

# The Development of Ideas in Marketing Management From the Tacit to the Explicit: The Case of the USA 1910-40

Kazuo Usui, Saitama University, JAPAN

*The managerial idea of marketing, symbolised by the so-called 4Ps model, began to be exported from the USA to Western Europe and Japan after the Second World War. This research examines the period 1910-40 to identify how such an idea developed and what its basis was. In accordance with the recommendations of eminent historians (Nevett and Hollander 1994), this research focuses on the combined process of the development of the idea and the contexts that produced it. This complements many distinguished works dedicated to marketing thought (e.g. Converse 1959, Coolsen 1960, Bartels 1962, Sheth et al. 1988, Shaw and Jones 2005).*

*Making marketing decisions, such as the “introduction of a new good” and the “opening of a new market” as listed by Schumpeter ([1934] 1961), or the “development of a market for a product, and the devising a new products to meet or anticipate consumer demands” as indicated by Cole (1946), was an inherent function of entrepreneurship. This function was originally performed as entrepreneurs’ ingenuity based on what is called “tacit knowledge” (Polanyi 1983) in the field of knowledge management (Nonaka 1994). Such knowledge could be assimilated only by “dwelling in” comprehensive situations. However, as managerial capitalism progressed, the demand for nurturing professional salaried managers increased and the movement towards collegiate education in commerce started in the 1880s. In such general conditions, attempts were made to convert some aspects of tacit knowledge embodied by entrepreneurs into explicit knowledge, which could be learnt by future professional managers. This research narrates the historical processes surrounding the articulation of the 4Ps type of idea.*

*Firstly, this research addresses the idea of Ralph Starr Butler (1911a, 1911b, 1914, 1917, 1918) in the 1910s. While his idea has been considered as an early version of marketing mix (Bartels 1962) and of channel selection (Bucklin 1966), his idea can also be considered the first step in separating the planning function from implementation in marketing management, not merely in sales force management. Genealogically, it was further developed by Percival White (1926, 1927, see 1921, 1929)*

*as the circular form of management process in the 1920s, which is now called the “analysis, planning, implementation and control paradigm” (Brown 2001) and utilised in many textbooks. As for the context of his idea, it should be noted that Butler adhered to the manufacturers’ standpoint. Although this looks myopic at a glance, rather it was this narrow view that made it possible for him to articulate a 4Ps type of idea. The manufacturers that Butler assumed were substantially equivalent to what Chandler (1977) called the “modern industrial enterprise”, which integrated mass production with mass distribution within a firm. As for the context of his channel concepts, the emergent conflicts of these integrated manufacturers with both new and old types of merchants were important. These conflicts included the problems of chain stores, private brands and price maintenance as well as the concept of “real merchants”. The last concept (see Parlin 1916) was fondly thought of as good old merchants who could decide everything by themselves and refused to merely be “slot-machines” for national brands of manufacturers.*

*Secondly, this research discusses the various attempts to apply F. W. Taylor’s “scientific management” for marketing. This was an example of combining different types of “explicit knowledge”, as it is called in knowledge management. This research divides these applications into two types – the strict and the broad – and considers their backgrounds. A typical strict application was attempted by Charles Wilson Hoyt (1913, 1929). He provided a prototype idea of the so-called McDonaldisation, in which every sales talk and salesman’s behaviour was to be standardised based on the experiences of the integrated manufacturers. A broader type of application was represented by Arch Wilkinson Shaw (1911, 1912, [1915]1951, 1916), who proposed the “laboratory standard” for every dimension of “demand creation”. It should be noted that Shaw’s concept of “merchant-producer” shared the same perspective as Butler.*

*Thirdly, this research focuses on the Conference of Sales Executives called by the Taylor Society (1920a, 1920b, 1920c) in 1920, where the idea of “sales engineering” (Freeland 1920) was suggested. This encapsulated the planning, especially product planning, function in marketing management. The idea was defined*

according to the experiences of the Winchester Repeating Arms Co., which expanded production capacity during the First World War, but had to adopt new product lines that fit the post-War conditions. At the same conference, the idea of “merchandising” was also proposed by the president of the Dennison Manufacturing Co. based on his own company’s experiences (Dennison 1920, 1926, 1927a, 1927b). This idea exerted a strong influence on the historical definition by M. T. Copeland and E. P. Learned (1933): “Merchandising is product planning”.

Fourthly, this research recognises that many textbooks in the 1930s adopted this definition of “merchandising”, while the “redesign movement” added new content to this concept. In this movement, many manufacturers contracted with consultant industrial designers who emerged as new profession so as to make old products marketable by redesigning them. Based on this experience, some new knowledge was made explicit as part of “merchandising”, such as the idea of “artificial obsolescence” (Shaw 1928, see Frederick 1928).

Finally, this research explores the development of explicit knowledge on marketing channels and its background between the two world wars. The idea of channel selection was maturing on the basis of integrated manufacturers’ activities, as well as the conflicts with the emergent price-appeal format like supermarkets. At the same time, new factors such as backward integration towards production by chain stores, led to new explicit knowledge on channels such as the vertical competitive unit and the advantages of retailer-guided channels. Thus, the idea of channel selection at first reflected the activities of integrated manufacturers and then gradually embraced the different perspectives of integrated retailers.

The 4Ps type of explicit knowledge was so well articulated and decontextualised that it was able to be exported to other countries, and then broadened to non-profit organisations and individuals. Nevertheless, it never makes entrepreneurial spirit superfluous (see e.g. Hills and LaForge 1992), nor does it render the recognition of situation-specific knowledge (Lave and Wenger 1991) embedded in each unique or ethnic context unnecessary.

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