History of Marketing Thought: An Update

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Abstract

Traditional marketing thought stemmed from two axioms: 1) that marketing was essentially an economic activity and therefore was a subset of the discipline of economics and 2) that the initiator of marketing activities and programs was the marketer and not the consumer in the market place. Six new schools of thought have emerged since the 1960's as these two fundamental axioms were questioned.
HISTORY OF MARKETING THOUGHT: AN UPDATE

INTRODUCTION

Since Bartels' classic summary of history of marketing thought in the early sixties (Bartels 1962), it is somewhat surprising to find that there is no update of marketing thought even though several new schools of marketing thought have emerged in the past quarter of a century. Accordingly, the purpose of this paper is to identify various new schools of marketing thought, examine their associated causal factors, and assess their contributions toward enriching marketing theory.

Bartels (1965) provided an elegant account of the development of marketing theory in terms of the periods of discovery (1900-1910), conceptualization (1910-1920), integration (1920-1930), development (1930-1940), reappraisal (1940-1950), and finally reconceptualization (1950-1960). During these periods, early pioneers made numerous conscious efforts to evaluate marketing above selling and distribution, to link marketing as an idea rather than a group of activities so that it could be recognized as a planning function and to generate several principles of marketing so that it could be labeled as a science rather than an art. The outcome of these pioneering efforts was the development and eventual integration of the functional, the commodity and the institutional schools of marketing thought.

These conventional concepts of marketing functions, channels and goods were questioned by a number of scholars (Breyer 1934, Alexander, Surface, Elder and Alderson 1940, Grether 1949, Duddy and Revzan 1947, Lazo and Corbin 1961, Howard 1957, Alderson and Cox 1948, Bartels 1944).
It resulted in reappraising marketing thought away from the functions, institutions and products and toward a more managerial and environmental orientation.

A closer look at the history of marketing thought including its development, integration and reappraisal during the first half of the twentieth century, however, indicates that two fundamental axioms seemed to dominate most thinking despite divergence of viewpoint.

The first axiom of consensus stemmed from the belief that marketing was essentially an economic activity, and that it was a subset of the discipline of economics. Therefore, marketing concepts (institutions, functions, products, managerial and environmental perspectives) were restricted to economic behavior of people and associated institutions. Marketing was not considered appropriate for such noneconomic domains of human behavior as fine arts, religion, politics, public services, and such intangibles as ideas.

The second axiom of consensus stemmed from the belief that the initiator of marketing activities and programs was the marketer and not the consumer in the market place. While it was recognized that understanding customer behavior through market research was desirable and even essential, it was primarily regarded as an input to the design of marketing programs and activities so that the marketer can influence, manipulate and control market behavior with greater effectiveness through his professional skills of organization and management.

It would appear to us that the genesis of more recent schools of thought since the sixties comes from questioning those two fundamental axioms of marketing thought and replacing them with more comprehensive axioms.
For example, replacement of the axiom of economic exchange with the axiom of exchange of values by several scholars (Drucker 1974, Kotler and Levy 1969, Kotler 1972, Levy and Zaltman 1975, Bagozzi 1975, Calman 1980) literally broadened the marketing horizons to the nontraditional areas of human behavior including religion, politics, public services, and fine arts.

Similarly, other scholars and practitioners (Katz and Kahn 1955, Howard 1963, Cyert and March 1958, Katona 1960, Rogers 1965, Simon 1957, McKitterick 1958, Mayer 1958, Starch 1958, Dichter 1964), explicitly questioned the futility of marketer as the initiator of marketing programs by suggesting that the consumer was more powerful than the marketer, that many other factors such as personal influences were more responsible for his decisions, and that it was best for the marketer to understand the psychology of the consumer and work backwards from the market to the factory to achieve more productivity and effectiveness out of marketing resources. In short, these scholars and practitioners encouraged behavioral perspectives in place of economic perspectives to develop a more realistic marketing theory.

The broadening of the marketing concept by the axiom of exchange of value seems to have triggered three distinct although related schools of marketing thought, all of them dealing with the issues of pervasiveness of marketing in the society. The first school of thought commonly referred to as macromarketing, for example, has attempted to focus on the potential and problems of marketing activities and programs from a more macro or societal perspective rather than from a more micro firm's perspective. The second school of thought, more commonly referred to as
consumerism, emerged to provide an advocacy position in terms of developing and protecting the rights of the consumers. The third school of thought, commonly referred to as systems approach provided a framework for integrating both the supply and the demand factors into a single holistic theory. It argued that in an exchange of values, the customer has a more fundamental choice of self-making as a production unit, bartering it with other customers or buying in the market place which must be incorporated in any marketing thinking.

Similarly, the axiom of balance of power seems responsible for triggering another set of theory in marketing. The first and probably the most influential school of thought is commonly referred to as Buyer Behavior, which has tried to generate a behavioral theory of buying. It literally dominated the field of marketing ranging from theory to market research and practice. The second school of thought more commonly referred to as Behavioral Organizations, has focused on the behavioral aspects such as power, conflict, and interdependence among organizations and particularly among channels of distribution. The third school of thought, more commonly referred to as Strategic Planning, has focused on the balance of power issues between external environmental factors such as market values, competition, technology, resources and regulation, and the internal resource factors such as products, services, distribution and promotion.

The rest of the paper will provide a brief historical perspective on each of the six new schools of thought and at the end assess their contribution to marketing theory.
THE MACROMARKETING SCHOOL

With the exception of the managerial school of thought put forth in the sixties, little if any consideration had been given to exogenous variables by marketing theorists. While the managerial school of thought recognized exogenous variables, the emphasis was focused on managing the marketing organization to plan for uncontrollable variables while manipulating those that were controllable.

The genesis of macromarketing thought is closely linked with the developing concern of the role of business in society. The negative connotations toward the "military-industrial" complex and the big brother philosophy generated considerable early attention and interest by marketing scholars to systematically examine the role of marketing from a societal perspective rather than from the perspective of the profit oriented firm. For the first time, it was appropriate to question that the end all and be all of marketing is company's profit maximization. It was the macromarketing school of thought which literally elevated the discussion of short term vs. long term profit maximization to a higher level of corporate vs. societal goals associated with marketing practice.

The topic was of such contemporary concern that it simultaneously attracted the attention of knowledge generators (scholars) and knowledge disseminators (popular press).

While a number of scholars helped pioneer this school of thought, two are of particular interest. Robert Holloway, in association with Robert Hancock, visualized marketing as an activity of society and consequently saw marketing as both being influenced by and influencing
the society. A "rough schema" was developed around the broad exogenous environmental variables of sociological, anthropological, psychological, economic, legal, ethical, competitive, economic and technological (Holloway and Hancock 1964). Holloway was also instrumental in publishing a textbook intended to give a clear choice to those who desired a more macro view of marketing (Holloway and Hancock 1968). In his award winning article with Grether, Holloway made a clear call for studies of the impact of governmental regulation on managerial decision making and the effect of regulation on the functioning of the market system (Grether and Holloway 1967).

George Fisk, heavily influenced by Wroe Alderson, brought a general systems perspective to the study of marketing. His pioneering work made the distinction between microsystems and macrosystems (Fisk 1967, p. 77). This dichotomy was a springboard for his focus on social marketing. His numerous papers have shaped the present school of macro-marketing thought.

Other significant contributions have been made by John Westing (1967), Richard Bagozzi (1977), James Carman (1980) and Robert Bartels (1982). Other earlier, but more popular works were contributed by Sethi with his Up Against the Corporate Wall (Sethi 1965).

Fortunately, the early emphasis on broad environmental issues has recently given way to a more enduring issue of how marketing can become a means to achieving national goals such as economic development, population control, and redistribution of national income and wealth. In the process, it is generating excellent conceptual thinking (Bagozzi 1977, Shawyer and French 1978). Simultaneously, many societal problems
such as energy conservation, education, health care, population control and economic development are presently making use of marketing theory and practice (Kotler 1975).

The focus of this new thrust was first centered in a series of macromarketing seminars. The first seminar was held in Boulder, Colorado in 1976 with Charles Slater as its organizer. These seminars, held every year since 1976 have greatly shaped this school of thought. But as one follows these seminars, the one issue that still remains open is the boundaries of this school of thought.

Out of these seminars grew the realization, however, that the school of macromarketing thought was broad enough and unique enough to support a journal of macromarketing. This journal, under the editorship of George Fisk, has the opportunity to have a major impact on marketing theory in the next decade.

It is clear that the macromarketing school of thought has made significant contributions to marketing theory. While the exact directions of its future are not clear, it is clear that applications to marketing practice will be impacted.

THE CONSUMERISM SCHOOL

This school of thought emerged as marketing scholars observed some obvious problems in the market place. These problems were dramatically illustrated by Ralph Nader in his book, Unsafe at Any Speed. However, it must be recognized that the foundation of consumer protection really rests in the concepts of welfare economics propagated by such great economists as Schumpeter, Keynes, Houthaker and Modigliani. And, it
should be remembered that Consumer Reports as an advocacy magazine predates Ralph Nader by at least two decades.

The early writings on consumerism summarized in reading books (Aaker and Day 1971, Gaedeke and Etcheson 1972) clearly reflect the activist thinking commonly associated with people concerned with a specific cause or, social problem. Both research and theory in the area tended to be highly ad hoc and specific to problems associated with marketing practice from the advocacy perspective of the individual consumer. It included areas of research such as deceptive advertising, high pressure sales tactics, product safety, and disclosure of information. It presumed that the average consumer was both educationally ignorant and technically incompetent to make rational choices which are good for him. Hence, the need for government regulation and for voluntary organization dedicated to the protection of consumer welfare. Such elitist attitudes may be more responsible for the recent decline in the movement than any other factor.

Fortunately, consumerism as a cause has given way to more systematic and fundamental research and thinking in the area. This is manifested by the recent drive to understand and develop a theory of consumer satisfaction (Andreasen 1977, Day and Bodur 1977, Hunt 1977). Similarly, more comprehensive empirical research is undertaken to understand consumer complaining behavior as well as behavior of specialized segments such as the Blacks, the Hispanics, the handicapped, and the immigrants. A conspicuous absence of this new research trend is the lack of emotionally charged and value laden research which merely endorses prior judgments rather than become the basis for making those judgments.
This school of thought tends to overlap with both the buyer behavior and macromarketing schools. It overlaps with the buyer behavior school in that the research will often involve buyers. In that sense, the boundary between buyer behavior and consumerism is very fuzzy. For instance, the work of Bill Wilkie, sponsored by the National Science Foundation on Consumer Information Processing (Wilkie 1975) was clearly an application of well known buyer behavior research to the market place problem of consumer information.

This school overlaps with the macromarketing school in that it tends to deal with broader, more macro issues. If often focuses on regulation, market structure, education, competition and ethics.

The future of consumerism, however, is far more uncertain than macromarketing. On the one hand, there is the emergence of conservative social and political values which believes in less regulation and more personal initiatives. On the other hand, the more fundamental problems such as consumer satisfaction are getting integrated with the buyer behavior theory and marketing feedback mechanisms. It is, therefore, very likely that consumerism may not be able to survive a separate identity in marketing.

THE SYSTEMS APPROACH

Marketing scholars with strong quantitative interest in the early 1960s were able to bring to marketing the beginnings of a formal quantitative structure for defining and analyzing marketing problems.

The emergence of the systems approach can be directly identified with the more recent economic concepts of attribute utility (Lancaster
1971) and time as the scarce resource (Becker 1965). In marketing, early efforts were manifested in highly complex simulation models of marketing which were highly interdependent between the demand and the supply factors (Amstutz 1967, Kuehn and Hamburger 1963, Forrester 1959). These were replaced by more interactive modeling efforts based on the concept of adaptive control pioneered by Little (1966). The latter models exemplified by names such as Demon, Sprinter, Hendry model, Adbudg and Mediac emphasized the need to incorporate a set of demand characteristics manifested in the generic concepts of elasticity and marginal utility.

A more recent effort, however, is focused on the more fundamental options available to the consumers. These include taking upon themselves the role of producers rather than buyers in the market place, as well as entering into barter exchange among themselves (Sheth 1981). In the process, it has generated concepts such as household as a production unit (Etgar 1978) and economic theory of consumption behavior (Ratchford 1975).

It appears that the systems approach to marketing theory is likely to grow in the near future for several reasons. First of all, it represents a more realistic utilization of the axiom of exchange of value. Second, today more than ever, we have the computerized capabilities to model and simulate more complex interdependencies. Third, the systems approach is closer to marketing theory and practice than either the buyer behavior theory or the consumerism movement. As such, it is likely to sustain its growth and separate identity.
No other area in marketing has had a greater dominance for such a long time period as buyer behavior. While it seems to have peaked in recent years, it is still the most dominant area of research and theory in marketing.

A number of marketing scholars and their contributions can be identified as having made a major impact on this school (Bauer 1967, Howard 1963, Howard and Sheth 1969, Bliss 1963, Britt 1966, Engel, Blackwell and Kollat 1968, Nicosia 1966). While each take a different approach, the common denominator underlying their thinking was the applications of behavioral (psychological) principles to consumer behavior. This is clearly in sharp contrast to the descriptive approach of previous eras which was largely demographics and market size statistics. It is also in sharp contrast to attempts to explain buyer behavior by merely applying research findings from sociology (Martineau 1958, Levy 1963, Rogers 1965). It is the dominance of psychology which is largely responsible for bringing about a high level of scientific research traditions. It is no exaggeration to state that no other area of marketing has done so much to elevate marketing discipline from the status of professional practice to the status of scientific inquiry.

While the early buyer behavior pioneers were more interested in generating a grand theory of buyer behavior, several recent efforts have concentrated on scientific research and development of specific constructs of buyer behavior. These include brand loyalty, attitudes, intentions and information processing. At the same time, there has been increasing interest in understanding family buying decisions (Sheth
1974, Davis 1971) and industrial buying behavior (Sheth 1973, Sheth 1977, Webster and Wind 1972). Similarly, considerable degree of quantification of the area is also prevalent especially in terms of application of several mathematical models of choice behavior (McAlister 1982).

At the same time, however, buyer behavior theory has come under some criticism (Sheth 1979, Robertson and Zelinks 1982, Kassarjian 1982). It is criticized for the overemphasis of individual cognitive psychology and especially the use of multiattribute models. In our estimation, the future research in buyer behavior is likely to emerge from noncognitive perspectives as well as from more macro sociological perspectives.

**BEHAVIORAL ORGANIZATION**

Concurrently with scholars in other business disciplines, marketing scholars began to see that behavioral principles that had previously been primarily identified with human group behavior, could be used to explain the behavior of organizations. In particular, drawing upon emerging thinking in management of organizations with a strong sociological perspective (Etzioni 1961, Katz and Kahn 1966, Thompson 1967, March and Simon 1958, Cyert and March 1963) several marketing scholars applied this perspective to marketing channels. They were also influenced by several emerging social psychology theories (French and Raven 1960, Thibaut and Kelley 1959). The channel of distribution came to be viewed as an organization with behavioral patterns involving all the organizations in any way dependent on a channel.

A large part of research in the area is clearly identified with Stern (1969) and Stern and El-Ansary (1977), while a few others have
recently contributed to the area (Etgar 1976, Frazier 1981) relatively few marketing scholars have made significant contributions. Two reasons probably explain this lack of participation. First is the great difficulty in obtaining data. In addition to the difficulty of obtaining hard data on actual relationships, most of the relationships are heavily influenced by perceptions of power. In addition, these relationships are dynamic. Secondly, much of the existing work in organizational behavior tends to focus on the workings of a given organization which offers little in the way of a conceptual base for studying inter-organizational behavior. A notable exception is the much acclaimed work of Pfeffer and Salancik which stresses and offers conceptual foundations for the study of relationships with other organizations (Pfeffer and Salancik 1978).

The importance of this school of marketing thought is almost certain to not only increase, but attract more researchers from organization behavior area who are fascinated by the dynamics of the complexities of channels of distribution.

**STRATEGIC PLANNING**

Planning as an activity of the firm is well established. However, in recent years, planning has moved from just another of a list of activities to one of the most important. Furthermore, strategic planning, with its two fold emphasis on analysis of the dynamic environment and dynamic adaptation, has generally had the net impact of strengthening marketing planning. This is particularly true for firms that have separated corporate planning from strategic business unit planning.
This, the newest school of marketing thought, seems to be currently suffering from the usual confusion associated with most new schools of thought. Furthermore, it is beset by two additional difficulties. The first is that the majority of contributions to this school have come from consulting firms and their clients. The names of the Boston Consulting Group, Stanford Research Institute, and General Electric, for example, are familiar to most marketing scholars as proponents and contributors to strategic planning. But the second difficulty may be more troublesome. The most well publicized approaches, for the most part, are based on either an implicit cash flow maximization basis or some form of capital asset pricing model. By their very nature then, they are not very useful for market place decisions. Rather they are most useful for corporate decisions.

So while we seemingly know much about strategic planning, we are not sure how much we know about strategic market planning. In fact, we lack competing conceptual frameworks that can be used to guide research and theory development in this area.

Nonetheless, we do have the beginnings of a school of thought. These beginnings fall into several overlapping categories. The first are those contributions that explicitly deal with one aspect of marketing strategy, but with a strategic reference point (Wind 1978, Pessemeir 1982, Thorelli 1977). Several texts have also appeared with a strategic focus (Hughes 1978, Constantin, Evans and Morris 1976, Luck and Ferrell 1979, Jain 1981, Cravens 1982) plus a readings book (Kerin and Peterson 1980) in addition to two monographs with strong marketing strategy implications (Hofer and Schendel 1978, Porter 1980). While these and
other contributions give clear evidence that a school of thought is emerging, the real issues of what strategic marketing is and is not and what are its central concepts have not been definitely dealt with. One author, however, suggests that fine contributions will be an important part of any future list of central concepts of strategic marketing (Biggadike 1981). He lists them as the marketing concept, market segmentation, positioning, mapping and the product life cycle.

In our opinion, strategic planning is likely to continue generating additional knowledge for marketing theory for several reasons. First, marketing has become more competition oriented rather than either technology or market oriented (Kotler 1980). Second, environmental factors are changing at an ever increasing pace forcing companies to design early warning systems. Finally, foreign competition especially from Japan and Europe has generated greater emphasis on planned approach to organizing marketing resources.

CONTRIBUTIONS TO MARKETING THEORY

Each of the six new schools of thought has made unique contributions to the development of marketing theory. At the same time, it would appear that some of the newer schools of thought may have directed talent and effort away from it. We will briefly assess each school's contribution in this section.

The single biggest contribution to macromarketing school has been to redefine marketing objectives. It has clearly indicated why the unidimensional objections of profit maximization may not be appropriate for the organization. Instead, it has attempted to provide a multiobjective function for marketing effort. In addition, the macromarketing school
has consistently emphasized the reality of constrained optimization of marketing objectives. These constraints relate mainly to the side effects of marketing practice from a more macro societal perspective.

A second major contribution of the macromarketing school has to do with increasing the importance and legitimacy of marketing objectives in noneconomic behaviors of society. For the first time, marketing is considered relevant to national economic and social plans in many underdeveloped countries. Similarly, it has removed the taboo associated with marketing as a commercial profit making activity in many spheres of noneconomic behaviors such as population control, energy conservation, religion and politics.

At the same time, macromarketing has also created the crisis of identity. By broadening its horizons through the concepts of exchange of value and taking broader societal perspectives, marketing is beginning to blur its boundaries with other disciplines such as business policy and public policy. It is our strong hope that macromarketing will attempt to delimit its sphere and more precisely define its boundaries in the very near future before the crisis of identity threatens the existence of marketing itself.

The consumerism school of thought has had far more impact on the marketing practice rather than on the marketing theory. Perhaps the single most important contribution can be attributed to Peter Drucker (1974) who has labeled the existence of consumerism as a shame of marketing. It has also brought out the importance of market satisfaction as a far more important barometer of marketing success than either market share or profits. We believe that the concept of market
satisfaction will become a major construct in the development of marketing theory.

Unfortunately, consumerism has generated more distraction from development of marketing theory. By concentrating on ad hoc and advocacy oriented issues, it has diverted attention away from the more fundamental and typical principles of marketing and toward the more atypical and isolated aspects of marketing practice.

The contribution of the systems approach toward marketing theory is largely methodological. It has enabled scholars to think of quantification of marketing processes for simulation or optimization purposes. In the process, marketing has become more rigorous and more of a science. How much of this is illusionary and how much is real is yet to be determined. A second major contribution of the systems approach has been to provide a balance between the supply and the demand functions. It has clearly brought out the need to incorporate the mutual interdependence inherent in any economic exchange. Finally, this school of thought has enabled scholars to retain the identity of marketing despite incorporating higher levels of complexity in marketing theory. Unlike the macromarketing school, it has neither tried to broaden the horizons of marketing to noneconomic areas of behavior nor has it questioned the legitimacy of more traditional corporate objectives of profitability and market share. Finally, the systems approach has successfully integrated buyer behavior principles which are inherently at a more micro and behavioral level with the marketing principles which are inherently more macro and aggregate in scope.
In contrast, the buyer behavior school of thought has generated more alienation and division. In fact, it has acquired a separate identity of its own as manifested by a separate organization (ACR) and a separate interdisciplinary journal (JCR). There is no question that understanding the psychology of the buyer is highly relevant to the development of a good marketing theory. Unfortunately, buyer behavior theory has been perceived as somehow more scientific and rigorous than marketing theory. Therefore, many scholars working in the buyer behavior area have consciously avoided any association with marketing practice. Indeed, it is a shame that so much knowledge generated in buyer behavior is so little used in marketing practice except perhaps in industrial selling. It is our belief that the disassociation between the two disciplines as well as existence of a separate organization and a journal are very likely to generate a divorce between marketing and buyer behavior.

At the same time, the marketing discipline owes much to buyer behavior theory. First of all, it has brought a more scientific bent to marketing theory and practice through the process of borrowing both theory and research methodology from psychology, and especially social psychology. Second, it has attracted bright young scholars to the marketing discipline because it has consciously avoided being practice driven. Finally, it has generated a number of significant constructs which are likely to become good building blocks in the development of marketing practice. These include (a) redefinition of the marketing mix from the Four P's to the dichotomy of significant and symbolic communication (Howard and Sheth 1969), (b) rules of information processing, (c) psychological market segmentation, (d) rational vs. emotional needs, and
(e) reference group influences as inhibitors or enhancers of marketing influences.

The behavioral organization school of thought has the potential to contribute but it has not so far attained its potential. The primary explanation probably lies in its disassociation with the traditional marketing objectives of profitability and market share (Frazier and Sheth 1982). It has generated a significant amount of descriptive research on interdependence among organizations but at the same time it has failed to show how to utilize this knowledge in marketing practice. We are, however, confident that in due course, interorganization aspects associated with this school of thought will have strong influence in reshaping marketing theory from the traditional institutional and functional perspectives.

Finally, the contribution of the strategic planning school of thought is highly visible. First of all, it has clearly shifted attention from marketing tactics and activities to more strategic issues. Second, it has generated a more adaptive posture for marketing programs. Third, it has emphasized the concept of relative as opposed to the absolute power of marketing resources. However, the biggest impact of strategic planning school on marketing theory is likely to be the integration of market research as part of marketing practice. The interface of market research and marketing plans is likely to reshape marketing theory from a unilateral to a bilateral approach of marketing activities and programs.
CONCLUSION

Two fundamental changes have generated at least six new schools of thought since Bartels' classic review of history of marketing thought up to early sixties. These are (a) replacement of economic exchange concept with the concept of exchange value, and (b) emergence of balance of power between the marketer and the customer as the initiator of marketing programs and activities.
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