The History of Schools of Marketing Thought

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Marketing has been practiced since ancient times and has been thought about almost as long. Yet, it is only during the 20th century that marketing ideas evolved into an academic discipline in its own right. Most concepts, issues and problems of marketing thought have coalesced into one of several schools or approaches to understanding marketing. In this paper we describe ten schools of marketing thought that have been at the center of marketing’s development during the Twentieth Century.

In the study of any academic discipline, ideas and issues are discussed and debated. Over the course of time these concepts and arguments cluster into critical masses that might be described as a means of organizing subject matter, an approach to understanding the discipline, or as a school of thought.

The purpose of this study is to describe the historical development of schools of marketing thought. There are already two excellent books on the subject: Bartels’ (1988) The History of Marketing Thought, and Sheth, Gardner and Garrett’s (1988) Marketing Theory: Evolution and Evaluation. Why yet another history? Despite their monumental contributions there are some limitations in each book. Bartels primarily focuses on sub-areas of marketing, rather than schools of thought. Although, some schools are discussed in his General Marketing section, the discussion is organized by chronology not schools. Sheth et al., while describing the evolution of each school, overlook some revolutionary developments in the 1950s, because the book is primarily focused on the evaluation of schools of thought along a half dozen subjective criteria.

We believe there is a unique method to approaching the history of schools of marketing thought. This method develops a comprehensive understanding of subject matter following Rudyard Kipling’s keen insight:

I keep six honest serving-men
(They taught me all I knew);
Their names are What and Why and When,
and How and Where and Who.

Such questions guide the method used in this paper to organize the various perspectives that constitute marketing schools of thought.

SCHOOLS OF THOUGHT

For the purposes of this article, an approach to marketing or school of thought includes: (1) a substantial body of knowledge, (2) developed by a number of scholars, that (3) describes at least one aspect of the what, how, why, when and where of performing marketing activities. This would rule out “functionalism” as a school (Sheth et al. 1988), for example, because only a single marketing scholar—Wroe Alderson—described it in only two books (1957, 1965). Additionally, it will be shown that virtually all aspects of functionalism are subsumed within another school—systems—also pioneered by Alderson. There have been several versions of schools of thought in marketing. Beckman et al. (1973) suggests thirteen approaches, while Sheth et al. (1988) propose twelve schools divided into four categories. In this paper, we consolidate the number to ten marketing schools.

It is difficult, but useful, to distinguish schools of thought from sub-areas within marketing, such as advertising, sales management, and marketing research. As a first approximation, schools represent a perspective on the whole or at least a large part of marketing whereas sub-areas deal with an element of a single part of marketing, usually of marketing management. Also due to space limitations, this history emphasizes the origin and major contributions to the school’s main body of work rather than peripheral routes and side issues, which in many cases could fill a book. Another concession to space and time, is there is less integration across schools then we would have preferred.

HISTORICAL OVERVIEW

In approximate chronological order, the schools of thought in marketing include: Functions, Institutions, Commodities, Interregional Trade, Marketing Management, Systems, Consumer (Buyer) Behavior, Macromarketing, Exchange, and History. Each school addresses one or more of the questions: what, who, how, why, where or when.

The “traditional approaches,” include functions, institutions and commodities. These three schools of thought, developed between 1912 and 1920, are regarded as traditional because they represent the earliest means of
organizing subject matter when marketing emerged as an academic discipline from applied economics. Functions were concerned with “what” marketing activities were performed. Institutions with “who” performed them. Commodities dealt with “how” products (and occasionally services) were distributed by marketing institutions performing marketing functions.

After the traditional approaches, the next emerging school of thought was Interregional Trade dealing with the spatial dimension of “where” marketing activities were performed and the size and distance between trading areas. This school obtained most of its popularity between the 1930s and 1960s.

Two new schools of thought appeared in the 1950s and 1960s. The core ideas of both are found in a revolutionary book by Wroe Alderson described as “unquestionably the most fully developed theoretical exposition of marketing up to that time.” (Bartels 1988, 238). Alderson’s (1957) book brought about three transformations in marketing thought: (1) from description and classification to theory building, (2) from a macro to micro perspective of marketing, and (3) from the economic to behavioral sciences. Consequently, this work represents a demarcation between the discipline’s early thinking about marketing and today’s modern marketing thought.

Alderson (1957) emphasized a “how” to” managerial approach to marketing activities, in what has emerged as the dominant school of thought at this date. He also developed a “systems” framework, describing firms and households as “organized behavior systems” processing inputs into outputs. The systems approach concerns itself with the interrelationship among all questions of marketing. He called his approach Functionalism, but as Alderson (1965, 11) emphasized: “In the writer’s particular version of functionalism there is an emphasis on system and system outputs...”. The functionalism terminology turned out to be a dead end, that was resurrected in the systems school of marketing thought, because it is the trail Alderson’s functionalism/systems analysis lead and the path his students followed.

Another two schools became popular in the 1970s. Consumer (Buyer) Behavior and Macromarketing. Consumer Behavior focuses on the buyer side of the market exchange, in contrast to marketing management, which represents the seller side. Consumer Behavior is less concerned with consumers per se, but rather the “why” of consumer purchasing, as a complement to the Marketing Management emphasis on how to manipulate the marketing mix to entice target customers to buy the firm’s offering. Macromarketing, addresses the big picture of “what” marketing is about and arose in reaction to the micro orientations of marketing management and consumer behavior. Macromarketing is concerned with the interaction of marketing and the larger economy and society in which it forms a part.

Two more schools of thought emerged in the 1980s. Exchange developed as a school of thought concerned with “how” and “why” and between “who” market transactions take place. Marketing History focused on “when” ideas and events occurred in the development of marketing thought and practice. A number of smaller emerging bodies of thought exist, such as post-modernism, relationship marketing and Customer Relationship Management (CRM) but at this point in time they appear more like meteors than stars in the constellation of marketing thought.

Functions

In what is historically regarded as the critical work in the emerging academic discipline of marketing, “Some Problems of Market Distribution,” Arch Shaw (1912, p. 173) identified five functions of middlemen: “(1) Sharing the risk, (2) Transporting the goods, (3) Financing the operations, (4) Selling the goods, and (5) Assembling, sorting, and reshipping.” L.D.H. Weld (1917, p.306) recognized that functions are not limited to middlemen, they are “universal” being shifted backward and forward in the channel of distribution: “They are not always performed by middlemen, but often to a greater extent by producers themselves, [and] it should be noted that the final consumer performs part of the marketing functions.” Very similar to Shaw’s list, Weld’s listing includes seven functions: (1) risk bearing, (2) transportation, (3) financing, (4) selling, (5) assembling, (6) rearrangement (sorting, grading, breaking bulk), and (7) storage.

Subsequent writers also attempted to build the list of functions, adding some, dropping others, aggregating several functions into one or disaggregating one function into several. Fred Clark (1922) ultimately reduced the number to as few as three (with sub-functions): exchange functions (buying and selling), physical distribution functions (storage and transportation), and facilitating functions (financing, risk taking, standardization, and he later added market information). In the most comprehensive review of the literature to that date, Ryan (1935) produced a list of more than 120 functions grouped into sixteen functional categories.

That different writers could produce such varying numbers of functions presents an obvious problem with the concept. By 1948, the American Marketing Association Committee on Definitions expressed this dissatisfaction:

It is probably unfortunate that this term [marketing function] was ever developed. Under it students have sought to squeeze a heterogeneous and non-consistent group of activities. ... Such functions as assembling, storage, transporting, are broad general economic functions, while selling and buying are essentially individual in character. All these discrete groups we attempt to crowd into one class and label marketing functions (cited in McGarry 1950, p. 264).

Attempting to revive the marketing functions approach, McGarry (1950, p. 264) reconsidered the concept based on the purpose of marketing activity, which he regarded as
creating exchanges. McGarry (1950, p. 269) believed he had arrived at six functions constituting the sine qua non of marketing:

Contractual—searching out of buyers and sellers
Merchandising—the fitting of the goods to market requirements
Pricing—the selection of a price...
Propaganda—the conditioning of the buyers or of the sellers to a favorable attitude...
Physical Distribution—the transporting and storing of the goods
Termination—the consummation of the marketing process.

Ironically, in attempting to breathe new life into the concept of functions, Hunt and Goolsby (1988, p. 40) astutely observe that McGarry was sowing the “seeds of its demise.” In their exhaustive search of the literature, they note that McGarry’s list of functions was much closer to the work of marketing managers than older listings of functions, “McGarry was presaging the rise of the managerial approach to the study of marketing and the demise of the functional approach.” Although there were no new conceptual developments after McGarry, functions could still be found in the revised editions of earlier marketing principles texts, such as Maynard et al. from 1927 to 1973. As the principles texts died out, so did the functions approach to marketing thought. Although the tasks or activities of marketing reemerged as “flows” in the Institutional School.

Commodities

Of the three traditional approaches, the commodity school of thought has been the longest running. It is also the school showing the most theoretical construction as subsequent scholars have added improvements to the basic concept. Although some consideration was given to industrial products and services, early on, the bulk of the work in the commodities school occurs in the area of consumer goods. Most work is built on Copeland’s three categories. Copeland (1924) credited Charles Parlin in 1912 with developing the original consumer goods categories. Converse also supported this view (Gardner, 1945, p. 275). Parlin’s original categories are (1) convenience goods, those articles of daily purchase required for immediate use, (2) shopping goods, those more important purchases that require comparison as to qualities and price and (3) emergency goods, those necessary to meet an unexpected occurrence.

Copeland (1924, p. 14) went beyond description to provide a rationale for his categories based on store patronage and buying habits. He retained the categories of convenience goods (“those customarily purchased at easily accessible stores”) and shopping goods (“those for which a consumer wishes to compare prices, quality, and style at the time of purchase”), but dropped emergency goods and added a new category. In this new category, consumers neither traveled to a convenient store location nor made comparisons while shopping. It was so different he called it specialty goods (“those which have some [special] attraction for the consumer, other than price, which induces him to put forth special effort to visit the store...and make the purchase without shopping”). It was this last category that perked the most interest and raised the most questions among subsequent authors.

Holton (1958) conceptualized the distinction between the categories based on the benefits resulting from price and quality comparisons relative to searching costs. With convenience goods the benefits are small and with shopping goods the benefits are large compared to the cost of search. Specialty goods, overlapped the other categories, and the distinction Holton made was that such goods had a small demand and thereby required a buyer’s special effort to find the relatively few outlets carrying them. Luck (1959, p.64) rejoined Holton’s disparagement of specialty goods by arguing “the willingness of consumers to make special purchasing efforts is explanatory, consumer oriented, and useful.”

Although he used shopping and convenience goods categories, Aspinwall (1958) took a very different approach to goods classification than prior or subsequent authors. Using a continuous color scheme, where red stands for convenience goods, yellow for shopping goods and orange for goods in-between, he relates five characteristics of goods to length of channel and type of promotion required based on summing the values on each characteristic. Convenience goods have a high (1) replacement rate, and are low on (2) gross margin, (3) amount of product adjustment or service, (4) time of consumption, and (5) search time. Based on these characteristics, such goods require long channels and broadcast advertising. Shopping goods have a low replacement rate, and are high on the other four characteristics. These goods require short channels and personal selling. The colors are meant to blend, and shades of orange goods could occur anywhere in-between the red and yellow. Orange was more moderate in all characteristics, requiring mid-length channels and some broadcast promotion. The specialty category was not included in his classification.

A number of explanations to justify Copeland’s three consumer goods categories have appeared. Bicklin (1963) used a decision-making approach, asking the question: prior to purchase, does the consumer have a mental preference map? If no, then price and quality comparisons are required, indicating a shopping good. If yes, a sub question must be asked, will the buyer accept substitutes? If yes, then the buyer knows what she wants, any close substitute will work, and it is a convenience good. If no, the buyer knows what she wants, will not accept alternatives and extra search is required—a specialty good. Kaish (1967, p. 31) uses the theory of cognitive dissonance to explain a buyer’s willingness to put forth physical or mental activity. Convenience goods are not particularly important to the buyer, any brand will do, no cognitive dissonance, and
minimal effort required. Shopping goods are important and "arouse high levels of pre-purchase anxiety about the possible inappropriateness of the purchase [although anxiety is high] ...it is reducible by shopping behavior." Specialty goods are important and also have high pre-purchase anxiety but is "not readily reducible" by comparison shopping. Their importance requires physical search to locate the special good and reduce metal anxiety.

Based on product similarity and buyer risk, Bucklin (1976) divided shopping goods into low intensity and high intensity shopping goods. Following a similar path, but building on Kaish's work, Holbrook and Howard (1977) develop a two dimensional map with physical effort on one axis and mental effort on the other. Based on the four quadrants, they also argue for including a fourth category of goods, termed preference goods (roughly similar to Bucklin's low intensity shopping goods), which requires some shopping effort, low involvement and risk, but high brand preference.

Building on these conceptual developments, Enis and Roering (1980) combine what they consider to the two basic buyer considerations: physical effort and mental risk with the marketer's concern with product differentiation and marketing mix differentiation. This results in a four-way classification, relating buyer effort/product differentiation to buyer risk/marketing mix differentiation with suggestions for marketing strategies relating to each of the convenience, shopping, specialty, and preference quadrants.

After an exhaustive literature review of consumer goods categories, Murphy and Enis (1986) organize virtually every article classifying products, services or ideas into a table based on two dimensions—effort and risk. Convenience goods are low effort and low risk; and marketer's can only employ limited marketing mixes. Compared to convenience goods, preference goods are slightly higher effort and much higher risk; and marketers can use a wider variety of mixes. Shopping goods are still higher on both effort and risk dimensions; here marketer's can use the widest range of alternative mixes. Specialty goods are the highest on effort and risk, but offer marketers the most limited range of alternative mixes. Murphy and Enis (1986, p.30) conclude that based on the effort and risk dimensions of price/cost the four-fold classification is "superior" to all others. They support their conclusion with four arguments: (1) it is buyer oriented, (2) it is generalizable across all users [consumer-industrial], sectors [profit-non-profit] and product types [goods, services, ideas], (3) the new classification recognizes the central role of the benefit/cost bundle [benefits must equal or exceed the costs of a transaction], and (4) it has the advantage of using familiar terminology.

From 1912 to 1986, the commodity school has produced the longest string of building conceptual developments on an original idea compared to any school discussed. It is also one of the few examples of a marketing concept that was improved over time and not later abandoned to the scrap heap of history.

### Institutions

Marketing institutions refer to those who do the work of marketing, usually marketing middlemen, including wholesalers, agents, brokers, and retailers. Sheth et al. (1988, p. 74) says: "L.D.H. Weld deserves credit as the founding father of the institutional school" based on his discussion of the value of specialized middlemen in performing marketing tasks. Weld (1916, p. 21) addressed the question: "Are there Too Many Middlemen?" The foundation of the institutional school is the emphasis on describing and classifying various types of marketing institutions, and later explaining their interactions in channels of distribution.

According to Bartels (1988), Nystrom's (1915) *Economics of Retailing* is regarded as the marketing discipline's earliest discussions of the development of retailing institutions (1988, p. 91). One major purpose of Nystrom's book is to describe "one link of the distributing system—retailing...to determine the most economical routes through which the goods may be transferred from producers to consumer" (1915, p. 11). Bartels (1988) credits Beckman's (1927) *Wholesaling* as marketing's earliest book on wholesaling institutions. Beckman states: "wholesaling occupies a strategic position in the distribution of goods...the goal of which is a more efficient marketing system" (1927, p. v). While retailing and wholesaling middlemen are major links in channels of distribution, both books focus primarily within the institution rather than discuss the linkages between institutions. Furthermore, marketing institutions involve more than retailing and wholesaling middlemen.

Butler and Swinney (1918, p. 9) defined middlemen to "include everyone who stands between the prime producer and the ultimate consumer and takes a profit for the risk he runs in addition to being compensated for the cost of his services." This view requires a distinction between marketing institutions and middlemen that has long been lost in discussions of the institutional approach. The distinction involves the idea of "functional specialists." Duncan (1920, p. 7) discussed "functionalized middlemen, or those men, such as railroad men, insurance men, wholesalers, retailers, bankers, who devote their effort to a specialized phase of business activity...may be called an institution." Thus the term marketing institutions combine what would today be regarded as middlemen (wholesalers, agents, brokers, retailers, etc.) with, for lack of a better term, facilitating institutions. Clark (1922, p. 89) dismissed this issue by including middlemen in marketing institutions and defining facilitating institutions out: "Functional specialists are agencies which specialize entirely in transportation, storage, risk-taking, and financing. These are not middlemen." Breyer (1965, p. 163) similarly distinguishes between "trading concerns engaged primarily in selling and buying—producers, wholesalers, retailers, brokers, selling agents, commission houses, etc. ...: in contrast to non-trading concerns engaged in [facilitating]"
marketing activity—commercial banks, transportation and storage companies, insurance companies, and so on.”

The institutional school originally emphasized the description and classification of middlemen. Beckman et al. (1973, p. 205) may be credited with the most enduring definitions and taxonomy.

Middlemen stand between prime producers and ultimate consumers. ... All middlemen can be divided into merchant and functional middlemen. ... Merchant middlemen buy the goods outright and necessarily take title to them [e.g. wholesalers and retailers]. ... Functional middlemen assist directly in a change of ownership, but do not take title to the goods [e.g. auctions, brokers, manufacturers’ agents, and selling agents].

There are clear definitions for each of the bracketed types of middlemen, and various types of wholesalers, retailers, and functional middlemen are further classified and defined. The Beckman et al. (1973, 288) distinction between wholesale and retail is a classic:

Wholesaling includes all transactions in which the purchaser is actuated by a profit or business motive in making the purchase, except for transactions that involve a small quantity of goods purchased from a retail establishment for business use, which transactions are considered as retail.

There were few improvements on Beckman’s original definitions and categorization schema, and the school shifted from description and classification of marketing institutions to explaining the economics and behavioral dimensions of channels of distribution.

Breyer (1964, p. 163) characterized the channel as the elemental structure of the marketing institution. Channels grew in popularity as several excellent books of readings appeared: Mallon’s (1967a) The Marketing Channel: A Conceptual Viewpoint, Stern’s (1969) Distribution Channels: Behavioral Dimensions, and Bucklin’s (1970) Vertical Marketing System, among others. A number of economic and behavioral concepts, such as power and dependence, conflict and cooperation, trust and commitment, financial and non-financial rewards were linked in a meta-analysis by Geyskens, et al. (1999).


Some of these are mid-range theories that are subsumed under higher-level theories. From the origins of the discipline, scholars have worked out a rudimentary general theory of the marketing process based on channels of distribution. Although various authors explain it more or less clearly, using a variety of differing terminology the underlying concepts are fundamentally the same: The terms include: “maladjustments” by (Shaw (1916) and Clark (1921), “obstacles,” “resistances,” and “channel circuits” by Breyer (1934), “flows” by Vaile, Grether and Cox (1952), Fisk (1967), and Dixon (1982), “discrepancies” by Alderson (1957, 1965), and “separations” by McInnes (1964).

The terminology by McInnes (1964) and Alderson (1965) are easiest to follow. These authors begin with the relationships between makers and users of goods. It is argued that the potential for market interaction is created when producers become separated from consumers by the division of labor. As specialization increases, the division of labor become greater, the gaps created wider, and the network of potential trading relationships more complex. The potential for exchange, however, is not the same as an actual market transaction. Discrepancies (maladjustments, obstacles, resistances, separations) provide the opportunity for market activity to be performed by middlemen to bridge the gaps (close channel circuits, connect flows) separating original sellers and final buyers. Thereby transforming transactional potentialities into actualities.

Simply stated, flows overcome separations. The gaps in the market include: “space, time, perception (information), ownership and value” (McInnes 1964, pp. 57-58), and assortments (Alderson 1965, p. 78). The flows bridging the gaps are, unfortunately, far more varied. Vaile et al. (1952, p.113) proposed eight: three from seller to buyer (possession, ownership, promotion), three reciprocal flows between the parties (negotiation, financing, risking), and two from buyer to seller (ordering, payment). Fisk (1967) suggests five flows: communication, ownership, finance, physical distribution, and risk. Dixon (1989) reduces the number to three fundamental flows: contact (information), contract (negotiation), and material fulfillment (physical distribution) flows.

How fast do flows move to overcome separations and match a sellers’ segment of supply with a buyers segment of demand? According to Aspinwall’s (1962) Depot Theory: goods move toward consumption at a rate established by the final consumer’s need for replacement. As detailed in Aspinwall’s (1962) Parallel Systems Theory (discussed in the Commodities School), replacement rate is inversely related to gross margin, services required, search time and consumption time. Thus, knowing replacement rate provides knowledge of the other characteristics determining rate of flow. The question of which institutional depot (manufacturer, wholesaler, retailer, household, etc.) in the channel will hold and modify inventory is addressed by Bucklin’s (1965) “Theory of Postponement and Speculation.” Alderson (1957) developed the Postponement part, postponing changes in modifying products and stocking inventory to the latest possible point in the marketing flow reduces risk and cost. Bucklin (1965) adds the corollary Theory of Speculation.
that changes in form and holding inventory should be made at the earliest possible time, in the marketing flow, when it can take advantage of economies of scale. Thus, Speculation involves the advantage of economies of scale resulting in mass production, while postponement deals with the advantage of segmented demand resulting in mass customization.

Alderson’s (1965) transvection represents one of the most powerful, but underutilized, constructs in marketing. A transvection includes all purchases and sales from the original seller, through intermediary purchases and sales to the final buyer of a finished product. That is, it links all the institutions (depots) in a channel. If the channel is regarded as structure, such as the banks of a river, then the transvection represents process, the flow of the river. Therefore, aggregating the set of parallel channel — transvections taking place in a particular economy, such as the U.S.A., for a given time frame, say a year, provides “an exhaustive description of the marketing process” (Alderson and Miles 1965, p. 122).

Aspinwall’s (1962) Depot and Parallel Good Theories determine the rate of products flowing through the channel, and Bucklin’s (1965) Theory of Postponement and Speculation determines the amount of product adjustment and inventory holding at backward or forward depots. At each institutional depot along the transvection, goods are alternatively Sorted (sorted-out, accumulated, allocated or assorted) and Transformed (modified, merchandised, stored, transported, or used). (Alderson 1957). Thus, most fundamental theories of channels can be synthesized into a logically coherent whole.

Interregional Trade

There are two approaches to interregional trade, one quantitative and the other conceptual. Their common denominator is a concern with “where” marketing takes place. The quantitative approach follows Sir Issac Newton’s Universal Law of Gravitation that one body (stars, planets, etc.) is attracted to another by a force that is directly proportional to the masses of the two bodies and inversely proportional to the square of the distance separating them. Using this insight, William Reilly’s (1931) book, The Law of Retail Gravitation, provided the impetus for bridging the spatial gap in marketing. Following Newton, Reilly’s Law states that given a small town between two large cities, the cities would attract customers from the small town in direct proportion to the populations [the mass factor] of the two cities and inversely proportional to the squares of the distances separating the two cities from the intermediate town.

Converse (1949) made numerous tests of Reilly’s formula. Then he extended Reilly’s work to define the boundaries of a given trading area: “A trading center and a town in...its trade area divide the trade of the town approximately in direct proportion to the population of the two areas and inversely as the squares of the distance factors [an inertia factor]” (p.382). Converse’s modification in the distance factor is significant, making it possible to determine the breaking point between two competing trading centers (cities, stores, etc.)

Huff (1964) expanded Converse’s work to explain how a buyer chooses among several distant trading centers to purchase products and services. Huff refined the metrics used for measurement in Reilly and Converse’s formulas. He changed the metric used for the “size” of the trading center from population to square footage of selling area. He also improved the metric for “distance” from miles to time traveled.

Finally, Huff transformed the standard definition of a trading area from a seller’s to a buyer’s perspective. Huff (1964, p. 19) criticized the AMA definition of “trading area” as “A district whose size is usually determined by the boundaries within which it is economical in terms of volume and cost for a marketing unit to sell and/or deliver a good or service,” because it provided “little insight concerning the nature and scope of a trading area.” Huff’s (1964, p. 18) definition of a trading area resolves the issue of nature and scope: “A geographically delineated region, containing potential customers for whom there exists a probability greater than zero of their purchasing a given class of products or services offered for sale by a particular firm or by a particular agglomeration of firms.” Apparently, Huff’s work covered all there was to be said, because there has been little addition to the gravitation models in the marketing literature since his 1964 article.

E. T. Grether is credited as the major developer of the conceptual side of interregional trade (Savitt 1981; Sheth et al. 1988). In a section of Vaile, Grether and Cox (1952, pp. 487-569), Grether writes about the characteristics of different geographical regions and their impact on the export and import of products and services. He defines an economic region:

...as a relatively large geographical area with the following four characteristics: (1) it has more than one center of economic control, (2) it has greater internal homogeneity (than other areas), (3) it exports a characteristic group of products to other areas, and (4) it imports the characteristic products of other areas (p. 487).

Grether (1950) explained regional importing and exporting based on four factors: (1) resource scarcity, (2) regional affluence, (3) reciprocal demand among regions, and the (4) relative competition within regions (p. 509).

Rezvan (1961) also explained factors that impact the size of a wholesaler’s trade area, such as high product value relative to bulk, transportation rates, and available channels of distribution. Savitt (1981, p. 231) regards the core of interregional trade as recognition of the importance and interdependence of social and geographic factors that affect a firm and its relationship in channels. He goes on to use interregional trade as the basis to conceptually extend the definition of the “relevant geographic market.” The interregional school of thought, along with the traditional
approaches, was largely shoved aside by the onslaught of marketing management.

Marketing Management

Marketing management focuses on the practice of marketing viewed from the sellers’ perspective. The school originally limited the sellers’ perspective to manufacturers, but now includes retailers, services and all other forms of businesses as well as non-business organizations and non-profit entities. This school so dominates the marketing field, it must be included as a school of thought rather than a sub-area even though it has only a micro marketing focus. The impetus for a managerial perspective to marketing occurs in a book by Alexander, Surface, Elder and Alderson (1940), named Marketing, which was revised several times until 1953. Fundamentally, books in this genre are organized around the notion of a marketing mix. Although less pronounced in this book than those following, some of its marketing mix elements include: distribution channels, price, product planning, selling and advertising.

Several emerging concepts in the 1950s and early 1960s form the core of ideas leading to the rapid growth of this new area. Wendell Smith’s (1956) notion of “product differentiation and market segmentation as alternative marketing strategies,” Chester Wasson’s (1960) idea of the “product life cycle,” and Robert Kieth’s (1960) perspective of a consumer orientation known as the “marketing concept.” Most important, given that books in this area are built around it, is Neil Borden’s (1964) expression of the “marketing mix.” In his classical article of its history, Borden credits James Culliton (1948) with describing the marketing executive as a “decider” and a “mixer of ingredients.” This led Borden in the 1950s to the recognition that this mixer of ingredients was a “marketing mix.” McCarthy (1960, p.52) credits A. W. Frey’s book, The Effective Marketing Mix (1956) with the first checklist of marketing mix considerations.

Perhaps the earliest book titled Marketing Management was by D. Maynard Phelps (1953), although his book was mostly an expanded sales management book, as was Davis’s (1961) Marketing Management. Lazo and Corbin’s (1961) book, Management in Marketing, focused on the management functions of planning, organizing and controlling as applied to marketing. None of these books, despite their titles, fit the emerging genre centered on the marketing mix and each soon went out of print.

Wroe Alderson’s (1957) Marketing Behavior and Executive Action (1957), largely dealt with other issues, but he devoted the last third of the book to executive decision-making in marketing. And yet, it had such an impact on the field that Bartels (1988, 178) states: “Alderson with one sweeping stroke created a new pattern for considering marketing management.”

Published in the same year as Alderson’s great work, John Howard’s (1957) book was titled: Marketing Management. His elements of the marketing mix, termed “decision” areas, include: ‘product,’ ‘marketing channel,’ ‘price,’ ‘promotion—advertising,’ ‘promotion—personal selling,’ and ‘location’ decisions. Howard’s book was followed by Managerial Marketing, a book of readings by Kelly and Lazer (1958). Their marketing mix, called “strategic” areas, include: ‘product,’ ‘price,’ ‘distribution channels,’ and ‘communications.’ In both books, the basic marketing mix is now in place.

It was Gene McCarthy’s (1960) use of the “4 Ps” mnemonic of ‘product,’ ‘price,’ ‘promotion,’ and ‘place,’ for describing the marketing mix, in his book Basic Marketing: A Managerial Approach that swept the field and vanquished all marketing management texts before it. Kelly and Lazer (1958) argued the title managerial marketing makes more logical sense, because management modifies the subject of marketing suggesting an area of marketing, rather than the reverse marketing modifying management that suggests an area of management. Nonetheless, marketing management emerged as the namesake for this new area. Taken together, these books provided the critical mass that resulted in marketing management becoming the core course in the marketing curriculum.

The next major conceptual development offered a logical rationale for the marketing mix. Kotler (1967) developed a sales response model that he termed the “fundamental theorem of market share.” The idea that a firm’s sales respond directly to changes in its marketing mix and a firm’s market share is a direct response to the effectiveness of its marketing mix relative to the industry or its direct competitors’ marketing mixes. Interestingly, through the 1970s and 1980s, McCarthy’s Basic Marketing held the largest market share for undergraduate marketing textbooks, while Kotler’s Marketing Management captured the largest share in the graduate market. Subsequently, by the 1990s, Kotler’s line of books came to dominate all segments of the marketing management textbook market. At this time, marketing management remains the dominant school of thought, and research focuses mostly on segmentation and targeting or elements of the marketing mix.

Systems

The first author in the field to use systems terminology in marketing was Wroe Alderson (1957), whose book Marketing Behavior and Executive Action discussed: “organized behavior systems” (p.35), “survival and growth of systems” (p.35), “input—output systems” (p.65), among some four dozen references to systems concepts. Although not cited, Alderson was clearly influenced by Kenneth Boulding’s (1956) article “General Systems Theory—The Skeleton of Science.” Boulding popularized the notion of a system of systems and specifically credited the name “General Systems Theory” and many of his ideas to its founding father, Ludwig von Bertalanffy’s (1951) “General Systems Theory: A New Approach to a Unity of Science.”
Alderson (1957) termed his scientific approach to marketing thought "Functionalism," however, it is better described as "Systems," even by him:

Functionalism is that approach to science which begins by identifying some system of action (e.g. marketing) and then tries to determine how and why it works as it does. Functionalism stresses the whole system and undertakes to interpret the parts in terms of how they service the system. Some writers ... prefer to speak of the holistic approach because of the emphasis on the system as a whole (pp. 16-17).

Although the terminology was different the fundamental notion of interrelationships among the parts, and the idea of viewing parts in relation to the whole, characteristic of the general systems approach is anticipated in the works of Breyer's (1934) The Marketing Institution, Duddy and Revzan's (1947) Marketing, An Institutional Approach, and Vaile, Grether and Cox's (1952) Marketing in the American Economy. For example, Breyer (1934, p.vi) spoke of the need for a "unified study of marketing...not as a device for garnering individual profit but as an economic instrument for achieving indispensable social ends." Duddy and Revzan (1947, vi) viewed the "marketing structure as an organic whole made up of interrelated parts, subject to growth and change and functioning in a process of distribution that is coordinated by economic and social forces."

Alderson (1965) expanded systems concepts in Dynamic Marketing Behavior, emphasizing the role of firms and households as organized behavior systems. Fisk's (1967) textbook, Marketing Systems: An Introductory Analysis delineated micro and macro marketing systems. Dixon (1967) taking a macro perspective showed how the marketing system was integrated into the larger society of which it forms a part. Bodewyn (1969) developed a framework for comparative marketing systems research focusing on the structure, function, process, and environment in which actors engage in marketing. Between the macro and micro, Bucklin's (1970) "Vertical Marketing Systems" described the economics of channels as systems, Stern (1970) described their behavioral dimensions, and Mallen (1967b) worked on channel interrelationships as "management decision systems." At the other end of the spectrum, taking a micro perspective, Lazer (1971) used a systems approach to analyze marketing management. And, of course, Alderson identified households, as well as firms, as organized behavior systems.

It appears obvious that any attempt to synthesize schools of marketing thought, or develop a general theory of marketing, must include systems thinking at least as a superstructure. Yet discussions of marketing systems, per se, declined during the 1970s, with the rise of marketing management, although they have reemerged in deliberations of macromarketing, discussed below.

Consumer (Buyer) Behavior

Consumer (buyer) behavior (CB) is a subset of human behavior making it one of marketing's most eclectic schools of thought. Originally drawing from economics "consumer as utility maximizer," CB expanded into Freudian psychology "consumer dominated by subliminal messages," then to cognitive psychology such as "information processing and decision making," to social psychology "opinion leadership and social influence," to sociology "social class and subcultures;" and even anthropology including "folklaw, rituals, myth, and symbolism."

Combining developments in cognitive psychology, risk taking, opinion leadership, information processing and other ideas from psychology to sociology, several marketing writers integrated these concepts into comprehensive models of buyer behavior. These models included environmental and marketing stimuli as inputs, affective and cognitive mental processing, behavioral outputs leading to purchase, and learning as feedback. The two most well developed models were those of Engle, Kollat and Blackwell (1968) and Howard and Sheth (1969), and both models underwent numerous revisions.

A Workshop on Consumer Behavior became the Association for Consumer Research in 1969, and in 1974 the association published its first Journal of Consumer Research. Having its own association and journal spurred more research in consumer behavior and further popularized the developing school of CB.

By the 1970s, attitude models became a hot topic. Several sub-areas in marketing appropriated essentially the same model under different names. The Fishbein (1963) "attitude model" in consumer behavior, used the terms beliefs and evaluations; while Vroom's (1964) "motivation model" in sales management used the terms expectations and valences. Both sets of terms follow Subjective Expected Utility (SEU), which is based on the probability of an alternative leading to a desired result (cognition, belief expectation, probability) and the amount of satisfaction of each alternative (affect, utility, evaluation, valence).

Subsequently, consumer behavior has covered the spectrum of human psychology and behavior. Other popular CB areas over the years include motivation, needs analysis, learning theory, information processing, joint decision-making, household buying and consuming, social influence, feelings, semantics, persuasion theory, symbolism, and prospect theory, among others, with no single concept dominating the school. Among academics, consumer behavior is currently second only to marketing management in popularity.

Macromarketing

Interest waned in the general systems approach, largely due to the growing micro focus on marketing management and consumer behavior. Consequently, several scholars
sought a return to the larger aspects of marketing and focused on the part of Fisk's (1967) system's schema involving macromarketing.

The first macromarketing conference was held in 1977, followed by the *Journal of Macromarketing* in 1981. The conferences and journal generated awareness and interest in this new field of not-micro marketing. But issues immediately arose as to what subject matter constituted macromarketing. In contrast to micromarketing, which he viewed as individual firms or households, Fisk (1967) regarded macromarketing as representing an aggregation of these units. In reflection, White (1980, p. 11) notes:

> the systems concept was an important part of the first macromarketing seminar. ... Use of the term marketing systems or aggregate marketing systems was intended to distinguish micromarketing as the study of the firm from macromarketing which involves groups, networks or subsystems of firms.

Bartels and Jenkins (1977, p. 17) emphasized that macromarketing:

> has meant marketing in general ... the marketing process in its entirety, and the aggregate mechanism of institutions performing it. It has meant systems and groups of micro institutions, such as channels, conglomerates, industries, and associations in contrast to their individual component units ... it has meant the social context of micromarketing. ... It has also meant the uncontrollable environment of micro firms (italics in original).

Perhaps the most widely accepted view of what constituted its subject matter, was Hunt's (1981, p.8) definition of macromarketing as the study of marketing systems, their impact on society, and society's impact on marketing systems.

An extensive examination into what is or should be included in macromarketing, in contrast to micro marketing, was made by Hunt and Burnett (1982, p.24). Based on respondent definitions, it was thought macromarketing should include one or more of: a societal perspective, a high level of aggregation, the consequences of marketing on society, the consequences society on marketing, anything involving marketing systems (in the aggregate). Currently, the *Journal of Macromarketing* includes such topical areas as Marketing and Economic Development, Quality of Life, Marketing History, Global Policy and the Environment, and Competition and Marketing.

**Exchange**

Most marketing theoreticians have argued that exchange is the heart of marketing (Alderson 1965; Bagozzi 1975; 1978; Hunt 1976; Kotler 1972; McGarry 1950; McInnis 1964). Although many regard it an evolutionary or revolutionary change in marketing thought, the exchange school has really taken two paths: one focusing on marketing transactions and the other on social or generic exchange. The main impetus for the exchange school of marketing thought was Alderson and Miles' (1965) article (reprinted in Alderson's (1965) book as a chapter) titled "Transactions and Transvections." Alderson (1965, p. 83) argued: "The transaction is a fundamental building block which suggests possibilities for a more rigorous type of marketing theory." Alderson extended Breyer's (1934) notion of the purchase-sale transaction. This conception was, in turn, built on arguments of business practice and legal grounds developed by Commons (1934, p. 245), who argued: "Marketing is not an exchange of commodities—it is a purchase and sale.

Alderson expanded the notion of a purchase and sale in an individual market transaction into the larger concept of a transvection. He regarded the transvection as the entire set of sequential transactions from the original seller of raw materials, through all intermediate purchases and sales, to the final buyer of a finished product (see Institutional School). Although there were a few developments along this route, with the death of Alderson the idea of market exchange morphed into generic exchange. That is, the focus of exchange shifted from market transaction, removed from its channel/transvection framework or even business and legal context, to any form of exchange, irrespective of context, including gift-giving, the exchange of votes for political promises, or exchanging donations to religious organizations for promises of salvation. According to Kotler (1972, p. 48) "A transaction is the exchange of values between two parties. The things-of-value need not be limited to goods, services and money; they include other resources such as time, energy, and feelings." This broad conception of marketing is termed the "generic concept exchange." Generic exchange deals with "how" some marketing management techniques, particularly persuasive communication, can be used in a non-business setting, such as social, political, religious or even personal causes. It goes beyond the profit motive or economic value, to any motivation or exchange of values between parties including beliefs, feelings and opinions.

The most extensive work in expanding Kotler's generic or social exchange was done by Bagozzi (1975; 1978; 1979). The culmination of Bagozzi's (1979, pp. 435-36) work was an attempt to formalize a theory of exchange. He conceptualized three dependent variables: "outcomes, experiences and actions" and four determinants (the first three from his 1978 article): social influence, social actor characteristics, social contingencies, and third party effects. Following the conceptualization, Bagozzi produced a formal theory consisting of a series of structural equations. The formal theory received several criticisms from Ferrell and Perrachione (1980, pp. 158-59). It "relies on standard economic equations that few, if any, economists have ever been able to empirically test" ... it "restates exchange theories of other disciplines" but it "does not qualify as a formal theory (or even the basis for a formal theory) of
marketing exchanges, ...what Bagozzi has developed is a conceptual framework and some loosely related functional equations.” Essentially, there is a disconnection between conception and formalization. When translating his conceptualization into formal theory, the richness of the concepts are lost, on the one hand, and there is little gain from formalizing economic maximization equations that bear little resemblance to marketing behavior, on the other. Houston and Gassenheimer (1987, pp. 16-17) combine the work of Lancaster (1966), Bagozzi (1979), and others to expand the notion of marketing offering to include “goods, services, ideas, personalities, organizations, media of exchange, places, exchange experiences, and exchange consequences” as potential values in a generic exchange. They conclude: “exchange can and should serve as the theoretical hub around which other marketing theories connect to form an integrated structure.” The hub is limited to dyads, rather than the distribution channel concept, and therefore does not appear to require much other marketing theory than persuasive communication.

There was some criticism of generic exchange at the time (e.g., Arndt 1978; Laczniak and Michie 1979; Luck 1974; Shaw and Dixon 1980), however, by the mid 1980s the debate was over, social exchange had won, hands down, and new generations of marketing students have been brought up with the generic concept of exchange as dogma. It is now an accepted and powerful idea among students of marketing thought.

Moreover, by applying marketing across the social spectrum, no other idea has changed the popular perception of marketing so much as the concept of generic exchange. Many writers have spoken about the low esteem in which marketing was held throughout history (Cassels 1936; Kelly 1957; Steiner 1976). The tag line attached to the tradesman was epitomized in the title of Farmer’s (1967) article: “Would You Want Your Daughter to Marry a Marketing Man.” The answer was a resounding no. Farmer (1967, p.1) argued there were two issues: “marketing is unethical and marketing is irrelevant.” Certainly that perception has changed with social marketing. Nowadays your daughter might well be a highly regarded маркетер employed by either a business firm or charitable organization. By popularizing the notion of marketing (shorthand for marketing management techniques) for all causes, issues, and situations, marketing has gone from being bad-mouthed to being highly praised. The marketing manager charged with drumming-up clients, patients, and patrons, often in fund-raising for various causes, is usually named the development officer and applauded for their marketing management abilities.

While expanding marketing practice, and giving marketing a good name, generic exchange—focusing on any dyadic relationship—doesn’t fit within the institutional context of marketing—the channel of distribution. It therefore cannot serve as a foundation for a general theory of marketing, it is at best a special limiting case.

Marketing History

In 1976 E.T. Grether examined the first four decades of publication in the Journal of Marketing and divided that literature into 12 categories, one of which was marketing history. Given its origins in the German Historical School of economics, it could be argued that an historical approach existed in marketing before any other school of thought. Yet, it is only during the past 20 years or so that marketing history has developed a critical mass of active scholars and research publications.

Between 1930 and 1960, historical research in marketing dealt with the development of the discipline (Bartels 1962; Converse 1933; 1945; 1959; Maynard 1941a; 1941b; Hagerty 1936; Litman 1951; Weld 1941) as well as with retailing and wholesaling history (Barger 1955; Jones 1936; Marburg 1951; Nystrom 1951). There was one general history of marketing distinctive for its scope and historical perspective during this early period—Hotchkiss’ (1938) Milestones of Marketing.

During the 1960s there was a transition towards more integrative histories of practice and thought (Converse 1959a; 1959b; Hollander 1960; 1966) and the publication of more substantive works (Bartels 1962; Schwartz 1963; Shapiro and Doody 1968) that seemed to signal a maturing and growth of interest. However, it wasn’t until the early 1980s, under the leadership of Stanley Hollander, that historical research in marketing developed the numbers and quality warranting recognition as a school of thought. Indeed, the proceedings title of a 1989 conference proclaimed marketing history as the “emerging discipline”. In 1983 the first North American Workshop on Historical Research in Marketing took place at Michigan State University and has been held biennially since then. The research presented at the 10 CHARM (Conference on Historical Analysis and Research in Marketing) conferences has generated a growth of publication in top journals and a regular section in the Journal of Macromarketing. As well, it has resulted in the recent formation of an Association for Historical Research in Marketing.

This research has matured methodologically (Brown et al., 2001; Golder 2000; Jones 1993; Nevett 1991; Smith and Lux 1993; Witkowski 1993). It has broadened to encompass a wide range of marketing practices, institutions and systems. And historical research has reached beyond the 20th century and beyond North American borders to describe the marketing ideas of ancient civilizations and examine more deeply the connections between marketing and economic thought. Attendance at the CHARM meetings increasingly represents a broader range of scholars than those working in business schools as marketing historians build a dialogue with social, economic, and business historians. There is also increasing recognition of the way in which marketing was shaped by practitioners, critics, and regulators, in addition to scholars. Historical research appears to have a growing future as a school of marketing thought.
CONCLUSION

During the Twentieth Century, marketing ideas developed into streams of thought, common approaches, and eventually into schools of thought. Each of the ten schools described in this paper addressed one or more perspectives to marketing thought by raising fundamental questions the school seeks to answer; such as, what is marketing? why does it exist? how does it work? who performs marketing activities, when and where does marketing take place.

It appears obvious, that there is no single school of thought that provides a better understanding of marketing than all the others. Studying each school of marketing thought independently to grasp the totality of marketing is like each of the six blind men examining the elephant. One blind man feeling the elephant’s side thinks he touched a wall. Another stroking the tusk believes he feels a spear. The third mistakes the elephant’s trunk for a snake, the fourth confuses the knee for a tree. The fifth blind man feels the ear and assumes it’s a fan, while the sixth grabs the tail and imagines he groped a rope. The moral of the story is each school of thought represents a perspective on the whole of marketing thought. No single school embodies the whole. We view the schools as pieces of a puzzle. What we have sought to accomplish in this paper is to identify the main pieces. Future research should advance the effort to organize the pieces into a logically coherent whole.

NOTE

1Evidently even the questions, particularly the “what” and “how” aspects of marketing, are not clear-cut. This article takes the view that “what functions” make up marketing and “how commodities” are distributed make more logical sense than the reverse position of “what functions” and “what commodities.” On the other hand, Sheth et al. (1988, p. 53) state “these two schools stand in sharp contrast, with the commodity school based on the “what” element of marketing and the functional school founded on the “how” element of marketing.” Choice of which questions match which schools may be in the ear of the beholder, however, there are several arguments against the Sheth et al. position. Of the innumerable lists of functions, early scholars were concerned with “what” functions should be included in the list of “universal functions,” not “how” the functions were performed. The commodity approach focused on “how” various groups of commodities could employ similar marketing techniques, such as low priced commodities using long distribution channels and broadcast advertising media versus high priced goods using short channels and personal selling. And there is also historical precedent. Earlier writers take the question of how and what for granted, for example, Phillips (1938, p.28) writes: “By the commodity approach to marketing we mean the study of how goods and services get to the consumer” (italics added). Similarly, Ryan (1935, p.212) argues that lists of functions implicitly answer two questions: “1. What general functions add...utility...to goods as they move...toward final consumers?” and “2. What distinctive functions are performed by...business (people)...who carry on the work of distribution” (italics added).

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