makes me feel sick when I see how security companies exploit our fears. They make use of us in order to sell expensive stuff that most of us do not need.'

not merely a beneficiary of but more of an agent behind competition. This calls for a revised policy that does not protect from bad business decisions but that spurs consumers' commercial creativity. This is presently realized by the minister for Consumer Affairs who states that '[c]onsumer policy is the forgotten aspect of welfare politics' (Nykvist 2003). This call is particularly salient in deregulated markets such as utilities where competition policy calls for consumers to be actively informed about supply market alternatives, something however not responded to by most who stay on with the previous state monopolists. There is hence a need to move from a paternalism and equity considerations inclination of consumer policy to more of an efficiency and information-based frame where the consumer is encouraged to be more self-reliant and confident (confer New Zealand Ministry of Consumer Affairs 2003). The recognition of customer alertness holds promise here in thus offsetting the prevailing non-coherence between competition and consumer policies (confer Hirschman 1970, pp 42-43 for a discussion of customer entrepreneurship on the part of Ralph Nader, and Cseres 2004 for the case of Hungary).

A final case for the policy impact of customer alertness is the transition process of formerly socialist economies in Europe. Taking Russia (by all means a major player here) and its problem-ridden financial sector (that is instrumental for the rest of the economy to take off) as an example (confer The World Bank 2002), the observation made by Åslund (2002, p 6) takes full hold. 'The growth task has involved the liberalization of supply, and not the stimulation of demand.' There are two facets to this argument. It firstly reflects the Soviet past characterized by an economy heavily biased towards supply-side considerations as seen in the immense role played by quantitative production targets et cetera. In such a context consumers have to sustain hardships that few if any could envisage in the West. A customer is here someone who merely reacts to what is put on display by suppliers, as seen in spending long days of lining up for bread et cetera. But the Åslund quote also illustrates the inclination of adopted transition policies that, much in the spirit of neoclassical economics, by and large focus supply-side issues. The two lessons learned can be summarized in two hypotheses; a) that the majority of Russian consumers are still not used to making a market impact as supply is conceived of as a given not to be interfered with, b) that the policy tools adhered to in the transition process mostly do not seem to recognize consumer impact. Some empirical support for these ideas in the area of retail banking is furnished by Liljenberg and Dukeov (2004). The apathy-induced loyalty thus identified reflects a passive consumer role due to self-imposed mental constraint. If such an observation proves correct it means that there is a major potential in installing a revised consumption spirit into Russians. This would most likely impact market conditions in a way that the transition process is in bad need of (confer Mitchell et al 2001). There is fair reason to believe that the laying bare of the potential endemic to customer alertness for sound market development holds considerable promise here. This applies in particular as it would turn Russian competition from an exogenous to an endogenous variable thus spurred by creative customers (confer Kirzner 1992, Carlin et al 2001).

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