

## TOWARD INVENTORYING LAWS OF MARKETS AND MARKETING

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### ABSTRACT

Whether marketing is an art or a science has been a subject of contention among scholars for half a century and is still being argued today. This debate is surprising because the pioneers who established marketing as an academic discipline, at the turn of the century, regarded their task as making the study of marketing practice more scientific. And yet, to many contemporary academics the issue of whether marketing should be considered an art or a science is still perplexing.

The confusion may be the question: 'Is marketing an art or science?' is miscast in dichotomous terms. Marketing may be studied as a hunter studies game or a marketing manager studies customers. In both examples, they are targets (or objects) of study and choosing a shotgun or rifle approach is an art form. Alternatively, marketing may be studied as a zoologist studies predator-pray relationships or as a social scientist studies consumer-channel relationships. In both of these examples, the relationships are subjects of study and conducting experiments or surveys is a form of science. Both art and science should be viewed as complementary, rather than in terms of the false dichotomy known as the *either-or* fallacy.

Can marketing claim to be a science? One of the fundamental purposes of science is to create a body of theory based on empirically valid generalizations, or laws. Scientific generalizations take the form: *if x occurs, then y follows*, where *x* is an independent (or predictor) variable, and *y* is a dependent (or criterion) variable. Laws are fundamental to scientific research because they are building blocks of theory. Theories contain logically integrated statements of relationships (i.e., theorems), some of which include generalizations (i.e., laws), that are empirically testable. Theory provides the basis for logically describing, explaining and predicting a set of phenomena under investigation. Since science requires theory, and theory requires laws, marketing can only justifiably claim to be a science if marketing phenomena are subject to empirically valid laws. Does marketing contain empirically valid laws?

Laws are scattered inside and outside the literature of marketing. As a step toward creating an inventory of scientific generalizations, this paper collects, describes and explains some of the most basic Laws of Markets and Marketing. In considering the validity of laws in the social sciences, there are two caveats to bear in mind. One is *ceteris paribus*, meaning other things being equal. Only those variables under consideration are examined, while all others are assumed to be held constant for purposes of analysis. The second caveat is that laws in the social sciences are probabilistic, i.e. statistically valid as central tendencies, or on the average, but with some dispersion around the mean expected.

Named after their major contributor(s), some rephrased in marketing terms, and others simplified, the basic laws discussed in this paper include: Marshall's Law of Supply and Demand, Marshall's Law of Diminishing Returns, Keynes' Law of the Marginal Propensity to Spend, Engel's Law of Income and Expenditure, Weber-Fechner's Law of Just Noticeable Differences in Stimulus Intensity, Reilly-Converse-Huff's Law of Retail Gravitation, C. Clark's Law of Economic Progress, Fisher's Law of Pooled (or Massed) Reserves, Alderson's Law of Reduced Contacts, Alderson-Bagozzi's Law of Market Exchange, Stigler's Law of Information Search, Aspinwall's Law of Replacement Rate, Bucklin-Alderson's Law of Postponement and Speculation. As one example, Florence's Law of Bulk Transactions states: *If transaction size increases, then costs rise less than proportionally*. It takes considerably less than six times the work to sell a six-pack than a single unit. Hence, the increased profitability from negotiating bulk sized transactions provides the motivation to increase the amount of the deal from unit to pack to case to pallet to truckload.

It is hoped that the above laws will be critiqued, and that additions to this inventory will be forthcoming. It is likely that other laws hidden in the marketing literature are waiting to be found. And it is anticipated that ongoing research will suggest new laws awaiting discovery. Such is the nature of scientific progress.