The Quest for a General Theory of the Marketing System

Eric H. Shaw

College of Business, Florida Atlantic University, Boca Raton, Florida, USA

Abstract

Purpose – The purpose of this paper is to evaluate whether there is a common consensus on what constitutes the essential elements for building a general theory of the marketing system.

Design/methodology/approach – The method is an historical review to organize the various concepts, elements, sub-theories, axioms, components, explananda, and ingredients proposed by various marketing scholars over the past half century who contributed to the development of a general theory.

Research limitation/implications – The main implication is that fundamental agreement on the essence of a general theory does indeed exist. Scholars are encouraged to assemble the pieces strewn across the marketing literature and rejoin the quest to construct and empirically test a general theory of the marketing system.

Keywords – Marketing System, General Theory, Marketing Theory, Marketing Thought

Paper Type – Research paper

Introduction

The ultimate goal for studying marketing thought is the construction of a general theory of marketing. The gauntlet was thrown down by Alderson and Cox (1948, p. 138 and p. 148) who believed “the time seems ripe [to start building] an integrated theory of marketing.” Why integrated? “A general theory is needed,” as El-Ansary (1979, p. 399) says: “to unify the diverse theories of marketing.” Although interest in the search has waxed and waned, over the decades, “there is real value in working toward general theories of marketing,” according to Sheth, Gardner and Garrett (1988, p. 202), who concluded: “We hope our colleagues and future scholars of marketing will take up this challenge.”

Although once the main focus of leading scholars, with the passing of Wroe Alderson in 1965, the discipline shifted focus from a general theory of the marketing system to an emphasis on applying marketing management techniques (Kotler 1967, Kotler and Levy 1969, Kotler 1972) and later to an emphasis on understanding consumer psychology (Sheth et al. 1988). That is, a transformation from a perspective of marketing systems with an emphasis on the interactions between sets of sellers and buyers to a viewpoint of micro marketing emphasizing either an individual marketing manager’s activities or an individual consumer’s behavior. Nevertheless, a small number of marketing thinkers (Bartels 1968, 1970; El Ansary 1979; Hunt 1981; 1983; and Sheth et al. 1988; among others) have persevered in the ongoing quest. Not surprisingly, there are a lot of interesting ideas for building a general theory spread across the landscape of marketing just waiting to be examined. Systematically organizing the various concepts, elements, sub-theories, axioms, components, explananda, and ingredients developed by marketing scholars over the past half century makes a powerful research statement for (1) studying the history of marketing thought, (2) assembling the building blocks to aid in the construction project, and (3) rekindling interest in the quest to build a general theory. Consequently, the purpose of the present work is to evaluate whether there is a common consensus on what constitutes the essential elements for building a general theory of the marketing system.

Hunt (1976), following Rudner (1966), defined a theory as (1) a set of logically related statements (2) containing some laws that are (3) empirically testable (at least in principle). In contrast to midrange or special theories, a general theory is an overarching theory that explains a wider range of phenomena by subsuming a large number of concepts or by integrating a number of separate theories.

There is a mistaken notion that “a general theory of marketing is only possible if all component sub-theories that explain marketing phenomenon are complete,” El-Ansary (1979, p. 402) opines, further commenting: “A general theory of marketing cannot be stated for the time being since its component theories are in the developmental stages.” This opinion, however, is much too restrictive. If such were the case there could never be a general theory because theories are never completed, they
only exist in developmental stages. Such is the nature of science, construction and validation of theory is an ongoing iterative process: develop – test – improve – retest – improve some more – retest some more, and so on. For example, there is no complete statement of a theory of the firm or a theory of perception; however, to the extent that such a theory is well enough developed to explain marketing phenomena it can certainly be included in a larger theory. As a theory is improved, the revised version becomes part of the larger theory. General theory, like its component midrange theories and sub-component special theories, must be capable of describing, explaining and predicting phenomena, and as the component concepts and theories improve, so does the general theory. As Hunt (2010, p. 193) notes “Theories cannot be shown to be conclusively true in an empirical sense.”

Which raises another issue: how to deal with conflicting component theories or sub-theories? When evaluating competing theories or hypotheses seeking to explain the same phenomena, the heuristic known as Ockham’s razor argues to choose the one that explains the set of phenomena with the fewest concepts or restrictive assumptions. The argument is that fewer concepts make the theory easier to falsify. With all the difficulties involved in developing and testing even simple theories in marketing, is constructing and validating an ever more complex general theory worth the effort?

**Why bother: the value added to marketing by a general theory**

Sheth, Gardner and Garrett (1988, p. 18) identified three reasons why marketing scholars should make a general theory of marketing a “high priority” for the discipline: (1) increasing disciplinary fragmentation, (2) marketing’s identity crisis, and (3) marketing’s credibility crisis. From a scientific perspective, this writer can think of two additional reasons: (4) to obtain legitimacy for marketing as a social science and (5) to work toward achieving the ultimate goal of marketing thought.

First, with between roughly eight to twelve schools of thought (Sheth et al 1988, Shaw and Jones 2005); some with their own sub-areas, particularly marketing management (which includes sub-areas of strategy, promotion and advertising, retailing, branding, services, distribution, etc.); and consumer behavior with sub-areas, such as social class, sub-cultures, opinion leadership, attitudes and motivation, information processing and decision making, etc.), marketing has become increasingly fragmented as a discipline. Most scholars in marketing specialize in acquiring greater and greater depth of knowledge of narrower and narrower subject matter; thus, losing sight of or failing to grasp the totality of marketing. This is loosely akin to the six blind men and the elephant, where each man feels a small part of the animal and thinks he is describing the whole. A general theory of the marketing system would go far toward building the fragmented parts of marketing into a unified whole.

Second, as a consequence of the fragmentation described above, marketing has undergone an identity crisis (Bartels 1974, Sheth et al. 1988, etc.) that many scholars unfamiliar with the history of marketing thought have failed to recognize. It has gone unrecognized largely because of the sub-disciplinary silos in which most scholars’ work, as mentioned above; and because the once prevalent doctoral courses on marketing history are now nearly nonexistent. There are no longer simple answers to the questions: What is marketing? Does marketing involve market transactions or generic exchange? Does marketing concern only business dealings or all social relationships?

The identity crisis exists in the sub-areas of marketing as well. For example, of the many scholars who study the psychology of consumers, very few know how their sub-sub-discipline is related to marketing management, or channels of distribution, or macro marketing. Some authors in consumer behavior even have little appreciation of how it is related to buyer behavior. As Holbrook noted:

> The field of consumer research…currently find themselves in a crisis of identity…[The] JCR has lately come to embrace a variety of topics once thought too arcane or abstruse for a scholarly publication devoted to the study of consumer behavior…It has grown so encrusted with connotations arising from its association with other disciplines that, by now, it stands for everything, which in this case is tantamount to nothing (Holbrook 1987, p. 128).

As an indication of how far consumer behavior has withdrawn from marketing, Wilkie and Moore (2003, p. 133) stated, “our count of the nearly 900 articles published by the Journal of Consumer Research in its first 20 years showed that the word ‘marketing’ appeared only three times in an article’s title.” A small fraction of one percent signifies avoidance behavior. Apparently, marketing was not acceptable to non-business researchers because marketing was not considered respectable – too crassly commercial. Consumer behavior, like marketing management, has broadened beyond the
traditional marketing domain to include all behavior related to consumption from any source, including self-production, gift giving, government largess, charity, theft, etc. not just purchase behavior; even though Kotler (1980, p. 20) himself regarded only acquisition from market exchange as giving rise to marketing. A general theory of marketing, explaining how the parts fit together into a whole, would go far toward answering these questions by clarifying the boundaries of the field and what must be logically included within marketing and what could not possibly be logically included.

Third, Sheth, Gardner and Garrett (1988) have argued that marketing has a credibility gap whereby practitioners place little value on academic research or theories. This was not always the case. Marketing’s leading theoretician, Wroe Alderson, who founded the Marketing Science Institute in 1962, was also a nationally distinguished marketing consultant. His company newsletter Cost and Profit Outlook was renowned for combining theoretical and practical knowledge. The purpose of marketing theory, according to Alderson (1957), was to advance science and to guide practice. On the importance of marketing theory for marketing practice, Alderson (1965, p. 2) used a dramatic analogy: “The explosion of the atomic bomb on August 6, 1945 was a shocking reminder of the vast practical consequences of theoretical science.” The construction of a general theory would help convince practitioners, as well as policy makers and academics from other disciplines, that marketing scholars were pursuing scientifically sound empirically verifiable objectives that would undoubtedly have practical relevance.

Fourth, the cyclically debated question: “Is Marketing a Science?” Science is concerned with applying the scientific method to describe, explain and predict phenomena. The construction and empirical testing of a general theory that scientifically described, explained and predicted marketing phenomena would unambiguously provide an affirmative answer that marketing is indeed a social science.

Finally, the goal of constructing a general theory has persisted, on and off, for more than a half century. To construct such a theory would end the beginning of the quest; and start the ongoing scientific process of empirical testing and revision necessary to improve the general theory.

Scholarly discussion of a general theory
Attempts at describing a general theory have persevered for more than half the life span of marketing as an academic discipline. A brief chronological outline of the various attempts to design, outline or sketch a general theory must start with Alderson and Cox (1948), whose Journal of Marketing article, “Towards a Theory of Marketing,” began the discussion. This call for action was followed by two books of readings on marketing theory (Cox and Alderson 1950, and Cox, Alderson and Shapiro 1964); and Alderson’s two path breaking theoretical works: Marketing Behavior and Executive Action (1957) followed by Dynamic Marketing Behavior (1965). Both of Alderson’s books were devoted to presenting “the elements of a general theory of marketing” (Alderson 1965, p. 24). Following which, Bartels (1968) identified six sub-theories of marketing that he thought formed “A General Theory of Marketing.” Subsequently, Bartels (1970b) suggested seven meta-theoretic “Axioms” to guide development of theory. Next, El-Ansary (1979) tried to integrate nine “Components of a General Theory of Marketing” (including seven micro and seven macro sub-components). This was succeeded by Hunt (1983) who proposed four “Fundamental Explananda” (dependent variables requiring explanation) that were necessary and sufficient for a general theory of marketing. In an ensuing work, Sheth, Gardner and Garrett (1988) named six “Ingredients for a General Theory of Marketing.” Samli and Bahn (1992) argued the market was the key construct of marketing. The various concepts, elements, sub-theories, axioms, components, dependent variables, and ingredients, are shown in Exhibit 1 (at the end of the paper).

In an attempt to provide some broad guidelines for constructing theory, Bartels’s (1970) proposed a set of meta-theoretic axioms. Metatheory involves properties of theories. Axioms are propositions assumed to be true. When B. Franklin edited T. Jefferson’s draft of the Declaration of Independence, in 1776, he had Euclid’s notion of an axiom in mind when he crossed out and revised the proposition: “We hold these truths to be sacred & undeniable self-evident...” Axioms are deemed self-evident for analytical purposes only, not as a substitute for empirical testing (Hunt 1976). Axioms provide a foundation for building theory.
Sellers, Buyers and Market Transactions

To develop a general theory of marketing, the theorist starts with the critical essentials; most fundamental are Bartels’ (1970b, p. 6) Axioms 1 and 2. The first involves identifying the subject matter: “theory proceeds from a concept of its subject and should be consistent with it.” What is the subject matter of marketing? The answer proposed by Sheth et al. (1988, p. 200) is listed as Ingredient 1: “Marketing is a study of market behavior rather than marketer [seller] behavior or buyer [consumer] behavior. Upon this relationship between marketing and markets there is a general consensus. The “major aspect of market behavior,” Alderson (1957, p. 32) notes is “the flow of exchange transactions.” Also, McInnes (1964, p. 52) observed: “The primary observable phenomenon for any theory of marketing is the hard practical fact of the market itself.” Ultimately, “A theory of marketing explains how markets work” (Alderson 1965, p. 23). Similarly, for Hunt (1983, 13): “Marketing is… the behavioral science that seeks to explain exchange relationships.” Finally, “because marketing takes place in markets,” as Samli and Bahn (1992, p. 143) concluded, “it will be difficult to understand, let alone practice, marketing without understanding the construct of market.”

The next essential of a theory is listed by Bartels (1970b) as Axiom 2: “concepts should be related to subject matter.” Considering marketing’s subject matter of describing and explaining market behavior, Sheth et al. (1988, p. 200) list Ingredient 2: “Market behavior is measured by a fundamental unit of analysis called the market transaction.” Early in the discipline’s history, this was generally recognized; for example, White (1921) observed “A market is an opportunity to buy and sell.” Identifying “two units of action for a marketing system,” Alderson (1965, p. 22) agrees: “One of these is the transaction, the focus of the negotiation which leads to exchange.” Similarly, Hunt (1983, p. 13), describes Fundamental Explananda 1 and 2 as: “The behavior of [1] buyers… and [2] sellers… directed at consummating both individual and ongoing exchanges.” The behaviors or marketing activities represent the independent variables that are necessary to create exchange – the dependent variable.

Separating individual and ongoing exchanges, as Hunt does above, was also recognized by Sheth et al. (1988, p. 201) in Ingredient 3: “the dynamic nature of marketing [occurs because] repeated market transactions take place…between parties.” The significance of repeated transactions on the dynamic nature of marketing was anticipated by Alderson (1957) who, based on Commons (1924), distinguished between fully negotiated and routinized transactions. Rather than having to spend considerable time and effort negotiating all the terms and conditions of a transaction time after time, routinizing transactions can be repeated for each deal minimizing time and effort. “Reducing transactions to routine,” according to Alderson (1957, 296), “is a part of the continuing search for greater efficiency in marketing.” This drive for efficiency and innovation are causes of the dynamism in Dynamic Marketing Behavior, the title of Alderson’s (1965) last theoretical book.

Thus, there is strong agreement among scholars on the core essentials of a general theory. The subject matter of marketing is the work involved in creating and maintaining markets. One of two fundamental conceptual units of analysis is a market transaction. The work involved in creating market transactions consists of buying and selling; not in the isolated study of individual marketing managers or individual consumer behavior but the sale-purchase interaction of the parties in market transactions. The buying and selling activities involved in creating and maintaining transactional relationships make the process dynamic rather than static. The core concepts, including buying, selling and market transactions are defined in Exhibit 2 (at the end of the paper). Buying and selling in a market transaction is regarded as micro marketing because the parties are interacting firms and households, what Cox and Alderson (1948, p. 148) called “organized behavior systems.” Individual market transactions, however, are only elements in Alderson’s (1965) second and more encompassing unit of action, discussed next.

Channels and Transvections

El-Ansary (pp. 402-3) also argues that theories of sellers or buyers or market transactions, are only component elements in a more general theory. In his view, theories of consumer and organizational buyers are inputs, and integrated, into larger theories involving channel behavior and systems. The latter, in turn, are inputs and integrated into a still larger notion of what may be termed a theory of “channel institution dynamics.” Other components also inputted and integrated into channel institution dynamics are theories of micro marketing [perspective of marketing management or seller] and macro marketing [e.g. larger social-political-economic environments of the marketing system]. Based on it representing the highest level and most integrative component of his component theories, for El-
Ansary (1979, p. 404) therefore, “the evolution of channel institutions and vertical marketing systems development [simplified here to channel institution dynamics] is the general theory of marketing.”

In Hunt’s (1983, p. 13) schema, channels are regarded as Fundamental Explananda 3: The institutional [channel of distribution] framework directed at consummating and/or facilitating both individual and ongoing exchanges. Again, it is the dynamic of creating and maintaining ongoing exchanges, also called “flows,” that makes channel institution dynamics usually evolutionary but sometimes revolutionary, such as department stores in the 1860s, mail order catalog sales in the 1870s, supermarkets in the 1930s, and online selling in the 1990s), what Schumpeter (1942) called the process of creative destruction.

This notion was also anticipated by Alderson (1965, p. 22) in conceptualizing his second unit of action: “The transvection is a more embracing concept” than matching an individual buyer and seller in a single transaction. The transvection provides a construct of channel length: matching an original producer, through intermediate transactions, with a final consumer. How is a channel of distribution different than a transvection? A channel of distribution includes the institutions (e.g., agents, brokers, manufacturers, wholesalers, retailers, households) describing the marketing structure. The transvection includes the activities (search, transportation, carrying inventory, negotiation, etc.) with their inputs and outputs describing the marketing process. As an analogy, a channel is like the banks of a river, with institutions as pumping stations creating reservoirs (of inventory for distribution), while the transvection is like the flow of a river into and out of the reservoirs from original source to final destination. Aspinwall (1962) called these reservoirs “deposits.” He envisioned “a steady flow…moving at a rate established by the ultimate consumer… [and] the intermediary institutions facilitating this flow are in fact deposits” (Aspinwall 1962, p. 652). Next we move from individual channels and transsections to their integration as parts of the aggregate marketing process.

An Explanatory Sketch of the Marketing Process

One of Bartels’ (1968, p. 33) sub-theories involves “market separations” and another “flows.” Three of El-Ansary’s (1979) component theories involve the work going on in channels. Sheth et al (1988, p. 196) state: “Marketing’s purpose is to create value by bridging gaps between producers and consumers…through the process of market transactions.” Alderson (1957) addressed the gaps or separations with his concept of “discrepancy of assortment” and the flows bridging the gaps with his concept of transformations and sorts taking place in the transvection. Discrepancies, separations or gaps in the market between original producers and final consumers include: product/service assortments, possession and information, time and place, and valuation (roughly similar to those proposed by McInnes 1950, pp. 57-59 and Bartels 1968, p. 31). For example, manufacturers produce a large quantity of one or a few lines of products while households want small quantities of a wide assortment of products. Manufacturers have a supply and households have a demand but each party has to know the other exists and where to find them. Manufacturers produce some goods seasonally, such as oranges, but households want these products all year around, while other manufacturers produce products all year around, such as Christmas trees and bulbs, but households want them seasonally. Manufacturers exist in a limited number of locations, households are scattered across the landscape. Seller pricing must cover costs, but the value to households is based on benefits.

To bridge these gaps created by the division of labor in production, work has to be undertaken – that work is marketing; and as the amount of work increases so do the costs; and all work has a cost – at a minimum the opportunity forgone. The resources used in performing this marketing activity represent inputs (or independent variables). Next we turn to how inputs become transformed in the marketing process into outputs (or dependent variables).

Historically, many marketing scholars have argued similar theoretical explanations of the marketing process. Although a variety of differing terminology appears in the literature (e.g., “adjusting maladjustments” by Shaw (1912) and Clark (1922), “overcoming obstacles,” “reducing resistances,” and “closing channel circuits” by Breyer (1934, 1949), creating marketing “flows” by Vaile, Grether and Cox (1952), Fisk (1967), Bartels (1968) and Dixon (1982), “overcoming discrepancies” by Alderson (1957) and “bridging separations” by McInnes (1964), among others), the underlying explanation is basically the same.

Fundamentally, the basis for a marketing system begins with the relationship between makers and users of goods (drawing on McInnes’ terminology). The potential for market transactions are created when producers become separated from consumers by the division of labor. As Adam Smith (1776[1937], p. 17) astutely observed: “It is the power of exchanging that gives occasion to the
division of labor.” As specialization increases, the division of labor becomes more extensive, increasing the separations between producers and consumers, making the network of potential trading relationships more complex increasing the separations.

The potential for exchange, however, is not the same as an actual market transaction. Discrepancies (maladjustments, gaps, obstacles, resistances, separations) between the parties provide the opportunity for market activity to be performed by middlemen (marketing institutions) to bridge the gaps (adjust maladjustments, overcome obstacles, close circuits, channel flows) separating original sellers from final buyers, thereby transforming transactional potentialities into actualities. As Bartels (1968, p. 31) states: “The ways...consumers are separated from producers...describe the market [and] determine the marketing task.”

At the micro level of an individual unit of analysis, “the output of marketing activity” is to match a household buyer’s “small segment of demand” with a business firm’s “small segment of supply” in a market transaction (Alderson 1957, p. 199). This “matching is a dynamic process” (Alderson 1965, p. 208), because of heterogeneity in supply and demand buyers are not paired with sellers randomly “but according to their preferences” (Alderson 1957, p. 105). In his electro-magnetic analogy, Breyer (1934, p. 107), described the sale—purchase transaction as a “simple circuit closing;” and McGarry (1950, p. 273) called the retail—consumer transaction the “termination function...the consummative act for which all other functions have been preparatory in the marketing process.”

For this consummative act, Alderson (1965, p. 86) preferred the term “transvection” because it included the set of market transactions, including all sorts and transformations, from an original seller of raw materials, through intermediate purchases and sales, to the final buyer of a finished product or service. Breyer (1949, p. 7) called closing this circuit: “A full cycle of marketing, one that spans the full stretch from producer to consumer, of channel dimension in its vertical aspect.” Consequently, the transvection represents the output of all the marketing activities taking place in a single channel of distribution. Aggregating the set of parallel channel-transvections in a particular nation, say the United States, for a particular time period, say a year, provides “an exhaustive description of the [macro]marketing process” (Alderson 1965, p. 92). Thus, viewing the marketing process as a whole, the goal of the marketing system is matching aggregate supply with aggregate demand (Shaw 1912, Alderson 1965, p. 207).

Given that the desired result of the marketing process is actualizing potential transactions, then the potential transactions actualized provides a meaningful expression for the output of the marketing process (McInnes 1964, Alderson 1965). On the other side of the coin, the costs to the parties, both sellers and buyers, of engaging in marketing activities expresses the inputs to the marketing process. In summary, firms and households as “organized behavior systems” use their resources (inputs), to perform the marketing activities necessary to bridge gaps in the market between sellers and buyers (the marketing process) and create “transactions and transvections” (the outputs). How well the marketing process is working at the level of a transaction, the transvection, or the aggregate marketing process may be empirically tested by measuring how well micro and macro marketing system inputs are transformed into outputs (Alderson 1948).

**Conclusion**

The purpose of the present work was to establish if a common consensus existed on what comprises the essential elements to construct a general theory of the marketing system. Among the various concepts, elements, sub-theories, axioms, components, explananda, and ingredients, found in the marketing literature, it was clearly determined that it is indeed possible to systematically organize the essential elements to build brick by brick a general theory of the marketing system.

Although it was not the purpose of this work to formally develop an integrative theory, the paper did provide some of the essential elements and a rudimentary explanatory sketch of what a general theory of the marketing system and its sub-theories will contain and seek to explain. It also suggested at least one empirical test for micro and macro components of the general theory.

At a micro level, it must explain the buying and selling activities of individual firms and households in creating market transactions. For households it will include sub-theories that seek to explain: how and why households decide where, when and from whom to buy what (Hunt 1983, p. 13, called these guiding research questions)? A more complete theory of the household might explain not only the marketing issues of how a household’s resources are used to purchase products and services, but also how products and services are transformed into satisfactory consumption experiences. For firms, it will include theories that seek to explain: how and why firms decide on what products and
services to sell, prices to charge, promotions to provide, as well as where, when and to whom to sell? More generally, how well a business firm’s resources are used in competing to gain a differential advantage and transformed into profitable sales? Among which firms and households, how, when, and where are small segments of business supply matched with small segments of household demand in market transactions?

At the interface of the micro-macro boundary, the channel level; some guiding research questions (Hunt 1983, p. 13) involve: what, why, how, when, where, and which marketing channels emerge and persist to create transvections. More generally, how does the channel transform resources from original producers, through sequences of intermediate purchases and sales, to final buyers into transvections? At the macro level of the total marketing system of a nation, how well does the marketing process match aggregate supply with aggregate demand? These are just some of the questions that a general theory and its component theories will seek to explain.

Constructing a general theory of the marketing system represents the final frontier in the development of marketing thought. For more than a half century ideas have been scattered throughout the literature of marketing. The challenge has been to start the process of systematically organizing concepts into a general theory. This research has shown that there is a common consensus on the essential elements of such an integrative theory. The virtues of creating a general theory are not insignificant: integrating the fragmentary pieces of marketing into a unified whole; addressing marketing’s identity crisis and resolving the boundary dispute; reducing the theoretician – practitioner gap, and demonstrating marketing is truly a social science. Because these reasons are so important to the disciplines and relevant for the development of marketing thought, it is now time to pick-up the gauntlet and rejoin the quest to construct and empirically test a general theory of the marketing system.

References
Hunt, S.D. (1976), Marketing Theory: Conceptual Foundations of Research in Marketing, Grid, Columbus, OH.


### Exhibit 1

**Essentials elements of a general theory of the marketing system**

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Essentials of the author’s general theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cox &amp; Alderson (1948)</td>
<td>3 Tests: 1. Serve a variety of needs. 2. Comprehensively encompass existing ideas. 3. Consistent with major marketing entities. Tests integrated in one “basic concept”: “Organized Behavior Systems” that includes the buying and selling activities of firms and households in channels of distribution.</td>
</tr>
<tr>
<td>Alderson (1957, 1965)</td>
<td>Heterogeneity and Matching of Supply and Demand, System Inputs and Outputs, Transformations and Sorts, Routinized and Strategic Transactions, Discrepancy of Assortment, Channels and Transvections, Progressive Differentiation, Law of Exchange, Law of Reduced Contacts, Marketing Efficiency</td>
</tr>
<tr>
<td>Bartels (1970)</td>
<td>1. Subject Identification: theory should be based on distinct subject matter. 2. Basic Concepts: concepts should be related to subject matter. 3. Intraconcept Differences: hierarchical sub-division of concepts based on differences in kind or differences in degree. 4. Interconcept Relationships: independent concepts [variables] are used to explain and predict dependent concepts. 5. Generality of Relationships: theories must be generalizable and empirically validated. 6. Diversity of Theories: diversity of thought produces stronger theory than uniformity. 7. Epitheory: all theories within a discipline should be embraceable in a general theory.</td>
</tr>
<tr>
<td>Hunt (1983)</td>
<td>1. The behavior of buyers directed at consummating … exchanges. 2. The behavior of sellers directed at consummating … exchanges. 3. The institutional [channel of distribution] framework directed at consummating and/or facilitating both individual and ongoing exchanges. 4. The consequences for society of the behavior of buyers, the behavior of sellers, and the institutional framework directed at consummating and/or facilitating both individual and ongoing exchanges.</td>
</tr>
<tr>
<td>Sheth, Gardner and Garrett. (1988)</td>
<td>1. Marketing is the study of market behavior, rather than marketer [seller] behavior or buyer [consumer] behavior 2. The fundamental unit of analysis is a market transaction. 3. Marketing is dynamic due to repeated transactions 4. Marketing behavior is constrained by the transacting parties or external institutions. 5. Marketing’s purpose is to create value by bridging gaps between producers and consumers. 6. Marketing must satisfy metatheory criteria [e.g. Bartels’ axioms.]</td>
</tr>
</tbody>
</table>
Exhibit 2
Definitions of key concepts for a general theory of the Marketing System*

For clarity, several terms require a more definitive description of the concept including: selling and buying activities, market transactions, transvections, retail-household transvection, aggregate marketing process, and the marketing system.

**Buying** activities involve negotiating terms and tendering payment to a seller in exchange for the products and/or services demanded. Pre-purchase activities include identifying sources of supply and usually traveling to stores. Post-purchase activities include transport, assembly, and consuming activity.

**Selling** activities involve offering a supply of products and/or services and negotiating terms with a buyer in exchange for payment. Pre-sale activities include identifying sources of demand (targeting customers) and creating a marketing mix. Post-sale activities include delivery, providing support, servicing warranties, reducing dissonance and generally keeping customers happy so they become repeat purchasers and provide positive word of mouth.

A **market transaction** is a voluntary agreement (offer and acceptance) between seller and buyer creating legal obligations for rendering products and services in return for payment.

A **transvection** is a set of sequential market transactions from the original seller of raw materials, including all sorts and transformations, through intermediate purchases and sales, to the final buyer of a finished product or service.

A **Retail-Household transvection** reflects the total value added by past production and prior distribution activities, the current value to both parties in exchange, the selling firms expected profitability and the household buyers anticipated satisfaction from subsequent consumption.

**Marketing inputs** consist of the cost of engaging in the marketing process.

**Marketing outputs** consist of actualizing potential transactions and transvections.

The **aggregate marketing process** consists of the set of all transvections taking place in a particular geographical place, such as the United States, in a particular time frame, such as one year.

A **system** may be defined as a set of elements that interact to form a unified whole to achieve a goal. A **marketing system** may be defined as sets of firms and households linked in a channel structure who interact to actualize potential market transactions and transvections up to the aggregate marketing process.

*In this article, the term “Marketing” is intentionally left undefined. Unfortunately, the definition of marketing has become encrusted with so many meanings, over the decades, that there is no generally agreed upon meaning, nor is there likely to be a consensus definition anytime soon. Consequently, the present work will not enter the semantics jungle by attempting to define marketing or a theory of marketing. As stated in the title of this article, the present work is concerned with “A General Theory of the Marketing System.” The terms system and marketing system, unencumbered by innumerable conflicting perspectives, allow for a clear and concise definition. Moreover, the definition of a marketing system proposed here is quite consistent with the conceptual definitions of marketing proposed by leading marketing theoreticians. For example, any notion of marketing, according to McInnes (1964, p. 52) “must spring from the phenomenon of the market. “Marketing,” for Alderson (1965, p. 23) “explains how markets work.” In the definition of Sheth et al. (1988, p. 200): “Marketing is a study of market behavior.” A similar meaning is expressed by Hunt (1983, p. 13): “Marketing is…the behavioral science that seeks to explain exchange relationships.”*