Broadening The Boundaries: The Development Of Marketing Thought Over The Past Sixty Years

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Abstract

It is rather incredible that a fifteen page article written prior to 1950 could have had such an impact on marketing, a field that has really come into its own in recent years. Despite this, Alderson’s works seemed to have created an impact in marketing thought. The question is have we really progressed since then? This paper discusses the history of marketing and our progression since the 1950s, particularly considering the environmental changes that have impacted on marketing. What developments have been made?

Introduction

It is rather incredible that a fifteen page article written prior to 1950 could have had such an impact on marketing, a field that has really come into its own in recent years (Alderson and Cox, 1948). Despite this, Alderson’s works seemed to have created an impact in marketing thought. Wroe Alderson firmly believed that theory and practice must be linked. His major publications included Marketing Behaviour and Executive Action, Theory in Marketing, and Problem Solving in Marketing. He acted as a President of the AMA and also had a great deal of industry experience (Green and Goodman, 2005). Although Alderson created a big impact in marketing academia, it is believed that marketing thought has developed since then. As a marketing colleague said, “If we have not developed since the 50s, we may as well pack up our books and go home”. Given that some progression is assumed, the question is therefore – has there actually been significant progression since Alderson’s theory development? This paper will therefore discuss the history of marketing. It will then discuss Alderson’s contribution to marketing, focusing mostly on innovation adoption, and will conclude with a discussion on the significance of contribution to marketing since Alderson’s work. The emphasis on innovation adoption is due, primarily, to the author’s interest in innovation adoption, however also because a distinct difference was noted in research Alderson’s theories on this to what we believe today.

History of Marketing

To understand Alderson’s impact on marketing theory, it is important to firstly address the history of marketing as both an academic and practical discipline. According to Fullerton (1988), modern marketing began in Britain in about 1750 and in Germany and the United States around 1830. Many authors have attempted to categorise marketing into eras. The “Three Phases of Marketing” outlined by McCraw and Tedlow (in McCraw [ed.] 1997) include the Production Era, the Selling Era, and the Marketing Era. The Production Era (pre-1880s) was characterised by market fragmentation with low volumes of production, high margins and prices. During the Selling Era (1880s-1950s) the market became “defined and united by a superior brand or product configuration”. This was characterised by high volume production, low margins, low prices and national or international mass distribution. The Marketing Era (post-1950s) emphasises consumer segmentation and products are differentiated to appeal to these market segments.
Wilkie and Moore (2003) have identified four eras of marketing, in addition to a pre-marketing era (prior to the 1900s). Founding the field, until the 1920s meant that courses started being taught that included ‘marketing’. Formalising the field, from the 20s to the 50s saw the advent of the first journals of marketing and professional bodies. The Paradigm Shift from the 50s to the 1980s were about debate focusing on scientific method and knowledge development. Finally, new challenges in business from the 80s to the current time have created the emergence of the Shift Intensifies period. This has been characterised by rapid changes, particularly focused on downsizing, globalisation and the use of technology (Wilke and Moore, 2003).

Alderson published during both the Selling Era and Marketing era of McCraw’s Phases of Marketing and Formalising the Field and the Paradigm Shift of Wilke and Moore’s Eras of Marketing. Either way, it could be agreed that Alderson worked in a period of change, formalisation and theory development. This era was particularly important for the development of marketing (Savitt, 1990). It is important to understand the development of marketing, because many of the foundations were developed in these early days. For Alderson, working in the period of formalisation and theory development meant that many theories were being established, but required further clarification in later days. As Alderson was one of the first marketing theorists, it is understandable that much of his preliminary theories have been further developed. His theories will now be discussed to understand the contribution to marketing since.

**Alderson’s works**

Alderson’s works are examined in this paper because his work really commenced the development of marketing theory, particularly in relation to channels and marketing institutions (Wilkinson, 2001). Alderson’s major works focused on Heterogeneity of supply and demand; organised behaviour systems; sorting functions (Green and Goodman, 2005). His major piece of work was a journal of marketing article, published in 1948, co-authored with a colleague of his, Cox. “Towards a Theory of Marketing” emphasises the importance creating a theoretical framework for marketing. Alderson worked primarily in a theoretical framework – his work was not empirical and therefore he was providing ideas for development, rather than scientifically testing his own ideas.

Alderson and Cox’s 1948 paper highlighted reasons for interest in marketing. For example, he emphasised issues with the marketing mix, despite not classifying them as the Marketing Mix. Alderson and Cox highlighted pricing as an issue of consumer perception, in his discussion of Price Discrimination and Economic Entities. Their discussion of Spatial Aspects of marketing emphasised distribution. This was particularly in regards to store location and retailing. They also refer to Chamberlin’s work regarding time and place utility in terms of their importance to differentiating an offering (Alderson and Cox, 1948). It was not until 1964 when McCarthy classified the 4Ps as the marketing mix that this work really became known as the marketing mix (Anon, 2005).

More recently, the 7Ps of marketing (adding people, physical evidence and processes) are often discussed as being more relevant – particularly from a service perspective. While Alderson did not focus on people or physical evidence, he did seem to highlight
processes and services in his discussion of Temporal Aspects of Marketing (Alderson and Cox, 1948). Alderson and Cox (1948) also emphasised consumer behaviour in their discussion about attitudes and motivations of buyers and sellers. They focused on how it was important to understand the motivations of what people do (Alderson and Cox, 1948). It was not until 1968 that Engel created the consumer decision-making model (Engel, 1968), really developing consumer behaviour processes. An emphasis on marketing research seemed apparent as Alderson (1954) believes that an exploration of market requirements and demand is necessary. Finally, it could be argued that Alderson’s discussion of the development of market organisation could be focused on ethics, criticisms of marketing and the future direction of marketing (Alderson and Cox, 1948)– something that is included in nearly every introductory marketing textbook.

Ultimately, it is evident through this discussion that Alderson established much of the theory bases for marketing, and they have been extended from there. It is evident therefore, that the back bone of marketing was established while Alderson was researching marketing. We have progressed since then, but the question really is whether we have had significant progress since then. As a result, a particular topic – innovation adoption – will now be addressed.

Innovation adoption

Alderson (1954) focused a great deal of his work on the heterogeneity of supply and demand. It could be argued that this links in well with innovation adoption theories. Rogers is probably the best-known author of innovation adoption theory. His model on innovation diffusion is the most widely accepted model of innovation diffusion. It is interesting to note that Rogers (2003) did not refer to Alderson’s model of Problem Solving and Marketing Science (1954). Although Alderson did not develop a model of innovation diffusion, it is interesting to see that Alderson focused on the take up of new products, which fits in with innovation adoption. He was particularly interested in economic aspects of new product acceptance, focusing on the concepts of supply and demand as a reason for the take up of new products. His focus was on the importance of heterogeneity of new products. In fact, he believed that opportunities for new product acceptance only occurred where there was a differential advantage that was clearly defined. In modern times, it could be argued that differentiation is not the key to success of innovations, and that Rogers’ theory might be more applicable.

Rogers (2003) ignored the importance of heterogeneity and differentiation completely, focusing instead of relative advantage; compatibility; complexity; trialability and observability as reasons that some innovations are adopted and some are not. A competitive advantage, however, is an essential component for all products. Perhaps Rogers might argue that an innovation has a competitive advantage in that it is the first product of its kind, and therefore differentiation is not essential to innovations. This is not ignored by Alderson (1954) who believes that the innovator is working in a monopoly, at least for a short time, however this advantage will not last long given changes in the environment. It could be concluded, therefore, that differentiation is an important aspect in innovations, regardless of whether or not competitors have established themselves in the product category.

The concept of relative advantage (Rogers, 2003) was discussed to some degree by Alderson in 1954. Switching costs of changing from one supplier to another was
discussed, with Alderson commenting that a customer would not change unless there was a distinct gain from trading with a new firm. This concept, when discussed by Rogers (2003) is explained more from a change in product, rather than a change in supplier, but utilises a similar basis of theory – unless there is an identifiable advantage, a consumer will see no reason to change from their current method of behaviour.

Innovation allows organisations the opportunity to have a competitive advantage. Given that “businesses succeed or fail based on competitive advantage” (Johnson and Busbin 2000), it is important to develop processes and sophisticated marketing techniques to gain competitive advantages – even if the marketer is the first in the product category. Generally this is done “by designing offers that satisfy target consumer needs better than competitors’ offers” (Kotler et al 2004). The idea of a competitive advantage reinforces what Alderson believes about innovation and differentiation.

It is important to note that Alderson focuses primarily on distribution as a method of differentiation. As Alderson and Cox stated in 1948, prior to innovation being a focal point of marketing theory: “More broadly, it may be said that differentiation is a basic function of the market which is carried out primarily through the channels of distribution and which is intimately related to the problem of efficiency in marketing”. It is clear from this quote that Alderson emphasises distribution as a method of innovation and differentiation. On the other hand, Rogers (2003) really focuses on products as a method of innovation. It is disappointing that Rogers did not consider Alderson’s works on innovation – perhaps they could add value to Rogers’ discussion. This is something that will be addressed in further research by the author of this paper in further research. It is not argued that Rogers should have based his work on the work of Alderson, however Alderson did have some interesting conclusions which may have assisted the theoretical development of Roger’s obviously well utilised research.

What progress has marketing made?

While Alderson contributed a great deal in the establishment of marketing, many of his principles were grounded in economics, pricing theory and distribution, rather than the remainder of the marketing mix. Promotion and indeed the product itself was not focused on by Alderson. For example, Alderson (1948) stated that “marketing is of necessity involved with competition and price. Therefore the core of marketing theory might well be modern price theory with its stress on different types of competitive situations”.

The Marketing Mix, and the integration of the elements of the marketing mix, is possibly the biggest development since Alderson’s work. Furthermore, other aspects that have developed since Alderson researched include

- **Consumer Decision Making** – in particular the model by Engel, 1968, which is commonly used as a method of understanding consumer behaviour
- **Relationship Marketing** – the commercialisation of the internet and the way it is utilised in business has revolutionised one to one marketing and relationship marketing.
• **Marketing Research** – There was little, if any, comment on the importance of marketing research in Alderson’s works. While Alderson (1954) explained the importance of understanding customers and market need, very little explanation about how this could be done was provided. It should be noted that marketing research can often be linked into consumer behaviour, something that Alderson discussed in detail. Marketing Research has developed quite a lot since Alderson’s work, both in terms of importance and strategy.

• **Innovation** – As mentioned in the discussion above, the theory of innovation diffusion has developed since Alderson’s work. It could be argued that Rogers’ focus is also too narrow and a hybrid approach of the two needs to be considered, but the development of theory since Alderson’s work cannot be ignored.

• **Segmentation** – Segmentation is another area of marketing that was not focused on by Alderson. Segmentation had some discussion (Alderson, 1954) regarding the importance of finding a segment that was not being served – particularly in relation to new products and innovation, however, segmentation was not the focus of Alderson’s works. The advent of relationship marketing has possibly highlighted the importance of segmentation more so. Furthermore, developments to the marketing mix has also highlighted the importance of segmentation and target marketing. The more we focus on one to one marketing, it is natural that segmentation theory would also progress.

• **Non profit** - Alderson, possibly due to his consulting organisation, focused primarily on for profit organisations. Non Profit marketing and social marketing was developed in the 70s and 80s by Kotler and Andreason. This was not considered by Alderson and therefore has progressed greatly since then. It should be stated that much of the theory regarding non profit marketing has focused on traditional marketing theory, adapted for the non profit environment. It could therefore be argued that there has been no significant progress in this area in terms of theory development – it was purely environmental changes.

Reading Alderson and Cox’s paper (1948), the reader is almost given the impression that the authors are attempting to give a buffet of further research for marketing. The authors do not go into great detail about any one area, but suggest that many of the issues discussed require further work. It is almost like Alderson and Cox desired to impact on the field of marketing, and hoped that their work would be furthered over the years. As Revzan, 1951, comments in a review on Alderson and Cox’s work: “This essay…severs as a preliminary to the discussion of theory in marketing as such”.

Of course it can be concluded that marketing thought has progressed since the 1950s. This discussion has shown some of the many ways theory has developed over the past fifty years. It is believed, however, that there has been limited significant progress since Alderson’s works. Some of his work has been built on, some further developed in contrasting ways, and some theory has been created to work with changes in the environments, but Alderson’s work is definitely the back bone of a great deal of marketing thought.

In summary, then, it could be argued that at a time in marketing when theory was lacking, Alderson developed theory that has stood the test of time and guided progression. He was innovative in the way he integrated theory and practice – however, it is important to note that changes in practice have led to changes in marketing thought.
REFERENCES

Alderson, W., and Cox, R., 1948, Towards a Theory in Marketing, Journal Of Marketing, October


