An Historically-based Definition of Marketing

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Extended Abstract
Purpose – The purpose of this is to propose an historically-based definition of marketing: the process of buyers and sellers aimed at exchanging products and services for payment.
Data – Author performed a content analysis of 65 definitions of marketing.

Introduction
As marketing thought has progressed through its various eras (Wilkie and Moore 2003, Shaw and Jones 2005), the definition of marketing underwent several "face-lifts" in hope that these alterations would provide a more comprehensive and accurate representation of what constitutes marketing phenomena. The field has several definitions of marketing, each offering different perspectives and encompassing different phenomena (Rayburn, Cooke, and Abercrombie 1985). But after a century of searching for an ideal definition, perhaps it is time to take a different tact.

Starting with Shaw's (1912) conceptualization of marketing as "matter in motion," this author reviewed 65 different definitions of marketing spanning the period from 1912 to 2008. Two consistent, and detrimental, patterns emerge. First, it appears that marketing scholars are attempting to develop an ideal definition of marketing without first establishing what a definition is and its criteria. Second, the confusion surrounding marketing's definition appears to stem from simply forgetting, or disregarding, where marketing comes from (often shifting paradigms without sufficient theoretical support). Before continuing to move the discipline forward, perhaps it is time to revisit marketing's origins and let our history provide us with some clarity as to what marketing is and is not. As the old adage states, "How can we know where we're going, if we don't know where we're from?"

This paper proposes an historically-based definition of marketing: the process of buyers and sellers aimed at exchanging products and services for payment. To defend this definition, the paper begins with a discussion of what a definition is and the criteria of a good definition (Hunt, 2010). Then, the paper defends the proposed definition using a general systems framework to organize the history of marketing.

Definitions
Definitions are "rules of replacement" (Hempel, 1970, p.654). A definition is "a word or group of words (the definiens) proposed to be truth-functionally equivalent to the word being defined (the definiendum)" (Hunt, 2010). To determine a good definition, four criteria are utilized (Hunt, 2010). A good definition should (1) include all phenomena that should be taken in; (2) exclude all phenomena that should be left out; (3) differentiate the definiendum from other terms; and (4) be concise. The current definitions of marketing fail to meet at least one of these four criteria. Most frequently, these definitions fail to meet either criteria one or two; they either exclude phenomena that should be included or include phenomena that should be excluded. For example,

With these four criteria in mind, especially the first two, the rest of the paper focuses on defending the proposed definition (the process of buyers and sellers aimed at exchanging products and services for payment) using an historical perspective of marketing (where we're from). Thus author used the historical perspective as a guide in determining what marketing is (phenomena that should be taken in) and what marketing is not (phenomena that should be left out). Thus, the defense of the proposed marketing definition begins with revisiting why marketing exists in societies.

The Need for a Marketer and Exchange

The need for a marketer in society originates from economics with the concept of division of labor (Smith, 1776; Finley, 1981; Lee, 1983). The division of labor suggests that for a man to obtain the highest level of production efficiency, he should specialize in one trade or craft. For instance, for a farmer to be most efficient, he should only engage in those activities related to growing crops. Through this efficiency, the farmer generates a surplus of food. However, by limiting his production activities to only farming, he is no longer self-sufficient, or able to produce and satisfy all of his remaining needs (shelter and clothing). For the farmer to satisfy his unmet needs, he must exchange his surplus of crops with the carpenter for shelter and with the seamstress for clothing.

In a society characterized by a division of labor, or specialization of trade, the members of society depend on one another to fulfill any unmet needs. In other words, the farmer, carpenter, and seamstress develop a dependency on producing and exchanging (through bartering or buying and selling) surpluses amongst one another in order to satisfy unfulfilled needs. It is important to emphasize that in order for a society characterized by a division of labor to function, members of society (the farmer, carpenter, and seamstress) must perform two necessary activities. First, they must produce a surplus through specialization. Without a surplus, they have nothing to exchange. Second, they must engage in an exchange. With out an exchange, the farmer, the carpenter, nor the seamstress can satisfy their unmet needs.

The exchange of products or services occurs in one of two processes. First, the farmer, carpenter, and seamstress can chose to engage in a decentralized exchange process. This occurs when the farmer, carpenter, and seamstress trade separately amongst one another. For example, the farmer meets with the seamstress and they barter food for clothing. Then the farmer meets with the carpenter, and they barter food for shelter. In a decentralized exchange, the surpluses are traded.

Although the decentralized process of exchange is effective, it is not the most efficient exchange process. A more efficient exchange process is the centralized process. In its primitive form, the farmer, the carpenter, and the seamstress designate a place and time (a market) to exchange amongst one another. Obviously, having to engage in exchange activities at one location rather than two is more efficient. However, the farmer, carpenter and seamstress must still engage in two separate exchanges with two distinct people. And when the farmer, carpenter, and seamstress stop engaging in production activities and instead engage in exchange activities, the efficiency at which they produce surpluses declines. Resulting in fewer surpluses to exchange.

To produce at the highest level of efficiency, the farmer, the carpenter, and the seamstress must remain engaged in production-based activities rather than exchange-based activities. Thus, a need for an intermediary, merchant, or marketer, who specializes in buying and selling surpluses and foreseeing the centralized market place, arises. But unlike the farmer, carpenter, and seamstress that produce surpluses in order to exchange, the marketer satisfies his unmet needs (food, shelter, and clothing) by taking payment from the farmer, carpenter, and seamstress for the service he provides. This payment comes in the form of products and services (food, shelter, or clothing), or most commonly, money.

By tracing the origins of marketing in society, we find important clues that can guide us in our decision of what should, and should not, be included in our definition of marketing. For instance, terms such as products, services, and payment are mentioned. The concept of bartering (exchanging products and services for other products or services) and markets were highlighted. But most importantly, we discovered that in order for member's of a society to satisfy their unmet needs, they must engage in an exchange.

The Concept of Exchange

The concept of exchange is a definien for approximately 80 percent of the 65 definitions reviewed, so there seems to be some consensus that the concept of exchange is "central to the meaning of marketing" (Bagozzi, 1979). But although most marketing researchers agree that the basic goal or basic function of marketing is to exchange (Alderson, 1957; Kotler, 1972; Hunt, 1976), there seems to be disagreements on what the concept of exchange in marketing includes.

Business is considered a social science, a study of human societies and social relationships. Thus we begin our discussion of exchange with a description and categorization of the concept of social exchange. A social exchange is any form of human interaction (Homans, 1958). A social exchange occurs when you say hello to a co-worker in the morning, hug your mother, wave to a neighbor, or discuss new features of a DVD player with a sales rep. A necessary condition for a social exchange to occur is that there are at least two parties.

Shaw and Dixon (1980) categorize social exchanges as either exploitative exchanges or mutual exchanges. An exploitative exchange is a social exchange where one party receives benefits at the loss of the other party. For example, calling a friend to ask who won a basketball game, or when a thief steals a car. Exploitative social exchange is one in which I get and you give.

In a mutual social exchange, both parties receive benefits from the social exchange. I get and give, and you get and give. For example, you ask a friend who won the basketball game and they ask you about the weather, or instead of heisting the car, the thief decides to give money instead. Mutual social exchanges, as those described above, are categorized into two types - noneconomic and economic. The fundamental difference between a noneconomic and an economic mutual exchange is in "what" is being exchanged. In an economic exchange, the two parties exchange a need satisfying product or service for payment (either a product, service, or money). For example, when the thief decides to give money for the car (product) instead of stealing it, or when the farmer gives food to the seamstress in return for clothing. Noneconomic exchanges are mutual exchanges that do not involve products, services or money. For example, when one friend gives information on the game and the other gives information about the weather, or you give your mother a hug and she gives you a kiss.

According to the historical perspective provided above, the farmer, carpenter, seamstress and marketer engage in an economic exchange. As previously discussed, the farmer, carpenter, and seamstress are interested in exchanging their products (food, shelter, and clothing) to acquire other products and services (food, shelter, clothing). This suggests that the concept of bartering (the exchange of products or services for other products or services) should be included as marketing phenomena. In addition, the marketer is interested in exchanging his services (which include the buying and selling of food, shelter, and clothing and overseeing the marketplace) for payment (food, shelter, clothing, or money). This suggests that exchanging goods and services for money, better known as buying and selling, should also be included as marketing phenomena. In summary, the historical perspective provides evidence that the concept of exchange in marketing refers to "a mutual-economic-market exchange, which is integrated by the market" (Shaw and Dickson, 1980). Thus, exchange in the proposed definition of marketing limits the scope of marketing phenomena to only mutual economic exchanges.

The thought that products, services, and payment are "what" is being exchanged in marketing is not an unfamiliar thought. For example, Kotler (2003) suggests four ways to satisfy an unmet need, and states marketing is concerned with exchanging products, services, and payment. Of the 65 definitions reviewed, approximately 55% percent use the definien goods or products in their definition, 45% use the definien services, yet only approximately 5% refer to some form of payment. Although only 5% mentioned payment in their definitions, based on the historical perspective and the concept of exchange in marketing provided above, this author considers it important for a good definition of marketing to specify "what" both parties in a marketing exchange are giving and getting.

Mutual Economic Exchange to Narrow a View?

In the late 1960's - early 1970's, marketing academicians pushed to broaden "what" was being exchanged in marketing from products, services, and payment to "value". These academicians thought that the mutual economic exchange view was too limited - it excludes phenomenon that should be considered marketing. For example, Kotler (1972) suggested that the definition of marketing include both the mutual economic exchanges as well as exploitative economic exchanges (receiving products and services for no payment), such as gift-giving, paying taxes, and receiving free services. Bagozzi (1975) suggested that marketing should include all activities involving an exchange (including the symbolic aspects of an exchange) as well as the cause and effect phenomena associated with it. Whether this desire to broaden the field stemmed from political, practical, or pedagogical reasons, it resulted in replacing the definiens products, services, and payment with more "value" based defieniens (AMA, 2007).

However, using "value" as a definien to represent "what" is being exchanged in marketing fails to satisfy criteria 1 and 2 of a good definition. The term value has a very subjective meaning. Most readers would agree that what is valuable to me is not necessarily valuable to you, and that what is valuable to you may or may not change over time. For instance, a hug or kiss can be valuable and it may also hold some symbolic importance. Hugs and kisses are also exchanged (given and received by both parties). But do you consider giving and receiving hugs and kisses marketing? By including broad definiens, such as value or symbolism, in the definition of marketing, the scope of marketing expands too far and the inclusion of phenomenon that is not marketing is unavoidable.

Thus far the author has provided an historical justification for including the clause “exchanging goods and services for payment” in the proposed definition of marketing as well as provided clarification on the type of exchange that should be considered marketing – mutual economic exchange. The rest of this paper defends and clarifies the remaining definiens in the proposed definition: the process of buying and selling aimed at exchanging goods and services for payment.

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