Marketing's Domain: A Critical Review of the Development of the Marketing Concept

Peter Graham

The development of the marketing concept is critically reviewed. Marketing as a discipline is traced from its origins as a business activity to its contemporary position as a generic activity applying to all types of organisations and exchange transactions. In such a broadened domain, the centrality of the customer is questioned as is the nature and extent of the exchange process that takes place. The paper concludes that if the problems addressed by marketing are so universal, if the discipline is now to be seen as so generic, then it may well lose its separate identity.

Keywords: marketing concept, review, definitions, exchange

Introduction

This paper begins with looking to changes in the definition of marketing. It traces marketing's expansion from a discipline concerned with business transactions in an economic market place, through a discipline concerned with any organisation that can be said to have customers, to a discipline concerned with all organisations in their relationships with all their publics, not just their customers.

Difficulties with this broadened domain of marketing are then reviewed with particular emphasis on the nature and extent of the exchange process which is implicit in the broadened concept of the discipline.

Definitions of Marketing

The modern shape of marketing has the exchange process and the transactions that make up that process as its focus (Alderson 1957, p5; Bagozzi 1975, p39; Kotler 1984, p4). Kotler states that exchange is the defining concept underlying marketing. He defines exchange as "the art of obtaining a desired product from someone by offering something in return" (1988, p6). For exchange to take place Kotler believes five conditions must be satisfied:-

1. There are at least two parties
2. Each party has something that might be of value to the other party
3. Each party is capable of communication and delivery
4. Each party is free to accept or reject the offer
5. Each party believes it is appropriate or desirable to deal with the other party

(Kotler 1988, p6).
Marketing therefore comprises the set of activities that facilitate transactions in an exchange economy. The nature and extent of what is understood to be exchange is therefore fundamental to understanding the domain of marketing.

The American Marketing Association (AMA) seems to be the self appointed arbiter of the definition of marketing. Certainly in Australia and New Zealand, American texts and definitions dominate study of the discipline in academia. Currently the AMA defines marketing as, "The process of planning and executing the conception, pricing, promotion and distribution of ideas goods and services to create exchange and satisfy individual and organisational objectives" (Marketing News, 1985, p.1). In this definition, the lack of specificity surrounding both the word exchange and the phrase individual and organisational is clearly deliberate as it contrasts markedly with the American Marketing Association's much narrower 1960 definition. The 1960 definition stated that marketing was, "The performance of business activities that direct the flow of goods and services from producer to consumer or user" (Committee on Definitions, 1960, p.15). This was not very different from the earlier 1948 definition, "The performance of business activities directed toward, and incident to, the flow of goods and services from producer to consumer or user" (American Marketing Association 1948).

The 1948 and 1960 definitions reflected marketing's experience, history and origins. Until only a little over twenty years ago, journals, magazines and texts reflected marketing's view of itself as a management technology applicable to the commercially oriented business environment. There were some exceptions to this perspective. For example, in 1931 Breyer devoted a chapter in his marketing textbook to studying public utilities as a market commodity. In 1951 Wiebe had presented provocative ideas and examples of merchandising public issues using marketing communications. In 1967 Beckman and Davidson talk of the increasing emphasis in the 1960s on marketing as a social process.

Broadening the Domain of Marketing

In 1969 a wider definition of marketing was articulated (Kotler & Levy 1969) and this was further extended by Kotler in 1972. Kotler and Levy argued for a dramatically broadened conceptual domain for marketing from the business activity it had hitherto been, to "a pervasive societal activity that goes considerably beyond the selling of toothpaste, soap and steel" (Kotler & Levy 1969, p10). Kotler and Levy felt the business heritage of marketing provided a useful set of concepts for guiding all organisations whether profit oriented or not and whether involved in marketing toothpaste or persons and ideas. In fact they felt the choice facing managers in nonbusiness organisations was not whether to use marketing or not but whether to use it "well or poorly" (Kotler & Levy 1969, p15).

In support of this all-inclusive view of marketing, Kotler and Levy used examples of a police department developing a campaign to 'win friends and influence people'; a museum director sponsoring contemporary art shows and 'happenings' to broaden the museum's appeal; a public school system using television to dramatise its work in order to increase support for what it was doing to fight the high school dropout problem, to develop new teaching techniques and to enrich the children; the junta of Greek Colonels who seized power in Greece in 1967 hiring a major New York public relations firm to arrange for newspapers to carry full page advertisements proclaiming, "Greece was saved from Communism", and detailing in small print why the takeover was necessary for the stability of Greece and the
world; and the anti-cigarette group in Canada who came up with innovative ways to use their limited funds (Kotler & Levy 1969, p11).

Using these examples and broadened conceptual boundaries, the authors proudly proclaimed that, "marketing has taken a new lease on life and tied its economic activity to a higher social purpose" (Kotler & Levy 1969, p15). One eminent marketing academic was quick to attempt to temper such ambitious claims. He was concerned that when views were propounded by such prominent authors as Kotler and Levy their uncritical acceptance seemed likely, so contrary opinions needed a vigorous voice (Luck 1969). Luck's contention was that whilst Kotler and Levy were implicitly asking for a redefinition of marketing, they did not explicitly offer one. Indeed Luck maintained that if a definition were framed to meet Kotler and Levy's contentions,

"marketing no longer would be bounded in terms of either institutions or the ultimate purpose of its activities. If a task is performed, anywhere by anybody, that has some resemblance to a task performed in marketing, that would be marketing" (Luck 1969, p53).

Apart from marketers self image being 'pleasurably inflated', Luck saw little to be gained from such reasoning. However, his attempt to be a vigorous voice of dissent did not prove successful. In hindsight it is embarrassing to observe the uncritical haste with which marketing academics embraced this radically new conceptualisation of their discipline. The 1970 Autumn Conference of the American Marketing Association was given over to discussing marketing's new found role and social purpose. The Journal of Marketing issue of July 1971 was devoted exclusively to Marketing's Changing Social/Environmental Role, with no published article voicing significant dissent from Kotler and Levy's proposition.

One of the articles in that 1971 edition of the Journal of Marketing specifically examined how marketing concepts and techniques could be effectively applied to the promotion of social objectives such as brotherhood, safe driving and family planning (Kotler & Zaltman, 1971). The authors claimed to show how social causes could be advanced more successfully through applying principles of marketing analysis, planning and control to problems of social change. The question Wiebe raised in 1952, "Why can't you sell brotherhood like you sell soap?" (Wiebe 1951-2, p679), was simplistically answered, "You can". This further extended the domain of marketing to include not only nonbusiness and nonprofit organisations involved in bilateral exchange processes, but organisations involved in planning and implementing social change.

The irony here is that this further extension, whilst perhaps pandering to the needs of those who feel that marketing cannot be socially useful if it confines itself to business activities, violates the fundamental premise of the marketing concept which had emerged in the 1950's with a consumer orientation as its base. The marketing concept contrasted with the selling orientation that had preceded it and the production orientation that is said to have been the 1930's model of marketing. In the terms of the marketing concept, the customer is central and organisations meet their objectives by discovering and staying in touch with their potential customers needs and wants and then satisfying them by producing an appropriate product.

However, in programmes of planned social change, it is very rarely the customers or target market(s) whose views on their needs and wants are sought. It is usually the views of those in positions of power, influence and sometimes knowledge, who know what is best for the target
market, or what the target market really needs or wants, or ought to want. In such programmes, products are not modified to make them acceptable to the target market, as happens in the economic exchanges of the business market, but efforts are redoubled to make the target market better understand what is good or best for them. In writing a text on strategic marketing for not-for-profit organisations, Lauffer gives specific examples from his own experience as a social worker to support this view (Lauffer, 1984). He points out that many social workers begin with the assumption that their products, the services provided, are in the best interests of the public. They assume that there is a need (even if sometimes there is no demand) for the services provided, simply because they are convinced that they are good for people (Lauffer 1984, pxii).

"I remember working for a family service agency in which everyone's problems were defined in psycho-analytic terms the moment the client walked through the front door. It didn't matter what clients asked for - housing, guidance in coping with an ageing parent, or help with a child who suffered from a learning disability. The agency's 'products', its analytically oriented counselling services, were considered by the staff to be just what the client needed. Staff then set about shaping the client's perceptions about his or her needs according to the agency's definition of its services, and educating the client to make effective use of those services" (Lauffer 1984, ppxii-xiii).

Many other contemporary examples spring to mind such as economical driving, safe sex and self examination for cancerous growths. The needs and wants of those who enjoy accelerating away from traffic lights, or who wish to continue what are considered by some to be promiscuous or deviant sexual practices, or who do not wish to know they have a malignant tumour, are not central to the relevant programme of social change. The needs and wants of such persons may well need to be modified for the greater good of society or some other social, moral or economic purpose. Whatever justification for such activity, it is not an arena where the marketing concept is applied.

However, twenty years ago such reasoning did not impede the rush to accept the proposed extensions to marketing's domain. Following the conference of the American Marketing Association in 1970 and the 1971 Journal of Marketing devoted to the expansion theme, one of the original authors of the article that started it all published a further paper arguing that the 1969 broadening proposal's main weakness was not that it went too far but that it did not go far enough (Kotler 1972). Kotler claimed that marketing should be expanded to include the transactions between any organisation and all its publics. This was a significant extension from the 1969 view that marketing was a relevant discipline for all organisations that have customers and products (Kotler & Levy 1969).

Kotler described marketing in three stages of consciousness. Consciousness One related to the pre-1969 articulation of marketing being essentially a business subject composed of market transactions. Consciousness Two was really the 1969 articulation of marketing being appropriate for all organisations that have customers, and comprised organisation-client transactions. Consciousness Three is the generic and now conventional view of marketing being appropriate for all organisations in their relations not only with their customers but with all their publics. The core concept in Consciousness Three is transactions and therefore marketing is said to apply to any social unit seeking to exchange values with other social units (Kotler 1972).
Some Concerns with the Broadened Concept

Other concerns were voiced at this broadened concept in addition to Luck's immediate response to Kotler's 1969 article referred to earlier in this article. Enis (1973) also responded to Kotler's argument for further expansion with a wish to deepen rather than broaden the concept of marketing. He listed the following activities, which Kotler and Levy might argue are activities within the scope of marketing and which Luck would probably maintain are beyond marketing's proper domain:

- A financial vice-president seeks a loan from a bank
- A merchant bribes a government official
- A graduate student seeks a fellowship
- A man endeavours to win a woman's heart
- Reverend Billy Graham holds a revival
- An insurance agent is active in his church or civic club (Enis 1973, p57).

In his analysis, Enis points out that marketing has traditionally connoted an exchange relationship between buyers and sellers of economic goods and services. Kotler and Levy emphasise that it is the notion of exchange rather than the economic basis for the relationship that is central to the concept of marketing. Exchange is the process of satisfying human wants via trade (barter, swap, purchase, lease and so on) as opposed to other methods of want satisfaction, such as origination, force or gift (Enis 1973).

Enis goes on to summarise the counter-arguments to the generic concept of marketing which he sees as threefold. First, that marketing, like any other discipline, has a traditional domain, the boundaries of which should be respected. Thus, studies of the bribery of public officials belong to the discipline of political science, and loan procurement is the province of finance. Second, that activities should be studied from the perspective of their primary function. In this view, the purposes of the graduate student and the suitor are not primarily economic. Although market transactions may be involved in such activities, they are incidental to the primary function of the activity. Third, that transactions where the exchange cannot be accurately determined should be excluded from the domain of marketing. Thus Billy Graham's requests for donations or the insurance agent's services to his church or club lack a specific, determinable return (Enis 1973).

Whilst broadening the concept of marketing was seen by Enis as a significant contribution to the development of the discipline, he did not see it as straightforward as it first appeared. Rather he saw it as multidimensional. Broadening the nature of the product exchanged from economic goods and services to anything of value; broadening the objective of the exchange from profit to any type of payoff; and broadening the target audience of the exchange from consumer to any 'public' that relates to an organisation (Enis 1973, p59). Enis did not object to the broadened concept of marketing per-se, but felt that to be meaningful and useful it would have to be more comprehensive, better integrated, and communicated with greater clarity. This he called deepening (Enis 1973, p62).
Bartels (1974) traced the evolution of marketing through various distinct phases since the turn of the century. He saw marketing as originally concerned with the distribution of products and wondered if marketing was now to be regarded as so broad that perhaps marketing as originally conceived would ultimately reappear under another name, possibly logistics or physical distribution. Specifically, Bartels saw the following disadvantages to broadening the concept of marketing:

- At a time when many problems of physical distribution are calling for solution, the broadened concept has turned attention away from these problems to nonbusiness interests.

- Methodology has to some extent replaced substance as the content of marketing knowledge.

- Forms of decision making have become more important than knowledge of the subject about which decisions are made.

- Literature has become increasingly esoteric, abstract, and unintelligible to many business practitioners.

- Graduate marketing education has excluded, presuming foreknowledge, much factual content concerning markets and product marketing.

- Undergraduate programs, as provided for by numerous textbooks, have become managerial, behavioural and quantitative (Bartels, 1974, p.76).

In addressing what he called "the proper conceptual domain of marketing", Hunt (1991) commented on this broadening of the concept of marketing. Whilst agreeing that the advocates of extending the notion of marketing had won the semantic battle, he felt their efforts had not been victimless (Hunt 1991, p8). In support he cites Carman (1973, p14) as noting that the definition of marketing plays a significant role in directing the research efforts of marketers. Carman believes that many processes, for example political processes, do not involve an exchange of values and that marketing should not take such processes under its "disciplinary wing" (Hunt 1991, p8).

Tucker (1974) explicitly attacked Kotler's generic concept as a foundation for theory. Whilst he felt that there was little harm involved in thinking of a churchgoer as a consumer of religion or a teacher as a salesman of mathematics, he considered it sensible to ask what marketing theory could derive from an intensive study of religious practices or educational efforts.

"Marketing is heavily concerned with economic rationality in terms of store location, advertising effectiveness, merchandise assortments, pricing policies, inventory management, sales territories, and the like. Relatively prompt and specific consumer satisfaction characterizes the great majority of transactions" (Tucker 1974, p32).

Despite these comments, the broadened conceptual domain that constitutes the generic concept of marketing has become the dominant paradigm in the marketing discipline. As early as 1974 a survey of randomly selected professors of marketing showed an
overwhelming acceptance, over ninety-two per cent, of the proposition that the concept of marketing should be expanded to include the marketing of schools, charities, politicians and other nonbusiness activities (Nickels 1974). The survey also showed that marketing professors wanted a broader definition than market transactions. Specifically the professors wanted emphasis placed in introductory marketing classes on transactions that further the goals of churches, schools, charities and other social causes (Nickels 1974, p141).

"More than 90 percent of the responding professors agreed that the marketing concept should be broadened to include the efforts of nonbusiness organisations to satisfy society's needs" (Nickels 1974, p142).

Some authors went further and asserted that marketing would have to become vitally concerned with human welfare rather than economic gain, and with the broader needs, aspirations, and potentialities of society rather than merely with the problems of competition, sales volume, and profit (Shuptrine & Omsanski 1975, p65).

Foxall acknowledges the dominance of the generic concept of marketing but is critical of the usefulness of the concept as it is based on the notion of exchange. He believes that:

"the concept of marketing as a process of matching - of aligning the relationships between organisations and/or individuals - may provide a more coherent framework for any extended concept of the marketing function and marketing oriented management" (Foxall 1989, p8-9).

Although marketing academics have accepted the broadened and socially useful concept of marketing, the literature acknowledges that it is more difficult to sell brotherhood than soap (Barach 1984; Bloom & Novelli 1981; Rothschild 1979). This is an acknowledgement that the extension of marketing's domain may not be without difficulties.

The mainstream of marketing literature is not concerning itself with whether it is appropriate or useful to extend the marketing concept but with trying to identify why, when marketing is extended beyond its traditional domain, it seems to be more difficult to implement. A noticeable exception is in Part I of the volume edited by Mokwa and Permut where at least an attempt was made to raise the conceptual question of whether a more conscious marketing perspective is truly appropriate for government (Mokwa & Permut 1981, pxiv). However, the question normally addressed is why is it harder to sell brotherhood than soap?

"As marketing has formally extended the boundaries of its discipline to encompass the public and third sectors, tools and techniques of market programming and research and the impediments to their implementation have been the overwhelming concerns" (Mokwa 1981, p17).

The implicit assumption underpinning the generic concept of marketing is that it applies to exchanges of all kinds not just economic exchanges in a market-place.

**Marketing as Exchange**

The core concept of marketing is the exchange process (Bagozzi 1975, p32; Kotler 1988, p6). On this there is little contention. However, there has been debate about the nature and extent
of the exchange process that is in consonance with marketing. Kotler, concomitant with his generic concept of marketing, gives a broad interpretation as to what constitutes an exchange process to which the marketing discipline applies. He specifically includes as market transactions such examples as a church providing religious services for its members and a donor providing money or service to a charity (Kotler 1988, p8). Bagozzi supports Kotler's broad interpretation and describes three types of exchanges; restricted, generalised and complex (Bagozzi 1975, p32). Restricted exchange is defined as two party reciprocal relationships;

"Most treatments of, and references to, exchanges in the marketing literature have implicitly dealt with restricted exchanges; that is they have dealt with customer-salesman, wholesaler-retailer, or such other dyadic exchanges" (Bagozzi 1975, p32).

Generalised exchange is defined by Bagozzi as univocal, reciprocal relationships among at least three actors in an exchange relationship. To illustrate his definition, he uses the example of a public bus company asking a local department store to give a number of benches to the bus company to be placed at bus stops for the convenience of its passengers. Advertisements placed on the benches by the department store persuade the passengers to patronise the store (Bagozzi 1975, p33). Complex exchange is defined by Bagozzi as a system of mutual relationships between at least three parties. To illustrate this exchange he refers to a distribution channel consisting of a manufacturer, a retailer and a consumer. The three together form an exchange system but individually the manufacturer exchanges with the retailer who exchanges with the customer (Bagozzi 1975, p33).

Bagozzi goes on to argue that each type of exchange can have one of three classes of meanings; utilitarian, symbolic or mixed (Bagozzi 1975, p35). Utilitarian exchange is more usually referred to as economic exchange where goods are given in return for money or other goods and is the traditional domain of marketing. Symbolic exchange extends to the mutual transfer of psychological, social, or other intangible entities. A mixed exchange involves aspects of both utilitarian and symbolic transfers.

Bagozzi is quite explicit in including social relationships, as opposed to economic relationships, within the ambit of marketing. He sees social marketing as a subset of the generic concept of marketing, addressing how exchanges are created and resolved in social relationships such as family planning agent - client, welfare agent - indigent, social worker - poor person, and so on (Bagozzi 1975, p36). He is emphatic that exchanges exist in social marketing relationships but suggests that such exchanges are usually generalised or complex exchanges rather than the simple quid pro quo notion characteristic of most economic exchanges. Bagozzi then goes further and asserts the universal applicability of marketing as the discipline of exchange behaviour,

"It is not so much that the subject matter of marketing overlaps with that of other disciplines as it is that the problems of marketing are universal" (Bagozzi 1975, p38).

Laczniak and Michie point out some of the problems with such a universal territory claim, calling it, "the ultimate illustration of empire building" (1979, p228). They maintain that the widespread acceptance and practice of broadened marketing has the potential to damage the reputation of the marketing discipline as the discipline is unlikely to be able to sustain
playing, "the role of a symbolic Atlas with the weight of the world upon its theoretical shoulders" (1979, p226). If marketing embraces all kinds of exchanges, then everyone is a 'marketer' because virtually everyone engages in some social exchanges.

Foxall also takes issue with this broad interpretation of a market exchange. He argues that,

"Social marketing, which confuses relationships with exchanges, renders the marketplace redundant; it has no place for consumers' choice or for the functions of a market mechanism" (Foxall 1989, p19).

Luck has a much narrower definition than Kotler or Bagozzi of the scope of exchanges that are properly within marketing's domain. For example, Luck could not be expected to accept Bagozzi's assertion that marketing exchanges take place in social relationships where there is no established price or terms of sale and no specific quid pro quo (Luck 1969, p54). In fact Luck was quite specific in stating that marketing was only appropriate where the exchange process result is a market transaction (Luck 1969, p54). Attenuating the definition of marketing to make it almost universal would, Luck argued, result in marketing losing its identity.

This debate on trying to limit the nature of exchanges that are properly within the domain of marketing has also been won by the expansionists in the discipline. The generic concept of marketing applying to all types of organisations and all types of exchanges is now uncritically portrayed in all the popular marketing texts used to introduce study of the subject. Even its critics acknowledge that

"the extended concept of marketing has clearly emerged over the last 15 years as an idea whose time has come" (Foxall 1989, p9).

Summary

This paper has highlighted the almost embarrassing haste with which marketing academics rushed to embrace the dramatic extensions to the discipline's domain articulated by Kotler and others just over twenty years ago. Some key problems have been reviewed, particularly difficulties with the central role of the customer and the nature and extent of the exchange process which the broadened concept implies.

Perhaps more fundamental than the problems traversed here is the confusion and difficulty caused to the development of the discipline's theory by such significant territory claims. As a relatively young academic discipline marketing has a long way to go in developing a sound and coherent theoretical framework. It does not help to claim that marketing is everything, because then it is nothing. If marketing is as generic as its contemporary literature suggests, then it may well lose its separate and specific identity.

References


Peter Graham is the Director of the MBA Programme, Centre for Australian Public Sector Management, Faculty of Commerce and Administration, Griffith University, Brisbane, Australia.