THE GHETTO MARKETING LIFE CYCLE: A CASE OF UNDERACHIEVEMENT

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The marketing profession is being exhorted from within and without to be more socially relevant, at the same time to broaden its purview to non-traditional areas and to look more critically at its past performance. The latter has traditionally referred to marketing practitioners. Marketing scholars and researchers more typically were on the sidelines, leading the criticism and raising the cry for social relevance. But, it seems fair to ask, what has been the track record of the academics and researchers themselves? Have they met the social relevancy challenge when it was obvious to them? Have their contributions been significant and durable? What can they (we) learn from a critical assessment of their own past performance?

The present paper addresses this issue, looking specifically at the contribution of marketing academics and researchers\(^1\) to the analysis of, and the proposal of solutions for, the so-called ghetto marketing problem as evidenced by the discipline's published rhetoric and research. Ghetto marketing is a particularly useful case study for several reasons:

1. There is clearly a benchmark from which to begin tracing the marketing profession's involvement, the publication of David Caplovitz's seminal study, *The Poor Pay Move* in 1963.\(^2\)

2. Just as clearly (as will be supported below) our interest in the topic after ten years is clearly on the wane;

3. The issues involved are clearly within the traditional marketing domain (as opposed to, say, the problem of marketing contraceptives in developing countries);
4. most importantly, it is an issue we have been saying for a long time is a major social issue to which we must address considerable attention.  

The sections to follow will trace the development of the ghetto marketing topic in the marketing literature both quantitatively and qualitatively and then reflect upon the nature of the development and the lessons that it holds for our efforts in this and other areas of academic social relevance. The analysis begins with Caplovitz's pioneering study.

In the Beginning

As noted, a clear benchmark for beginning observation of the marketing profession's contributions to the ghetto marketing issue is the publication of David Caplovitz's pioneering study of the very serious consumption problems of poor and minority consumers in New York City published in 1963.

Caplovitz's book laid much of the ground work for what we know today. While mainly descriptive in character, it set forth a theoretical model of the poor consumer's problem and a set of recommendations about what should be done. Basically, Caplovitz saw the marketing system in the ghetto as "a deviant one, in which unethical and illegal practices abound." In a mass consumption economy, the poor are likely to want much of what the non-poor have, some of them to compensate for inabilities to spend for other status symbols (education, housing, etc.). To get it, they must go into debt and this need for credit plus the newly immigrant poor's frequent preference for traditional marketing institutions such as peddlers and neighborhood stores put them in the hands of merchants who feel they can be easily exploited. Their need for credit also involves them in transactions (involving credit contracts) where the opportunities for
exploitation abound. The results in high prices, high interest rates, deception and insolvency are well documented in Caplovitz's book.

Given this view of the problem, Caplovitz propose two major pathways to improvement: "changing the consumer through education and changing the marketing system through legislation."\(^5\) Finally, it may be noted that although his 1963 analysis concerned primarily durable goods purchases, Caplovitz apparently believed that his model and his recommendations would apply to food products as well.\(^6\)

Caplovitz's causal model is made explicit in figure 1. He proposes two major interrelated sets of factors causing some consumers to be disadvantaged in the marketplace relative to others. The first set of factors are the personal characteristics of the consumers, operating both directly (as in the case of lower income or minority racial status) and indirectly (through self-perceptions of powerlessness or through secondary wants for compensatory consumption) to cause these consumers difficulty in the marketplace. The second major set of causative factors was the venal behavior of exploitative merchants to whom such consumers are typically exposed. As Caplovitz recognized, these factors are clearly interactive. For example, the poor's feelings of powerlessness inhibit them from learning about and/or using the courts to combat merchant fraud which presumably encourages merchants to be more fraudulent which in turn causes many disadvantaged consumers to feel even more powerless.

Figure 1 about here
After Caplovitz

If Caplovitz's book signalled the importance of the problem, what was the response of marketing researchers and academics? One way, perhaps the only way, of looking systematically at this response is to observe the quantity and quality of the profession's written output after 1963. To this end, a systematic accumulation was made of all articles appearing between 1964 and 1974 in four major marketing journals, Journal of Marketing, Journal of Marketing Research, Journal of Advertising Research and Journal of Retailing and in the proceedings of the American Marketing Association and the Association for Consumer Research Conferences. (This set of sources will be referred to subsequently as the "marketing literature".) These articles totalled 123; 61 in journals, 62 in proceedings.

Such a data base, of course, presents difficulties. First, it ignores other publications by marketing scholars in other sources and thus under-represents the total output. This is granted; but the present analysis is concerned not with the absolute size of the output but with its time-shape and quality. For these purposes, articles in what is defined here as the "marketing literature" is assumed to be a representative sample. A second problem with respect to the time-shape of activity is that published output comprises a lagged measure of activity. While this distinction will be attended to in the sections to follow, it does not affect the basic conclusions.

The Ghetto Marketing Life Cycle

A histogram of the 123 articles on ghetto marketing published in the marketing literature between 1964 and 1974 is presented in figure 2. The distribution of articles over time clearly suggests a product life cycle.
This is particularly true for journal articles which are not subject to the quirks of conference program chairmen who can strongly influence the amount of proceedings publications in a given year. Given the reasonableness of the life cycle model it will be useful for the present analysis to divide the discussion into the four traditional life cycle stages:

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<tr>
<th>Stage</th>
<th>Period</th>
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<tr>
<td>Introduction</td>
<td>1964 through 1967</td>
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<td>Growth</td>
<td>1968 and 1969</td>
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<td>Maturity</td>
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<td>Decline</td>
<td>1973 and 1974</td>
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Figure 2 about here

The Introductory Period

For the first four years after the publication of The Poor Pay Move, (the introductory period) the contribution of the marketing profession was relatively sparse. During this period, two of the three most frequently cited works were published outside the "marketing literature" by people not then within the mainstream of the marketing discipline: Marcus Alexis' early work on spending behavior of blacks and whites and Henry A. Bullock's series of articles on "Consumer Motivations in Black and White." Further, both sets of articles were in the segmentation research tradition, testing for differences between blacks and whites with only secondary interest in the question of market disadvantage raised by Caplovitz's work. The only frequently cited article in the marketing literature by marketing scholars during this period, Bauer, Cunningham and Wortzel's piece on "The Marketing Dilemma of Negroes" was also largely in the segmentation tradition. Indeed, of all 8 articles published during this period, none cited Caplovitz's seminal work.

The Growth Period

It is clear that it was not Caplovitz's scholarly treatise that
sparked a rapid growth in interest among marketing scholars in problems of ghetto marketing but the urban riots in the mid-sixties, an event that I believe significantly altered our view of marketing. The evidence in and around the riots both in rhetoric and in physical violence demonstrated very vividly to all of us what the marketing system was somehow not performing its vaunted goal of improving America's standard of living at least as it affected America's most disadvantaged consumers. It is safe to say that this revelation came as a shock to many marketing academics. Propelled by these events and by the (since discredited) BLS study of supermarket pricing practices in low income areas of 1966 and congressional committee hearings on supermarket operations in low income areas in 1967, marketing scholars soon joined their increasingly radicalized students and colleagues in other disciplines in trying to produce "meaningful research" on a topic of obvious major social significance. For many, undoubtedly this was a refreshing redirection of the discipline from years of studies of less dramatic bread-and-butter managerial issue, one that held promise of substantially raising the discipline's stature in the academic pantheon.

Several important books and articles all published in 1969 signalled the "in" status of the topic. These included

- Sturdivant's reader: The Ghetto Marketplace
- Cross' book: Black Capitalism
- Gibson's book: The $30 Billion Negro

and Cox's article: "A Commercial Structure Model for Depressed Neighborhoods"

These publications signified two important developments in our treatment of the ghetto marketing problem. First, Cross and Cox along with others
suggested the link between the problem of ignoring the ghetto marketplace and the problems of minority economic development. Second, Gibson's book symbolized marketing managements growing realization that the black market was in itself a significant market segment, one with different tastes, shopping patterns, media preferences and so on that could and should be catered to separately. This change of heart was abetted by one of two major series of studies appearing during the period which established that the negative effects of including blacks in advertisements were minimal or non-existent.¹⁹

The second set of research studies prominent during the period were comprised comparative investigations of prices in low-income and non-income food stores. These studies also relatively quickly concluded the opposite of the popular stereotype, i.e., that supermarkets did not change more in ghetto areas. However, the studies did show that there were relatively more independents and mom-and-pops in ghetto areas and these stores did change more. It was concluded that the ghetto consumer's problem was not so much one of price discrimination but one of an absence of low cost supermarkets in their marketplace.

The Maturity and Decline Periods

Entry into the maturity period was signified by the holding of a major conference on "Improving Inner City Marketing" sponsored by the American Marketing Association at the State University of New York at Buffalo in June of 1970.²⁰ The period, however, may be considered mature not only because of this indication of institutional support but also because empirical studies of considerably greater scope, depth, and sophistication began to appear during this period. Included in this group of studies are Gensch and Staelin's study of black and
white shopping patterns in Pittsburgh's Homewood-Brighton area, Alexis, Haines and Simon's series of studies of Rochester's food marketing system, Andreasen's studies of Buffalo's inner city marketing system, and Day and Brandt's study of the effect of Truth-in-Lending legislation on both ghetto and non-ghetto consumers. These studies were marked by substantially stronger theoretical bases and the use of more sophisticated analytical techniques than the earlier work. They also marked a significant movement away from earlier research emphasis on comparative prices and blacks in advertising.

It is particularly distressing to observe that just as much more significant research was coming to the fore, ghetto marketing moved into its decline phase as a salient marketing topic. This is clearly indicated in Figure 2. Here we can see that, using the more stable measure of journal articles, output fell about fifty percent between the maturity years of 1970, 1971 and 1972 to the declining years of 1973 and 1974.

The Legacy

Before turning to the question of what caused this early decline in ghetto marketing output, we might ask what has been accomplished in the last decade. More precisely: What has this outpouring of research yielded us as major extensions or modifications of Caplovitz's early work (beyond finding that chains don't discriminate and putting blacks in advertising is not a big risk)?

Probably the single most important contribution of the marketing profession to the literature in this field has been to add a third set of causal factors to Caplovitz's original model. This third set of factors may be broadly termed market structure variables as indicated in Figure 3. The first intimation of the importance of these variables
was found in the early food pricing studies which discovered that although chains apparently did not discriminate in price, the major problem for poor people was that there are just not enough of those food chains available in their areas. As noted subsequently by several authors and elaborated on by Andreasen, Haines et al., Maines, as well as Caplovitz himself, inner city consumers have to patronize a fragmented, archaic marketing system, operating at low volume with high operating costs, insufficient capital and poor management. Sexton has suggested that, in fact, the ghettos may have more chain supermarket outlets than traditional capital investment decisions would recommend.

It has also become obvious that at least some of the high pricing in ghetto areas and perhaps some of the apparent deception may in fact be the product of malevolence but of high costs and bad management. And, finally, it has been speculated that at least in some ghetto markets the fragmented and deteriorated market structure conditions may be getting worse rather than better since many ghetto areas are presently declining in population and/or spending power.

The second major contribution of the literature in marketing has been to link the inner city consumer issue to two other broad areas of social concern. In the writer's opinion, one of these linkages is helpful to efforts to improve the lot of the ghetto consumer and one is not.

The first linkage is between the problems faced by disadvantaged consumers and the broader consumerism movement. This linkage is not necessarily likely to help the ghetto consumer. Consumerism is primarily a middle class movement and the problems of ghetto consumers are not just quantitatively but qualitatively different from the problems of middle
Further, there is a question of whether consumers can empathize well with the problems of the black poor and/or can work with them to overcome their market problems. There is a real danger that consumerism will swing the ghetto consumer problem to the latter's considerable detriment. A second point is the recent shift are worth-in-lending which many consumerists felt would considerably benefit the minority poor. Anyone familiar with the purchasing behavior of the poor would be quick to point out that in shopping for credit the critical decision variables for them are not the rates of interest at various outlets but (a) which outlets will in fact given them any credit, and (b) what the monthly payments will be, i.e. what is the total cost and how many months do they have to pay it all off.)

The other linkage, as already noted, is between the inner city consumer problem and the problem of minority business development. Given that market structure is an important contributor to the disadvantaged consumer problem and given that white capital and/or white management is unlikely to enter inner city areas in the foreseeable future, we have come to realize that improvements in black business operations ought to have important positive secondary benefits for inner city consumers. This linkage is, I think, beneficial in that it has forced us to look more carefully at what we know about inner city market dynamics and this knowledge is likely to benefit considerably our understanding of and ability to make recommendations about inner city consumer problems.

Gaps in the Literature

Given the recent decline of interest in ghetto marketing, a second major question that must be asked is: are there still serious gaps in
the literature that have remained virtually untouched by marketers? Is it the case, as many colleagues seem to think, that there are no longer any really important issues left in the ghetto marketing area to which a "responsible discipline" ought to turn its attention? A recent broad review of the state of the art both in and out of the marketing literature by the author\textsuperscript{32} indicates clearly that there are indeed a number of critical research issues in the ghetto marketing area that remain unresolved. Among these are the following:

1. **The effects of income support programs on ghetto consumer problems.** It has frequently been asserted that the best (some say, only) method of eradicating most, if not all, of the problems of ghetto consumers is simply to give them more money. This policy alternative has been a matter of public debate, possible senate action and extensive field experimentation over the last five years, yet marketing scholars have contributed little or nothing to this discussion despite the obvious central implication of the debate for the consumption problem of the disadvantaged. And, indeed, preliminary investigations suggest that it is not at all clear that schemes such as the negative income tax program will be an unmixed blessing for the disadvantaged. As Caplovitz has implied, a great deal of the predicted effect depends on how the increases in real income and job stability will affect the poor's use of credit and their market mobility. We know relatively little about such effects. It is for example, entirely possible that a modest improvement in the average spend-
power of poor inner city residents will not have much effect on improving the quality of inner city residents were may in the shops. These are, as the research has it:

1. While more research needs to be done on the subject, inner city areas are declining economically and will continue to do so even with family assistance to the very poor. This is due to:

   (1) loss of transient business
   (2) decline of population
   (3) stable or declining average real income

b. Costs of operation are higher in these areas and perhaps are increasing;
c. Management of business may be declining in quality as areas change from white to black;
d. Racial animosities will inhibit many white businessmen from returning to these areas.

If negative income tax plans make some consumers in these areas more mobile, more spending power will leave the area, possibly driving out more of the better managed, low cost outlets in the area, leaving those who do not benefit mobile potentially worse off than before the inception of the negative tax program.

2. How rational are the poor as consumers: Louise Sicherman in 1966 concluded that the poor do not follow "the rules of financial management."33 Andreasen, on the other hand, suggests that much of the apparent "irrationality" of disadvantaged consumers may be due to their different
preferences and tastes and to their lack of adequate data on long run income streams. 34

Exercises and ability to predict the person's response in any circumstance are not an
understanding of how they make consumption decisions.

Yet we know virtually nothing about this topic. 35

3. Blacks' use of credit. Despite lengthy study of black-white differences in savings behavior and despite popular stereotypes of black's inability to get credit and/or to manage money, our understanding of black credit use is virtually non-existent. There is some evidence that at lower income levels blacks use less credit than whites while at upper incomes the reverse is true. Yet this pattern is largely undocumented and unexplained. 36

4. Discriminatory behavior by retail sales clerks. This writer for some time has been struck by the fact that among the contacts between blacks and whites in our cities, probably the single most frequent is that between white salespeople (broadly defined) and black customers. Yet, past studies have shown that a significant number of people feel that people like those are treated less well. In one instance, The interaction between blacks and whites in retail settings would seem therefore to be potentially a highly charged interaction between the races. In point of fact, we know very little about the nature of interracial contacts in those potentially damaging settings and their potential for promoting racial harmony or disharmony.
5. Retail dynamics in inner city market. Summarized well by Cox, Sexton, Anderson, and Mellers, we know little about how inner city market structures are changing over time. Again, it is imperative to have sound policy recommendations about this aspect of the ghetto marketing problem we must have better models of these systems’ dynamics.

Summary

The preceding history and evaluation leads to the following conclusions about the ghetto marketing life cycle:

1. First, it is clear that we were late to get to the issue. A full four years elapsed before we responded seriously to the issues raised by Caplovitz, and then only as a response to the calamity of urban riots and largely as part of the general academic stampede to relevant urban research.

2. In the great span of current history, our involvement has been very short lived, a period of growth through the beginning of decline of about five years. During this period, cut output was highly concentrated on a few subject

3. What research that has been done has been infrequently grounded in what little theory we have developed. (A good case in point is the lack of use of Holdren's theories about supermarket pricing in comparative pricing studies. Holdren would have predicted no price differences on the items studied and suggested looking for differences elsewhere.)
4. We note some relatively little comment on the major policy issues in the early 1960s. A major complaint we continue to be the major policy issues with some new studies on inner-city business in 1970 and on the problems of definition continue in later.

What happened?

If there are then a number of critical research needs still before us, why has ghetto marketing apparently fallen out of favor? But more what more generally, why was the ghetto marketing life cycle so short-lived? Several analogies from the product life cycle literature suggest themselves.

1. Not enough triers. One explanation for the short life cycle is that not enough researchers (particularly our more competent ones) entered the field in the first place. The major cause of this problem, in the writer’s opinion, is that the area very early got to be known as one where the available work was “quick and dirty” and not very the “playing and” it is likely it had been overly much trusted in very early. These impressions undoubtedly stemmed from observations on the way an researcher appearing in the literature prior the almost works with a number of potential triers were premature absorbing about entering the field. Indeed, so review of the 49 articles appearing during the growth years of 1967 and 1968, and the first maturity year of 1970 about one out of three were one of two subjects: (a) price comparisons between low and non-low income areas and (b) the effects of using blacks in ads. (Indeed, if one took only the articles reporting actual
empirical research, the proportion would be much higher. As noted, both subject areas lent themselves to quick (and sometimes "dirty")

\( ^{14} \) studies and again as noted earlier, the central issues were indeed resolved rather quickly. Few of our discipline's major researchers apparently saw much to challenge them there and took their research talents elsewhere.

2. **Not enough repeat "buyers".** In the 11 year history of marketing literature on ghetto marketing there are only twelve authors who have written more than twice on this topic in marketing forums. And the number who have done more than one study (as opposed to publishing several pieces from the same study) is, of course, even smaller. This and the preceding phenomenon would explain the very sharp peak in output in the subject area and the subsequent sharp decline. There were few repeaters and the field just ran out of "triers". When this happens in product markets one looks for weaknesses in the product. Were one suspects that one problem is the relatively "soft" nature of the subject area. It is extremely difficult to measure some of the most serious problems in ghetto marketing (e.g., "deception", "poor quality service", "racial discrimination", etc.). Researchers accustomed to the more "concrete" data of ad recall tests or panel reports may well have found public policy issues too fuzzy to appeal to them. A second problem affecting research "repeats" is the difficulty of doing research in the ghetto. As reported in several sources,\(^{15}\) it is extremely time consuming and often psychologically trying to carry out field
research in the ghetto especially if one is willing under an academic. "... many researchers..."... for the most part... we have not want to do it again.

3. Changes in competition. Or... also states... social marketing... marketing... many new... "the"... have influenced... have... rest of the population. At the same time... relevant issues... entering competition... "Relevant Researchers" time... pollution, consumerism, "social marketing"... Presumably... new... old... who might have... "... changed... and new fashionable...".

Conclusions and Recommendations

In the main... the marketing... research... contributions to the "socially relevant"... marketing... might be characterized... too little... too... seem to flow... and save... little involvement by... This experience, one feels, may be... in our... romantic... "social marketing"... what, then, can to reverse the process... get the discipline... crucial public policy... issues... bring our best minds... serious... Several suggestions...
1. Create a stronger public policy orientation in the discipline. Marketing scholars and researchers must more often begin to think of themselves as capable of making public policy recommendations at the highest levels of government and industry. Every economist, and most political scientists and sociologists assume that they will at one time or another be called upon to testify before an important governmental committee or advise a major public leader about serious current policy issues. Marketers do not. Yet the kinds of issues discussed throughout this paper and many of those within the broad domain of "social relevance" are crucial to our national welfare. The marketing discipline's educational institutions, its leaders and its media must work to create a frame of mind in present and future marketing scholars and researchers that expects to be involved in these major issues. It is a common finding in the behavioral literature that people's expectations tend to be fulfilled. If marketers expect to be called upon to advise and to carry on relevant research, it will not be long before the necessary invitations and the needed research funds will be forthcoming.

2. A related development would be the stimulation of renewed interest in subject area competence as an acceptable field of specialization for marketing scholars. All too often, the mark of a top Ph.D. candidate or M.B.A. in marketing is his or her proficiency in a quantitative, behavioral or economic tool, often the narrower, more precise the better. Inevitably, people trained in specific tools will seek out
areas that will use those tools. Whether this means application to significant social problems is largely a matter of chance, and possibly the availability of research funds. First-rate readers will demand tools to help solve policy problems because they are interested first in the policy problems and now rare in the discipline.

3. The problem of bad research driving out good witnessed during the growth phase of the ghetto marketing life cycle can be more directly attacked. What are needed obviously are incentives for tackling important issues well. One step would be formal intervention in the marketplace for journal articles to encourage needed research and writing. Rather than wait for relevant articles on important policy issues to flow in, the discipline’s journal writers (and their editorial boards) should be encouraged to seek those once a week and ask whether this free flow of articles is encouraging the output currently needed by the discipline. If it is not, then the editors could well commission needed articles to relevant scholars.

4. Clearly one approach used by other disciplines (e.g., economics or political science) to foster the needed orientation and concomitant research is to create a policy institute of some type. Thus, in the present context, some of the difficulties enumerated earlier might have been overcome if there had been formed a Consumer Policy Research Institute. Such an institute
could be housed at a major university and funded by both business and government. The institute's functions might include:

d. conducting annual state-of-the-art workshops to continually define and refine major consumer policy research needs;
b. developing information storage banks able to retrieve all available background information for scholars, policy makers, researchers, activists and others on relevant consumer topics;
c. supporting continuing research on what consumers see as the major issues facing them;
d. supporting scholars and others who need time and some facilities to think and write about major consumer policy issues;
e. acquiring and managing funds and staffing for researching specific policy issues;
f. publishing monographs, papers and brochures and assembling reprints on relevant policy topics.

Finally, it has been a major conclusion here that marketing's involvement in at least one "socially relevant" issue has been a clear case of underachievement. What seems required is a major change in our orientation to public policy issues. A real sign of maturity of any young discipline is when it takes itself seriously enough to think it can have major impact on the serious issues of the day. So far, despite some straws in the wind, we have not reached that stage of maturity yet. This
review suggests that some serious institutional changes are in order before we will ever be able to make that claim.
Figure 1
Caplovitz's Model of Ghetto Consumer Problems
Figure 2. Distribution of Ghetto Marketing Articles in Marketing Literature Over Time
1. The nomenclature is somewhat arbitrary but encompasses most of the authors enumerated. Academics and researchers are, of course, often one and the same.


7. These journals met two criteria: (1) they publish only articles on marketing and (2) they are of significant national stature.

8. The entire bibliography is available from the author on request.

9. For example, the number of 1973 conference proceedings publications remains very high despite a significant decline in output of journal articles. This is in part because of a half-day session at the Association for Consumer Research at which all on-going research in the area could be discussed. (This session presents an enumeration problem that was resolved by selecting only abstracts from the 21 appearing in the proceedings that reported results of actual field research.)


19. As noted below, the second set of studies were comparisons of food prices in low- and high-income areas.

20. One outcome of the conference was the volume Alan R. Andreasen (ed.) Improving Inner-City Marketing (Chicago: American Marketing Association, 1972).


34. Alan R. Andreasen, "Consumerism in the Inner City," *op. cit.*


37. Cox, *op. cit.*


40. Aldrich and Riess, *op. cit.*


