

The History of Marketing Thought

This reading assignment is from Dr. Chuck Hermans' PhD work. He is a professor at Missouri State University and granted permission to use it for this course on health marketing.

A key observation to notice throughout this reading assignment is that in the history of business (or commercial) marketing there has been no reference to health, prevention, wellness or medicine as products or services to motivate people to buy or to sell or market to people. An important concept to note however, from the article is that marketers evolved to applying theories of behavior, the same as health educator's use. Among these are **concepts borrowed from established disciplines**, such as psychology and sociology and suggesting that marketing is a social science. Please note that the bold text are from the original text from Dr. Hermans.

The article begins now.

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Chapter 1: The Meaning of Marketing

The establishment of a market economy wrought marked **changes in the social and economic structure**. A **new attitude toward business** revolutionized the economy of the country and that revolutionary element was identified by the term '**marketing**.' Historical accounts of trade lead one to conclude that **marketing has always existed**. Was the original use of the term marketing merely an application of a new name to an old practice?

One theory is that **language is an invention** of man, an adornment. The other explanation of the origin of **language is that it is inseparable from reason**. Accordingly, man's language has developed as his thoughts have developed.

By marketing was first meant "that **combination of factors** which had to be taken into consideration prior to the undertaking of certain selling or promotional activities." The essence of marketing was the combination of factors. Blindness to and **ignorance** of that combination of factors is the reason for the **absence of terms equivalent to marketing** in other languages. **Marketing** must be regarded not merely as a business practice, but as a **social institution**. Marketing is essentially a means **of meeting and satisfying certain needs of people**. It is a **highly developed** and refined system of thought and practice characteristic of a period in the development of market economy. A latent presumption in the practice of marketing has been that marketing gives to society more than society gives to it. The fact is that marketing is but **one of several means of accomplishing a social objective**. Polyani explains that this objective is accomplished by societies in different ways:

- reciprocity
- redistribution
- economy
- trade, and
- the market.

Reciprocity is a social system wherein **material needs are met through exchange** carried on between individuals and groups in the form of gift-giving. **Redistribution** is a social system involving the **assembling of goods** at a point from which they are redistributed by a duly constituted authority. **Householding**, or *oecomomia* is a social system accomplishing what marketing does in our society. It involves **production for use, not for exchange**; Self-sufficiency of trade. **Trade** is a form of exchange which may be **carried on in the absence of markets**. It involved prices, in the form of equivalencies,

determined by treaty or administrative decision and not by behavior in a market place. **The market** is the fifth type of **social system supplying society's material needs**. Originally, the market was a local institution. It was entirely separate from the trade carried on outside the country. **The market supplied the common people with daily provisions**.

From the start, the paramount **importance of consumption** has been **fundamental to marketing thought**. Moreover, **throughout the history** of marketing during this century, and the development of marketing thought, **interest not only in consumption but in consumers has continually increased**. According to economic determinism, there are explanations of the evolution of social and economic order:

1. The biological,
2. The technological
3. The astrological

Do men make the times in which such an event occurs, or have the times made the men. Is marketing a fundamental phenomenon, or a passing one, in the sum of human knowledge?

Chapter 2: Earlier Theories Relevant to Marketing Thought

The development of marketing thought began **early in the twentieth century** with the conception of marketing. Early **students of marketing** were actually **educated as economists**. Although they **brought forth divergent theories**, students of marketing evolved a **body of thought** that by its nature, scope and application, **set them apart** from the usual **economists**.

THE MARKET

By 1900, it was being found that **demand** consisted of **more than simple purchasing power**. It reflected **desire** as well as **ability to purchase**, and new experiences with advertising and salesmanship were proving that **desire could be increased and molded by factors other than** the mere existence of **supply**.

Another concept of the market concerned its capacity to **adjust itself** automatically **to** a harmonious **equilibrium**. It had long been held that **competitive forces** would normally, in the long run, **dissipate** tendencies of **dis-equilibrium**, but as competition diminished in some industries and trades, the **assumptions found** in traditional economic theory **became increasingly invalid**.

A third idea was that **cost was the principal determinant of price**, at least in the long run. Concepts of the **elasticity of demand** were still another influence upon the thinking of early students of marketing. Alfred Marshall's concept of elasticity of demand has long been used by marketing writers as a **theoretical basis** for **selling, advertising** and the **promotional work** of marketing in general.

THE MEANING OF VALUE.

Value theory was another area of economic thought relevant to early studies of marketing. Economists leaned heavily upon **input factors**, determining their relative quantities and prices. Adam Smith held also, against most commonly held beliefs, that **distributive activities** contributed to value, but only **indirectly**. **They extended the market**, thereby making opportunities for increased production and for greater specialization of labor in production. Economists also distinguished in their value theories **value-in-use** and **value-in-exchange**.

PRODUCTION.

In the eighteenth century, **productivity** was held by the physiocrats to be **the production of a surplus over costs**. Concepts of production included:

- diminishing returns

- marginal productivity
- opportunity costs, and
- the representative firm

However, in 1900, there was no clear concept of **the justification of marketing as a productive activity** or as **a contribution to economic production**. On the contrary, the popular impression was that the **middleman added cost instead of value**.

Adam Smith conceived man as **'the economic man'** bent upon **a constant effort to better his condition**. Thus there was a **natural basis for competition**, and according to natural motivations they **would effect perfect competition**. Ricardo foresaw the **uncertainties** of an expanding economy. He viewed a growing **disparity of interests** in the rising factory system. Alfred Marshall perceived basic **co-operation** among all parties through the system of markets. His viewpoint, insofar as he emphasized the short run, tended to coincide with the interests of businessmen.

THE CONSUMER.

Not until the latter part of the nineteenth century, with the writings of the **Austrians** did real **consideration of the consumer** make its way into economic theory.

ENLARGEMENT OF THE MARKET.

The **classical economist** has **assumed markets to be local** wherein demanders and suppliers knew of **each others presence** and this knowledge **resulted in perfect competition**.

With the **Industrial Revolution**, new importance was attached to **information, promotion**, and the **quest for satisfactory products**. **Extended markets** gave the **opportunity** for production on a scale larger than had ever before been undertaken. The **rapid transition** from an agricultural economy to an industrial economy at the end of the century poured into the market **such quantities of products** as to warrant the conclusion that **a buyers market was replacing a sellers market**. It had long been a presumption of economic theorists that production was basic **that the value created by production constituted the extent of demand** in the market, but the American market was anything but static.

Chapter 3: Beginnings of Marketing Thought.

Early courses at the Ohio state University are cited.

1905 Spring **Distribution of Products**.

1909-1910 **Commercial Credit**.

1916-1917 **Salesmanship** was added.

1921 The curriculum consisted of the following courses:

- Business communications
- Marketing
- Marketing Problems
- Wholesaling
- Retailing
- Credits and collections
- Salesmanship
- Advertising
- Advertising Practice
- Exporting and Importing
- Research in Marketing.

1925 **Sales Management** was combined with **Salesmanship**.

1927 **Marketing Problems** was omitted.

1940 **Business Research** and **Market Research** became two courses. Recognition that the subject marketing became accepted in both course and book titles, as indicated by the following.

1905 University of Pennsylvania offered a course entitled **The Marketing of Products**.

1910 University of Wisconsin offered a course entitled **Marketing Methods**.

1917 Butler published *Marketing Methods*.

DEVELOPMENTAL STAGES OF MARKETING THOUGHT.

The development of marketing thought may be classified as follows:

1900-1910 Period of Discovery. Initial **teachers of marketing sought facts about the distributive trades**. Theory was borrowed from economics relating to distribution, world trade, and commodity markets. The conception of marketing occurred and a name was given to it.

1910-1920 Period of Conceptualization. Many **marketing concepts were initially developed**. Concepts were classified, and terms were defined.

1920-1930 Period of Integration. **Principles of marketing were postulated**, and the general body of thought was integrated for the first time.

1930-1940 Period of Development. **Specialized areas of marketing** continued to be developed, hypothetical assumptions were verified and quantified, and some **new approaches** to the explanation of marketing were undertaken.

1940-1950 Period of Reappraisal. The concept and **traditional explanation of marketing was re-appraised** in terms of new needs for marketing knowledge. The scientific aspects of the subject were considered.

1950-1960 Period of Reconception. Traditional approaches to the study of marketing were supplemented by increasing **emphasis upon managerial decision making**, the **societal aspects of marketing**, and **quantitative marketing analysis**. Many **new concepts**, some borrowed from the field of management and from other social sciences, were introduced into marketing.

1960-1970 Period of Differentiation. As marketing thought became expanded, **new concepts** took on substantial identity as significant components of the total structure of thought. Among them were such elements as **managerialism, holism, environmentalism, systems, and internationalism**.

1970 Period of Socialization. Social issues and marketing became much more important, as the **influence** not of society upon marketing, but **of marketing upon society** became a focus of interest.

DIMENSIONS OF MARKETING THOUGHT.

The body of marketing thought is comprised of certain materials. It has components; it has foundation and superstructure. The dimensions, of marketing thought are at least, **structural, intellectual, temporal, spatial, interdisciplinary, and personal**.

1. **Structural Dimension.** Marketing thought is **divided topically**: advertising, salesmanship, sales management, credit, market research, wholesaling, retailing, general marketing, and a miscellany of unclassified subjects.
2. **Intellectual Dimension.** The extent to which marketing thought **embraces the elements** of a **scientific discipline**. Rising **from factual and conceptual** bases to higher levels of **generalization and integration**. Generalizations deduced from concepts have variously been called element and principles. They have ranged from simple rules of action to interpretative generalizations of the marketing institution.

3. **Temporal Dimension.** The temporal dimension of marketing thought has been discussed previously as **its development**. With changes in our concept of marketing, the future holds further evolution for the body of marketing thought according to this dimension.
4. **The Spatial Dimension.** This **comparative or cultural dimension** of marketing thought has tempered our presumptions that marketing is a universal business system rather than a cultural social system.
5. **The Interdisciplinary dimension.** The extent to which marketing thought embraces **ideas drawn from other social disciplines**.
6. **The Personal Dimension.** The extent to which the character of marketing thought has been determined not only by external problems inciting study but by the subjective **factors** that have **influenced the viewpoints of men**.

Chapter 4. Advertising.

Some of the **earliest developments** of marketing thought occurred in writings on advertising. After 1903, the literature of advertising grew rapidly and passed through several stages significant to marketing thought. More than **one hundred and thirty books** on the subject were published before 1950, indicating the popularity of advertising. These were divided between trade books and textbooks, the latter being much more numerous. The most often discussed subjects were **advertising copy, layout, campaigns, principles and practices, economics, and psychology**.

Chapter 9. Marketing Research

Simultaneously with writings analyzing marketing practice came also a literature pertaining to the **methodology employed in ascertaining the facts about marketing**. The practice of **marketing research was begun about 1910**. The emergence and evolution of research thought were the result of a growing **demand for accurate knowledge of marketing** and of an **increasing application** of the methods of science to marketing management.

When in 1911, Charles Coolidge **Parlin** undertook to gather information useful to businessmen, businessmen were unskilled in interpreting them. Parlin called his proposed operation "**Commercial Research**." His first study of the agricultural implement industry resulted in a 460 page report, which is **credited with being the first marketing research study**.

In 1912, Parlin visited all cities over 50,000 population to estimate the volume of business done in department stores, wholesale dry goods establishments, and principal merchant tailoring operations. That resulted in a second report entitled "Department Store Lines." He stated in that study that "**the consumer is king**" which became a slogan throughout the period of the consumer movement.

Parlin's third study was, in a sense, the first census of distribution. In 1914, he published still another study, "**Automobiles**," pointing out possible successful lines and prices. The studies undertaken by Parlin **made commercial fact finding a profession**.

1910-1920. The growing size of business establishments, particularly in the distributive trades, **focused interest on measures of internal activity** and encouraged research in **operating statistics** and other internal data.

1920-1930. **Focus of attention on markets**, resulting from the introduction of **new products**, growth of new types of marketing establishments, and their **uncertainty of consumer buying habits**.

1930-1940. Interest in research turned to **statistical methodology**. Quantitative rather than qualitative information was emphasized, particularly for use in analysis of factors affecting sales and in the setting of sales quotas.

1940-1950. The **refinement of statistical techniques** and with the growing interest in research methodology drawn from other social sciences. Attention was given to **sampling theory** and to multivariate and correlation methods.

NOTE for health marketing course participants: the following line has the first reference to using behavioral science and analyzing consumer motivation.

1950-1960. Emphasis placed upon **managerial decision making in marketing analyses of consumer motivation** and use of concepts developed in related **behavioral sciences**.

A.W. **Shaw** was one of the first to deal with market analysis. He **regarded markets** as made up of strata or **as having segments** distinguished by territorial distribution of customer, mental attitudes, climate, racial characteristics, density of population, and the like. Carson S. **Duncan**, another early writer made a strong case for his belief that business problems could be solved by the use of facts. He felt that the problems of business enterprise are basically market problems, he **recommended the application of scientific methods** to the solution of them. His commercial research and books made several contributions to thought.

MEASURABILITY OF MARKETS.

Applicability of scientific pertinence to marketing was introduced through the concept of measurability of markets. Percival White was one of the earliest to develop this subject in his **Market Analysis: Its Principles and Methods**. The methodology by which he proposed making this analysis consisted mainly of **securing data by interview and questionnaire**.

MARKET SURVEYS.

A number of contributions to thought were made in the development of survey research. William J. Reilly added to the knowledge of survey research in his **Marketing Investigations**. In 1929, he dealt at length with **problems of interviewing and use of the questionnaire**. Percival White in 1931 published a manual for field workers entitled **Marketing Research Techniques**. He added analysis of **personal interviewing, telephone interviewing, group interviewing, and field tests**. He developed at length the **pre-interview work** required in field research, including the **writing of instructions, local situation surveys, classification of respondents, information about respondent, memorizing the questionnaire, quotas, and rules of conduct**.

STATISTICAL RESEARCH.

Knowledge of statistical methodology has always been of importance to market researchers. A work devoted to statistical market research is that by Robert Ferber, **Statistical Techniques in Market Research**. In the 1950's there were an increasing number of marketing problems that were not being solved satisfactorily by the methods of research then employed. The deficiencies of prevailing methods for marketing research were stated by Robert Ferber and Hugh G. Wales to be as follows:

1. **Excessive dependence** upon **accumulated experience of business** itself, upon the records which business has kept of its own activities. Not only are such bases of research static and tax-directed, they do not reflect the many complex marketing situations which cannot be reduced to statistical terms.
2. The **time lag** in **gathering data** external to the business which makes them available only after change in the market place has altered the conditions which they are intended to depict. This is true of both trade and government reports.
3. Unconscious but significant **distortion of the judgement** of department heads, employees, and others whose opinions are sought in survey research.
4. The **limited usefulness of information gathered by means of questionnaires** in connection with a random sample, because of **public excitement** concerning an issue, **relevance** of findings

to peculiar local circumstances, and the **unforeseen** introduction of **new variables** into a situation.

One approach to improve research was by development of judgment skills in the use of research. A contrasting trend manifested in increasing **incorporation in marketing research of methods and techniques borrowed from related social sciences**. This represented a popularized concept of **Gestalt psychoanalysis**. From the fields of psychology and sociology were drawn a number of concepts and techniques. Among them were the following :

- Word association
- sentence completion
- Rorschach tests
- thematic apperception tests
- role playing
- situational methods
- chain interviews
- symbolism
- projective techniques
- depth interviews
- focused group interviewing
- error choice techniques
- cartoon and picture devices
- picture frustration

Another variation was represented by **publications of readings or the re-publication of articles** on a wide variety of research subjects. A third trend evidenced the **increasing reliance upon mathematics and models** for the solution of marketing problems. Employment of mathematical concepts in marketing problems appeared first in journals of economics, statistics, and mathematics. A number of them were republished in a book edited by Frank M. Bass et al, entitled ***Mathematical Models and Methods in Marketing***.

Books published after 1960 were generally divisible into **two groups**, those intended for **decision makers** who would use the information obtained from research, and those intended for the **researchers** themselves. No sharp line can be drawn between writings of interest primarily for their content of marketing practice and problems and those of interest for their exposition and amplification of methodology and techniques.

Chapter 10 General Marketing:

The development of marketing thought in the general literature has been an evolution of a body of viewpoints, concepts, and principles. Between 1900 and 1960, **one hundred books** dealing with **general marketing** were published. More than eighty individuals contributed to those works. The fifty years during which this body of literature and thought has taken shape may be divided into **six decades**.

1900-1910. The period of Discovery. The decade beginning in 1900 witnessed the inception of marketing thought. It was a **period reawakening to a recognition of problems in distribution**. The orderly gathering of market information began. **Concepts were borrowed from established disciplines**, such as economics, psychology, sociology, and scientific management, for the improvement of trade practice and management.

1910-1920. The Period of Conceptualization. In the second decade, many of the basic concepts of marketing were crystallized.

EARLY CONCEPTS OF MARKETING.

About 1910 the term marketing was added to the familiar terms distribution, trade, and commerce. Two of the men instrumental in initially stating this concept: Ralph Starr Butler and Arch W. Shaw. **To Butler, marketing was a job of co-ordination, of planning the binding force in marketing, of management**

of the complicated relations among the various factors in trade that must be considered first by the distributor who wishes to build his campaign with care. Shaw's conception of marketing was comparable. **Shaw distinguished three basic operations in business production, distribution, and facilitating** functions or administration. In connection with that, he recalled a concept credited to Bohm-Bawerk, that **business is concerned with motion** of one sort or another—specifically, motion changing form called production, or motion changing place and ownership, called distribution. The motion of administration included financing, credits and collections, purchasing, employment, and accounting. Generalizing this concept, **Shaw conceived marketing as matter in motion.**

1920-1930-The Period of Integration. During the ten years following 1920 **the Principles of Marketing were first presented in book form**, built upon foundations laid previously, **integration of scattered concepts and tentative generalizations**, and incorporating an abundance of new material. Paul W. Ivey was the first to use the title ***Principles of Marketing***. Of greatest influence upon the integration of general marketing thought were Paul D. Converse, Fred E. Clark, Harold H. Maynard, Walter C. Weidler, and Theodore N. Beckman, all of whom wrote Principle texts during the 1920's. In his ***Marketing Methods and Policies***, Paul D. Converse distinguished between **functions of middlemen**, or the marketing activities related to the individual firm and **marketing functions** or the abstract, generalized activities that pervade marketing in general.

Fred E. **Clark defined marketing** as "those efforts which effect transfer in the ownership of goods." The following concepts illustrate something of the substance of his thought and the status of marketing at that time.

- **A market:** a point of concentration.
- **The need for markets:** an outgrowth of division of labor.
- **The market structure:** built around two processes—transfer of title and transfer of goods.
- **Channel:** The course taken in transfer of title.
- **Types of middlemen:** merchant, functional (including advertising agencies, including banks and warehouses).
- **Classification of middlemen:** based upon concentration and dispersion.
- **Classes of Goods:** personal goods, production goods, and equipment for use in production and distribution.
- **Marketing efficiency:** a judgment from two viewpoints – private, appraising operating efficiency; public, appraising social significance.
- **A typical generalization:** Middlemen will continue so long as they perform useful functions.

1930-1940. The Period of Development. The next ten years were characterized by **revision and enlargement of thought**. A tendency evident in specialized marketing literatures characterized also the general writings, namely, the **simplification** of a substantial body of thought for elementary academic purposes. Throughout the 1930's, a few **efforts were made to duplicate or to better** the general treaties on marketing contained in the principles texts by Converse, Clark and Maynard and **no significantly new ideas** threatening change in the concept of marketing seemed capable of assimilation into the traditional body of thought without altering it more than was acceptable. The single exception was Charles F. Phillips, whose ***Marketing*** was published in 1938. Its distinctive characteristics were **the light in which he held the consumer.**

1940-1950. The Period of Reappraisal. An increasing number of **ideas, concepts and approaches** at variance with the traditional explanation of marketing **found expression and acceptance**. Ideas given utterance by such men as Moriarty, Baughan, Breyer, Killough, and others during the preceding twenty years, were **taking form with new meaning**. New **emphasis** was given to the **management of marketing** as consisting of **more than the application of simple rules or principles**. More of the **consumer viewpoint** and of **economic analysis** were introduced. Although these approaches did not displace others of influence changes in the standard presentations, they were significant **expressions of dissatisfaction with the** inadequacy of the functional institutional commodity **analysis of marketing.**

1950-1960 Period of Reconception. The **concept of marketing was being reformulated**. The growing interest in theoretical aspects of marketing, for example, were shown in the selection by Cox and

Alderson of the title: **Theory in Marketing**. Among the concepts that Alderson infused into marketing thought were the following:

- Marketing systems as **input-output systems**.
- The **normality of heterogeneity** in the market.
- Every firm occupying a position that is somewhat **unique**, and thus competing from a standpoint of **differential advantage**.
- **Negotiation** as the means by which marketing systems established economic values and **balance power**.
- **Exchange** as essentially the act of **improving assortments** held by two parties.
- The **domain of marketing** as the **process of sorting** as a means of accomplishing effective matching.

His ideas influenced the logic and terminology of writers in subsequent years.

1960-1970-Period of Differentiation. Beginning in the 1950's emphasis turned **toward specialization** and **away from generalization** in marketing thought. The explosion of **knowledge expanded** the entire body of thought. This expansion however, had the character of enlargement rather than accretion. This was a process of differentiation. It characterized the 1960's. **Differentiation** consisted of the emergence of **new conceptual and methodological perspectives** in terms of which the marketing process was to view. Among the new viewpoints were the following:

NOTE for health marketing course participants. The second bullet item mentions social and behavior patterns.

- management decision making
- **social and behavioral patterns**
- quantitative analysis
- systems structure and behavior
- environmental constraints
- comparative analysis
- international markets
- physical distribution.

Incorporation of the **new ideas into the general literature was gradual**, for no encompassing concept of marketing emerged to include them all in general theory. Differences between traditional literature and variants produced during the 1960's were mainly attributable to the inclusion of concepts popularized during that decade. **Cundiff and Still** for example, overlaid an analysis of the **4 P's** of marketing with the concept that marketing is a subsystem of business. Scott and Marks emphasized *change* in the environment and the adaptivity of the marketing structure. Zober in 1971, yet titling his book **Principles of Marketing** distinguished the traditional and newly adopted elements as follows.

- **Traditional Elements:** history of marketing, demographic aspects of markets, economic aspects of markets, retailing and wholesaling structures, new retailing developments, industrial marketing, agricultural marketing functions, marketing MIS.
- **Newer elements:** models of competition simulation, market segmentation models, controllable and uncontrollable aspects of consumer **behavior**, foreign marketing, economic models applied to retailing size fit store, loss leaders, multiple products, profit maximization pricing, theory of assortment, physical distribution, international marketing.

1970. The Period of Socialization. As social concepts were introduced in several ways, and as the terminology was not originally self-explanatory, the following glossary may indicate the manner, if not the degree, to which marketing thought became socialized.

- **Social behavior – behavior** of participants in the marketing process was interpreted as role fulfillment in group interaction.
- **Societal environment** – the social context of action and interaction in marketing processes includes not only market role relations but also pluralistic role identification in all major institutions of the societal structure.

- **Social responsibility** – obligation to conform to the role expectations sanctioned by society.
- Marketing and society – There is an interface between marketing management and society in general, as the community.
- **Social Marketing** -- Application of marketing principles to promoting and facilitating the exchange of values, non-economic, and nonprofit social organizations.

Expressing both the social character of marketing and its management aspects are these words of McCarthy: **“Marketing is the performance of business activities that direct the flow of goods and service form producers to consumer or user in order to satisfy consumers and accomplish the firms objectives.”**

Chapter 11. Marketing Management.

From the mid 1950's the subject of **marketing management** grew rapidly. Notwithstanding its usefulness to those who manage, marketing precepts emphasized the marketing element in management, and not the management element in marketing. Marketing management implied integration of marketing activities and a downward delegation of authority. The following aspects were evidence of the trend of thought at that time:

1. A **decision oriented** rather than research oriented point of view.
2. **Incorporation of** recent developments in the **behavioral sciences**, mainly economics, psychology, and sociology.
3. **Distinction** between **controllable elements** of the business and the **uncontrollable environment**.
4. **Adaptation**, as a principal task of executives.
5. **Uncertainty** (about buyers and competitors) and probability as aspects of decision making.

The articles in Managerial Marketing constituted collectively a managerial approach by **emphasizing problem solving and decision making**, by expressing **interdisciplinary concepts**, and by focusing on management **concern with survival** in a dynamic economy. Related developments in marketing thought were evident in the following concepts:

- the marketing concept
- the marketing mix
- product differentiation
- market segmentation
- physical distribution
- value added
- applicability of mathematical methods to problems in marketing research and advertising
- philosophic approach to marketing thought.

Kotler's concept of the manner in which **management theory is combined with marketing theory** is suggested under four headings he arranged his various topics:

1. **Analyzing marketing opportunities** (the marketing concept, markets, market segmentation, buyer **behavior**).
2. **Organizing for marketing activity** (goals , planning, decision making, research, models, creativity).
3. **Planning** (theory of marketing programming, product decisions, price, channels, promotion)

4. **Controlling the Marketing effort** (marketing control, sales and cost analysis, the marketing audit).

By 1970 the dimensions and content of marketing management thought were generally understood as **basic functional management** (analyzing, planning, organizing, and controlling.)

Chapter 12. – Concepts from related disciplines.

The body of marketing thought does not consist entirely of marketing concepts. The relation of marketing to other social sciences through interdisciplination gains significance as one considers the possibility that **the study of marketing may become a science**. Interdisciplination is for the enrichment of the understanding of society and all its institutions and not merely for a technical application. Viewed in broader perspective, **marketing**, along with sociology, economics, psychology, and other studies, would be disciplines of social science or **a science of society**.

ECONOMICS.

Economic theory **has provided more concepts** for the development of marketing thought **than has any other social discipline**. Because most marketing writers have been dedicated to the improvement of the efficiency of marketing through management of the individual firm, **they have employed liberally economists' concepts** relating to the individual business enterprise. They have furnished **the consumer viewpoint, the justification of institutional specialization, the concept of the productivity of marketing, a theory of integration and specialization in institutional management, a role of price in theory and practice, the bases of competition, and a philosophy of the relation of government to business**.

PSYCHOLOGY.

Psychology is a second discipline or branch of social science whose concepts have **aided in development of marketing thought**. Concerned with the **study of the mind** in its various aspects, with **consciousness** and **behavior**, with the individual as a whole, especially in relation to his physical and social environment. The relevance of such knowledge to marketing is apparent. **Some earliest writers in the marketing field were professional psychologists**, such as Scott, Tipper, Holligworth, Brester and others. In the literature of **advertising and selling** are found the major use of psychological concepts, with emphasis **shifting from structuralism and functionalism to behaviorism**. They have been employed also in literature on buying on market research and in the general marketing writings.

Psychological concepts incorporated in marketing thought may be classified into several groups. Concepts related to **motivation** and **sales appeals**. Some early marketing books discussed **instincts, wants, and urges** as bases of buying. Motivation, it was also held, when based upon influences of long standing, involved **beliefs and attitudes**. A second group of psychological concepts related to the **mental functions of communication and education**. **An idea is admitted to consciousness through the faculty of perception, insight, or intuition**. It is developed or **comprehended** through the faculty of **reasoning, logic or association**. It is **retained through the memory** of retention and is subject to recall. It is **applied through** the faculty of **judgement**.

Another group of concepts related to the pattern by which marketing ideas could be communicated effectively including **attention, interest, desire, conviction, and action**. Not only concepts, but also methodology have been adopted by students of marketing from psychological research. Thus methods of **observation, experimentation, the use of questionnaires, depth interviewing and projection** have come into marketing research.

SOCIOLOGY.

Sociology is an area concerned with **understanding human behavior in groups and social settings**. It provided concepts increasing the effectiveness of marketing management and illuminating the institutional interpretation of marketing. **Man is seen to be conditioned** not only by factors considered by psychologists but also **by customs, motives, institutions, and values** produced by his society and by his **relation to other people in the social structure**. Because marketing was originally deemed wholly an economic activity, economic analysis and theory were liberally used from the inception of its study. Moreover, early writings on advertising and salesmanship drew heavily upon psychology, for prominent writers in those fields were psychologists. Likewise, marketing scholars and researchers familiar with history, literature, law, accounting, and sociology drew a trickle of concepts from those fields into the flowing stream of marketing thought.

Chapter 13. Newer Areas of Marketing Thought

Thought developments which have produced a number of new writings may be classified as dealing with the following subjects

1. Quantitative aspects of marketing thought.
2. Marketing systems.
3. Environmentalism.
4. Comparative marketing
5. International marketing
6. Logistics, and
7. Marketing and society

QUANTITATIVE ASPECTS OF MARKETING THOUGHT

Prior to the 1950's little application was made of formal rules of logic. Such was the state of research and marketing theory until the movement for quantification gained momentum. Turning to **more complex quantitative means a language in the form of mathematics and a syntax in the form of model building** which **gave new strength to the structure of marketing thought**. The development of expertise in the use of mathematics, however, was not an automatic process.

Writing in 1964, Buzzell explained at some length, the reason for the increasing use of marketing models, perceived need for formal analysis in marketing, dissatisfaction with conventional approaches to decision making in marketing, increased stature of marketing research in companies, the rise of marketing theory, the presumed competitive value of models, and prestige associated with use of models. Through such uses of quantitative methods the following contributions to marketing thought have been made:

1. Greater precision in the differentiation and definition of marketing concepts,
2. Facilitation of abstract analysis by symbolism of substantive concepts,
3. Interpretation of marketing phenomena variable correlates,
4. Identification and measurement of relationships among numbers of variables.

MARKETING SYSTEMS.

The conceptualization of the **marketing process as flows** and of the marketing structure as systems grew out of a perception that **the marketing mechanism functioned as a whole, not as an assortment of unrelated parts**. Preponderance of economic systems analysis, and the introduction of **behavioral** concepts led to the study of marketing as social systems.

The concept of channels has been so inherent in marketing thought as to be regarded by some as the only concept in marketing not borrowed from another discipline. **Bucklin perceived** the history of the **channel** concept and he defined the channel in the following ways:

- as a **mechanism** through which the invisible hand of the private enterprise marketplace operates
- as a creature of **competitive pressures** and specialization of labor
- as a developed by **division of the marketing task**
- as a **cooperative** venture concerned with mutual adjustment
- as a means by which **demand for goods and services are transmitted**
- as a means of **directed resources**.

The development of **behavioral** concepts, applied first to understanding consumer **behavior** and next to management **behavior**, turned the attention of systems analysts from economic to social aspects of channels. Moving from economic to social interpretation the points generally incorporated in marketing systems theory, namely that:

- **The marketing process consists of a variety of flows:** physical products, title, orders, information, credit, payment, risk, post sale service.
- **Market flows move through channels**, termed systems, constituting economic specialization in the marketing process and social interaction among its members.
- **Marketing systems** operate within the **constraints of their respective environments**, which may consist of the firm, the distributive group, or society at large.
- **Achievement of efficiency and effectiveness** is gained through **continual adjustment** effected by management strategy and external constraint.

Systems theory interpreted the marketing mechanism differently and contributed to new marketing theory.

ENVIRONMENTALISM.

The influence of environment upon the development of systems or organisms in marketing it is understood particularly to refer to **the relationship between environment and the practice and development of marketing**. What is environment? And what is marketing? As economic interpretations of marketing were beginning to be complemented by social interpretations, it was natural that social environment should be added to the concept of physical and economic environment. Accordingly, environment was identified by the following dimensions:

- cultural or national
- social
- economic
- market
- marketing economic and **behavioral**
- managerial

COMPARATIVE MARKETING

The initial tendency when **foreign environments** were **seen in contrast to that of the United States** was to emphasize their differences. Comparative analysis observed **the degree, or extent, to which environments differed** in their common respects, and therefore interpreted marketing system differences as matters of degree. The principal contribution of comparative analysis to marketing thought is a second dimension of variables which it provides for understanding marketing. Systems and performance are interpreted primarily in terms of environmental factors, but, when differences between environments as well as between systems are reduced to common sets of relationships, **similarity and universality appear where before there had been difference and uniqueness**. By the prospect of such generalizations the progress of marketing thought is carried forward.

INTERNATIONAL MARKETING

Study of international marketing emerged from the same circumstances which evoked comparative studies, mainly, **increased familiarity with and involvement in marketing within different countries and between them**. The essence of international marketing theory as included aspects of marketing both within other countries and across borders in reaching them. Environmental characteristics of world markets, result in differences in marketing from country to country. Throughout the decade (1960's) there was a persistent effort made to differentiate between international trade and international marketing. They believed international trade to be essentially domestic trade projected across national political boundaries. If a substantial difference between domestic and international marketing is to be made, it would seem nearest to fall, as indicated by John Fayerweather (1965), along lines of economic forces shaping international trade, patterns and nationalistic government policies distorting those patterns.

LOGISTICS.

The refraction of marketing which occurred during the 1960's was a resurgent interest in the **physical movement of goods** from producers to consumer. This renewed area of study became known as logistics. The definition of marketing as "**the activities involved in movement of goods and transfer of their title**" provided a natural dichotomy of the subject and invited the development of two distinct lines of thought: the physical and the social.

Emergence of physical distribution as a special field of study occurred around 1960 in response to both environmental and conceptual developments. Appreciation of the Interdependence of transportation and storage and perception of the merits of an integrated approach offered hope of effecting economies in the gray area between manufacturing and marketing. The diversity of **terms** designating this field of study reveals the following titles: **Physical distribution, physical distribution systems, physical distribution management, business logistics, business logistics management, marketing logistics, marketing logistics and distribution planning, principles of logistics management, logistical management**. The fabric of logistics thought was a mesh of distribution activities interwoven with interdisciplinary perspectives. The list of **manageable activities** grew to include the following: **Order processing, transportation, containerization, manufacturing and converting capacity, information flows, storage, freight transportation, market forecasting, supply scheduling, packaging, transit insurance, communication control, customer service, materials handling, movement service, order processing**. The following contributions were made to the development of marketing thought:

1. **Recognition** was given to a substantive area of marketing namely physical distribution, including the general functions of transportation and storage.
2. **Identification of the activities** comprised in physical distribution, were made available for theoretical analysis. The marketing concept was broadened to include physical support performance of the product or service.

MARKETING AND SOCIETY.

During the 1960's a major change in marketing thought began, namely, **the inclusion of society in marketing theory and practice**. Marketing is viewed not merely in the context of the total market system, or even the socio-market system, but the total social system as expressed by Lazer and Kelley. The result is a movement from the consideration of profits or sales only, to a consideration of the societal implications and dimensions of marketing decisions and action. Marketing managers dealt further with **market conflict** faced with the full blow of **social demands**.

- lack of concern for quality of life
- preference for sales volume and profits
- imbalance between producers and consumer in the market place

- exploitation of the poor and disadvantaged
- failure to provide opportunities for minority group members
- waste of resources, pollution of the environment
- invasion of privacy of citizens
- deceptive advertising and promotion
- default in warranties and guarantees
- imbalance between marketing power and larger social objectives
- promotion of the dogma of materialism
- bureaucratic neglect and corporate disregard of the public.

A new era had begun which demanded a metamorphosis of marketing philosophy...consumerism, social issues, marketing and society and finally with social marketing.

Chaper 14 – The Maturing of Marketing Thought.

This chapter summarized the development of marketing thought. It stands as historical evidence different in perspective from the way in which development of thought was viewed.

NEWER CONCEPTS IN MARKETING THOUGHT.

Since 1950 a number of lines of thought concerning marketing, which before had appeared sporadically as **unorthodox approaches and as constructive criticism**, have been given fuller expression.

THE MARKETING MIX.

The marketing mix is the combination of means for achieving the marketing objective of a business firm. The elements of the mix include **all promotional means** under the authority of the manager of marketing activities: **personal selling, advertising, credit service, product development, packaging, dealer relations, etc.** The factors implied in the original conception of marketing by Butler, when he defined marketing as **“everything that the promoter of a product has to do prior to his actual use of salesmen and of advertising.”**

THE MARKETING CONCEPT.

This term designates that view point taken in business management which causes **all management decisions to be oriented to market considerations**. The consumer, or the customer, is assumed to be the end and object of all business effort. An earlier counterpart of this concept was that the “Consumer is King.”

CONCEPT OF MARKETING.

Marketing is increasingly conceived as **ways to express other insights into the marketing task and performance**. Newer concepts tend to introduce into marketing analysis the concepts and terminology of other social sciences. They reflect **new insights** into the social and managerial problems in marketing.

HOLISTIC APPROACH.

Emphasis has been placed by some scholars upon **viewing marketing as a whole**, emphasizing its inter-relations.

MANAGERIAL MARKETING.

Marketing thought has always been developed for the purpose of **guiding the formation of business policy**, but in recent years emphasis has been placed upon marketing management as a **decision-making process**.

CONSUMER PROBLEM SOLVING.

Consumption has long been regarded as a passive process, with business decisions being inherently different from consumer decisions in evaluating multiple means for satisfying desires. A concept of consumer **behavior** has provided new insights into the task of marketing management. While during the 1960's and 1970's substantive knowledge of marketing increased, progress in thought development during that period was perhaps best shown in writings about the form, rather than the content, of marketing thought. The substance of those **writings pertained to issues of science, of theory and of definition**.

THE ISSUE OF SCIENCE.

Whether the science is eventually called economics, marketing, or market economics and whether we are called economists or marketers is not important. What is important is **that we should welcome the opportunity to become scientists** and to develop the science of market behavior **rather than to remain content to describe the art of marketing**, that we think in terms of basic principles, that we become scientists objectively seeking truth (HW Huegy). Strong exception was taken to this view by writers who saw marketing as an art, and not as a science. HD Hutchinson (1952) attributed the **slow development** of theory to the fact that marketing is not a science. He held **that only teachers and marketing researchers believe that marketing is a science, because they work with the scientific method**; those engaged in day to day distribution don't regard it as such.

THE ISSUE OF THEORY.

The issue of theory is the concern for the development of that form in marketing thought, **beginning with wonderment**, whether there were marketing theories, through the proposal of identified theories, to consideration of a general theory and the meta-theory by which it would be structured.

THE ISSUE OF DEFINITION.

Whether marketing is a science, and what kinds of theories comprise it, depends upon how marketing is defined. The confusion and controversy which have made issues of the status of marketing thought have originated largely in **the under-lineated diversity of concepts of marketing** which have been prevalent in the literature. Among many definitions of marketing, two major concepts are outstanding: that **marketing is an economic process**, and that **marketing is a social process**. When marketing thought is so outlined, it is apparent that progress is proximated by our progressive enlargement of marketing thought. Marketing thought has progressed from the narrower concept to the broader, from the pre-dative action to the serviceful, from self interest to social consideration, from economic to social determinism, from action to interaction, from the provincial to the global.

- End -