

Retrospective on Mid-Century Principles of Marketing

William R. Davidson, PricewaterhouseCoopers LLP, USA

This a response to some recent expressions of interest about the temporal durability of some of the principles of marketing in widely used mid-century general marketing books. Those books, very few in number and macro oriented, are compared with contemporary replacements of them, very numerous indeed and highly similar in their micro management approach. Examples are provided which were selected from the mid-century textbook literature to show how dated some of the principles became with the passage of time. It is concluded that this was not so much a matter of faulty principles as it is a result of great changes in conditions since the time of their development.

This paper examines the role of "principles" in the mid-century teaching of marketing, particularly with reference to textbooks used in the first or so-called "principles course," taken by most business students as well as marketing majors in four year institutions. By mid-century is meant 1950 plus or minus 10 years or so. The paper is not only about then, but also about how principles have stood the test of time as events moved marketing teaching toward the millennium.

MID-CENTURY vs. MILLENIUM ERA TEXTS

Textbooks used for the first or usually called "principles course" were of a series that emerged in the 1920's and continued to be a major influence upon the manner in which marketing was conceived by the teachers of it for the next three or four decades (Davidson; Bartels, p 168). Those authors or co-authors of the greatest such influence at mid-century were, in the opinion of the writer (alphabetically) Theodore N. Beckman, Fred E. Clark, Paul D. Converse, Delbert J. Duncan, and Harold H. Maynard. They have been so judged because of their widely used basic text books in multiple editions, their classroom teachings of their own writings, their leadership roles in and contributions to professional and trade associations, and their mentoring of many graduate students who became members of marketing faculties and who in turn became transmitters of their influence.

It is noteworthy that all of these authors were drawing upon their experiences far beyond their university teaching. They believed that their differentiated approach provided a better way to teach basic principles or elements of marketing. Their work was accepted by their schools and the marketing academy as major and enduring contributions to marketing knowledge. While the core content of their books was similar, it varied considerably in organization, sequence of topics, amount of attention to fringe content, and style of presentation.

This is in contrast to contemporary marketing textbooks which are micro management oriented. In 1996-97 the writer supervised a project by four Ohio State Ph.D. candidates who compared the several mid-century textbooks with the several most widely used current marketing texts. Findings that were reported at the 1997 CHARM meeting (Jewel) indicated such high similarity among those modern works that one could easily substitute the table of contents or the index one for another with little notice taken, as if the authors' writings were the result of a product planning project of the sort used by a major consumer products company with product entries in a highly competitive market share rivalry, with differentiation sought on matters less on content but more on fringe attributes such as photographic illustrations, case studies, examination questions, and complete packages of teaching aids, all of which might take more preparation time than basic content

There was considerable floor discussion about whether a macro approach, as in the "principles" books, or the micro approach, as in the contemporary marketing management books, was the best approach for the beginning marketing student. Through the 1960's and subsequently the trend has been toward the latter, with the former going out of print or eventually no longer revised. Some participants lamented that contemporary students were not being exposed to the broader dimensions of marketing, as once they had studied it; others rejoiced that they did not have to teach beginning students from the principles texts, but could get right in to management that appealed more to career oriented students.

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In a later edition of this book there appears a revised definition which the writer, by association with him, attributes to Beckman, as follows:

An explanatory statement of general truth derived from a study of facts set up in a cause and effect relationship that always applies under given conditions or assumptions. (Beckman p 14)

This discussion proceeds to explain that principles are often stated just as general truth without the reasons or the facts that gave rise to them. Some ten or so principles gathered from discussions in other parts of the book are listed to illustrate their existence in the realm of marketing (Beckman, p 15).

Why no such comparable statement in other works? Perhaps the authors assumed that students or teachers who have gotten this far would know what such a common word means and would certainly identify with the first of the two meanings cited above from the Oxford Dictionary and certainly not the second

FAULTY(?) PRINCIPLES IN BASIC TEXTS

If one has some reservations about principles always applying, then the several commonly used mid-century textbooks containing them would be a fertile field to search for some examples. The books included in this search are the following:

Fred E. Clark, *Principles of Marketing*

Paul D. Converse, *Elements of Marketing* (later revisions with Harvey W. Huegny and Robert V. Mitchell).

Harold H. Maynard and Theodore N. Beckman, *Principles of Marketing* (later revisions with authors as Theodore N. Beckman, Harold H. Maynard and William R. Davidson).

Charles F. Phillips and Delbert J. Duncan, *Marketing: Principles and Methods*

Clark's book, as revised in 1932, had significant continuing use in the earliest part of mid-century. There was considerable discussion about the problems of retail store management. First ranked among such problems was returned goods, the volume of and the costs of processing, and the need to minimize or eliminate.

Many returns.....are a result of the abuse of liberal return privilege on the part of the customer.....ample opportunity for the improvement of this condition. (Clark, p 249)

How does this look in a modern era where marketers are much concerned about and give much attention to the "value of the customer." Consider buying something from a direct marketer where you get your item in a reusable carton, with ready to use address label, and request to return it if for any reason whatsoever you are not completely

OTHER INTERESTS

Many months before the 1999 CHARM meeting, Brian Jones and Robert Tamilia visited with the writer in preparation for papers they intended to present about his two careers, first as a university professor and later as a business consultant (Jones; Tamilia). There was considerable discussion about undergraduate education in which the writer expressed some reservations about the validity of some of the principles in the mid-century textbooks. Jones invited or requested that the writer further develop his thoughts on this for a presentation at CHARM 2001.

In a year 2000 visit to Hofstra University to talk to the marketing faculty the same concern was expressed by the writer. As a result, Barry Berman and Joel Dean, co-authors of one of the current retailing texts and co-chairmen of the upcoming ACRA Triennial Retailing Conference, invited or requested the writer to discuss this matter on that program. This was done in a very informal panel discussion, assuming very little duplication with the later CHARM audience. The audience interest was greater than expected by the writer. There was a bit of retrospective humor as some people recalled long forgotten or even long remembered "principles" that they had had to learn to pass their own undergraduate student marketing course.

All of the foregoing led to a more carefully prepared written presentation for this occasion, but with the hope that this will not have dulled the spontaneous nature of the previous discussions.

MEANING OF "PRINCIPLE"

It had been a very long time since the writer had given any consideration to an official generic definition of the noun principle. It seemed appropriate to revisit the Oxford Unabridged Dictionary in which were found 15 definitions of the word. All of them seemed to be variations of either one or another of two discrete meanings: (1) a fundamental, primary, or general law or truth as illustrated by "he had a good knowledge of the principles of modern physics"; and (2) accepted or professed rules of conduct as illustrated by "she was a person of high principles."

Next, it seemed appropriate to scan the textbooks as listed in the following section to see what the authors had to say to users of their work about what they meant by "principle" (or "elements") as applied to the study of marketing. Any such statement was absent in all of these books, save one, Maynard and Beckman, *Principles of Marketing*, as follows:

A statement of general truth that always applies under given conditions, assumed or factual. (Maynard, p 17).

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satisfied. The contemporary marketer knows that the satisfaction of the customer in dealing with returns is an excellent opportunity to cement continuing customer relations.

Teachers and students of various Converse editions learned about the author's and his associates great interest in the flow of trade between towns on the plains of Illinois, giving rise to what was known as Reilly's Law derived from careful studies of it. Students of the "Law" studied it as follows:

Two cities attract retail trade from an intermediate city or town in the vicinity of the breaking point (the 50 per cent point) approximately in direct proportion to the population of the two cities and in inverse proportion to the square of the distance from these cities to the intermediate town. (Converse b, 1958 p 29ff)

Many questions have been raised about this since the original publication by Reilly in 1947 and the multiple republications of it in Converse editions. What if one city becomes more reachable in driving time travel because of improved highway conditions? What if one and not the other has a new WalMart Supercenter?

In the various mid-century editions of the Maynard and Beckman work, much attention was given to the institutional structure of retailing and wholesaling, with considerable reliance upon data from the Censuses of Business, beginning with 1929. Much was stated as principles even though not clearly designated as such. In the 1946 edition, it was

Clear that chains have reached the point of saturation in most cities and towns and that in general they are not well suited for successful operation in certain lines of goods (Maynard, p 189)

That statement was retained in the 1957 edition (Beckman, p 207). In the discussion of limitations by kind of business, it is stated that

Large national chains are nonexistent in the hardware trade.....presumably because of the great diversity of items that must be handled and the minute supervision and care necessary to maintain balanced stocks (Beckman, p 203).

Relying upon historical data, how could one have anticipated the "big box store" revolution of home improvement hardware as by Home Depot and Lowes with their power of public financing, sophisticated information technology, clout in the merchandise supply and real estate markets, mass media advertising, and strong programs of customer-oriented human relations.

The Phillips and Duncan mid-century editions contain many generalizations believed to be intended as principles, as per title of their work. For example,

Chain store organizations can perform the wholesale and retail functions more cheaply for the following reasons:

seven are here listed and careful consideration of them would seem to be the same as might be said for voluntary chains and some franchise organizations which have been good competitive strategies for many independently owned businesses.

In the discussion of industrial marketing:

Buyers of industrial goods know precisely what they want—the maximum total profit—and they desire to purchase those goods which will contribute the most to this end (Phillips, p 358).

This seems to be a misleading simplification of a very complex purchasing process which must take into account not only what but from whom, with many motivations at work for both.

PRINCIPLES IN SPECIALIZED AREAS

The use of the work principles as or in a textbook title was not confined to general marketing. In mid-century, there were also principles of advertising, credit, salesmanship, sales management and retailing. It should not take multiple examples to demonstrate that principles in any functional area can lose their relevance through time. Just one might well do, using the 1949 edition of Beckman's 1939 book on credit treated as a marketing function.

A principle.....is that the terms of sale in the installment plan should be so arranged as not to allow the depreciation of the goods to outrun the liquidation of the account. Therefore...to make the down payment at least as large as any of the subsequent installments and, if possible it should be large enough to cover all initial depreciation. (Beckman b, Credits, p 214).

During a desktop break while preparing this, the writer was exposed to a sequence of two TV commercials, one from a large furniture chain advertising no payments and no interest charged until 2003; the other from a local automotive dealer advertising no payments to go now and none for six months, with proper customer qualifications.

SIGNIFICANCE

It is not necessary with this audience to note that this paper is not the result of a carefully designed scientific inquiry. Rather, it is a highly selective, quoted out of

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context, sample deemed adequate, however, to demonstrate that some principles of marketing did not have the temporal stability as likely believed or intended by their authors at the time published.

It is very important to the writer to caution that this is in no way a negative criticism of the books from which the selections were made. In case it was not noticed, the writer states that he was a co-author of one of those mid-century to later revisions or such works. Probably like the others, he was not greatly concerned about the very long term durability when working on the subject in the 1950's. Principles were generally developed from analysis of quantitative data for a given time, or from personal observation or experiences including contact with knowledgeable persons in education, government, professional or trade associations, or business, also in a given period of time.

As such a co-author, the writer was naturally familiar with the content of other books intended for the same audience. That circumstance undoubtedly proved very advantageous in a contemporary search for outdated principles. Such principles were not difficult to locate but could not ever be quantified relative to the total content of such books because so many generalizations are not clearly identified as principles and the mid-century author intentions cannot be determined. But, in the writer's recent scanning of those books, it seemed like most of the content of all of them was still relevant.

It is better to acknowledge that the senior mid-century authors, as indicated early in this paper, were among the titans of marketing thought. They established and enlarged the foundation upon which future generations of scholars could erect their own contributions.

It is important to recall the last several words of the definition of marketing principle as earlier quoted from the sole category book in which any such definition was found. Those words were *under given conditions or assumptions*. A review of the principles cited suggests that they appeared herein not because they were faulty so much as because the conditions under which they were developed changed or disappeared.

Acceptance of that conclusion should caution contemporary or future authors and teachers to be humble or modest when dispensing their own newly discovered words of wisdom.

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