The Practical Domain of Marketing: The Notion of a 'Free' Enterprise Market Economy as a Guise for Institutionalized Marketing Power

Raymond Benton, Jr.

1

Introduction

Because of the long tradition of critique over economic theory's poor fit with social and economic reality few were surprised at Robert Kuttner's recent jeremiad [1985, p. 76] that

the world of perfect competition posited by neoclassical economics may be so far from the world in which we actually live that it is not a useful basis for theory, policy or advice

Practically minded non-critics, like Albert T. Sommers of the Conference Board [1985, p. xvi], agree. He writes,

Much of standard economics treats economic life as transpiring in a so-called free market, in which individual self-interest rules supreme. This is not the way the real world works, of course; some of the greatest difficulties in understanding the behavior of the economy reflect this disparity between theory and reality.

Source: *American Journal of Economics and Sociology*, Vol. 46, No.4, 1987, pp.415-430.

4 The Development of Critical Perspectives in Marketing

Similarly, business textbooks also point out that “The present-day economic system of the United States is not composed of the elements basic to the theoretical model of perfect competition” [Stanton 1984, pp. 603–04].

Economists themselves, with their theory of the modern corporation and of imperfect and monopolistic competition, made clear that the assumptions of the neoclassical school did not hold in the face of existing reality. A marketer, George Brown, was persuaded that the market, the “free market” of economic theory, was an archaic concept that disappeared as a real place with the passing of the middle ages. Brown writes:

Most economic theorists apparently conceive of the marketplace as a small open square in which producers display their wares, rent free, and to which consumers travel to inspect the offerings and to make their purchases on a cash and carry basis. In this particular world there are no brokers, no wholesalers, no retailers, no railroads, no delivery trucks, no advertising, no salesmen – in short, no marketing [1951, p. 60].

People must be able to visualize an economic system if they are to effectively live in, work in, or otherwise deal with that system. Economic theory has traditionally provided us with that necessary visualization. But with such widespread admittance and acknowledgement that it does not, the question looms large as to why “the world of perfect competition,” the “so-called free market” economy, continues to form the basis of instruction in economics.

Economic theory continues to be taught for its philosophical content. It is first and foremost a system of belief – a system or mode of persuasion and a system for the creation and inculcation of meaning [Benton 1982, 1986]. For practical guides for action we have evolved other bodies of knowledge of which marketing thought is but one example. How we infuse those practical guides and those resultant practical actions with a sense of meaning and purpose is the central issue here addressed.

II

Marketing as a Cultural System

In his archeological studies of the human sciences Michel Foucault [1973, pp. 127–128] emphasized that historians want to write histories of biology in the 18th century without realizing that biology did not then exist. His point was that “the pattern of knowledge that has been familiar to us for a hundred and fifty years is not valid for a previous period.” If biology was unknown, he continued, “there was a very simple reason for it: that life itself did not exist. All that existed was living beings, which were viewed through a grid of knowledge constituted by *natural history*.”

Similarly, economists try to write histories of economics before Adam Smith although economics did not then exist. If economics was unknown it was because the economy did not exist. What did exist was social life, and that was viewed through a grid of knowledge constituted by religion and theology. As with biology and economics, so, too, with marketing, some try to write histories of marketing thought in the 19th and even the 18th centuries but the pattern of knowledge familiar to us as marketing did not then exist, because marketing as an institution did not exist. What did exist was trade, or exchange, and this was viewed through a grid of knowledge constituted by economics.

Marketers are somewhat cognizant of this relationship. In his *History of Marketing Thought* [1916], Robert Bartels points out that, as a pattern of knowledge, marketing dates only to the beginning of the 20th century: Between 1900 and 1910 initial expression was given to the ideas which formed the foundation of what is now known as *marketing*. Marketing as a pattern of knowledge was not conceived earlier because marketing as an institution did not exist. William Lazar [1969, p. 8] expressed it as follows:

the institution that is actually brought into being by abundance without previous emphasis or existence in the same form is marketing. It is marketing expressed not only through advertising. It is also expressed in the emphasis on consumption in our society, new approaches to product development, the role of credit, the use of marketing research and marketing planning, the implementation of the marketing concept, the management of innovation, the utilization of effective merchandising techniques, and the cultivation of mass markets. Such institutions and techniques as self-service, supermarkets, discount houses, advertising, credit plans, and marketing research are spreading marketing . . . through other parts of the world.

Why the rise of marketing as an institution and the discovery of marketing as a pattern of knowledge? The roots, here, are in the institutional and conceptual developments that occurred prior to, roughly, 1900 and those developments involve both the rise of material abundance and the concomitant rise in large-scale enterprise.

Until about 1780, there was no demand in America for large scale corporate enterprise. When need arose for roads, bridges, canals, railroads, banks, insurance, and other public services, governments, unable or unwilling to meet these needs directly, encouraged private, voluntary initiatives to raise capital and to develop managerial talent. In early America the corporation was chartered by the state to serve a specific need and supported with money raised abroad and procured from state legislatures. In the 1830s the distinction arose between the public corporation chartered for community purposes and the private corporation formed for profit to satisfy individual consumers. Business pressures and changing perceptions of community need brought about the loosening of state control of the corporation.

6 The Development of Critical Perspectives in Marketing

But while its utility may have legitimized it, the corporation was clearly inconsistent with the components of the essentially Jeffersonian ideology of America. As corporations escaped the control of their creator, they needed an argument to keep that creator, the state, at bay, except where it served their own special needs. They found their argument in Locke's ideas, which were already widely embraced.¹ As a process this has been witnessed before: ruling minorities justify their rule by appeal to political formulas, that is theories, grounded in values already held by the majority who are ruled [Mosca, 1939]. It is a pattern that will be further documented below.

With the rise of large scale business units came first "organization," the imposition of a rational design upon the unplanned industrial operations of the late 19th century, and then the development of management theory. With the increase in the sheer size of enterprises it became apparent, it became vital, that managers begin managing people as well as machines and processes [Baritz 1960]. But as large scale organizations increasingly manufactured more than one product and sold them nationally, and sometimes internationally, there was also a need to understand the distributive processes involved. Management theory was unconcerned with distribution yet from both a business management standpoint and a social standpoint new understandings of the distributive process were needed.

Taken as a whole these events and requirements provided the environment and nurtured the development of marketing as an institution and of marketing as a pattern of knowledge.

III

The Nature of Marketing Knowledge

All societies have a great many generally accepted and frequently used culture patterns, systems of symbols and meanings, by and through which they collectively give form, order, point and direction to their lives. For ourselves, economic theory falls into that category of symbolic systems that move beyond the realities of everyday life to wider ones which correct and complete those realities. Although it questions them, it does so in terms of what it takes to be wider, nonhypothetical truths.

In the process it creates, in the believer, an aura of utter actuality which, so far as it is possible, is rendered inviolable by the discordant happenings of everyday life. Try as try can, there is little one can do to transcend, for example, the law of supply and demand, however much one might try and however much it may appear that one may have temporarily succeeded. Such are the beliefs of economics.

Marketing falls into that category of symbol systems that embody what will here be designated "common sense knowledge," a different kind of knowledge

than that formulated by sacred symbols. As the term itself implies, common-sense is a senseness held in common, which means that – whatever else it is – it is public and it is shared. It can be questioned, disputed, affirmed, developed, formulized, contemplated, and even taught [Geertz, 1983].

As a body of knowledge, common sense is a vitally important source of information for the individual. As anthropologist Clifford Geertz, following Alfred Schutz, writes,

The everyday world of common-sense objects and practical acts is . . . the paramount reality in human experience – paramount in the sense that it is the world in which we are most solidly rooted, whose inherent actuality we can hardly question (however much we may question certain portions of it), and from whose pressures and requirements we can least escape. A man, even large groups of men, may be aesthetically insensitive, religiously unconcerned, and unequipped to pursue formal scientific analysis, but he cannot be completely lacking in common sense and survive [Geertz 1973, p. 119]

As a body of knowledge, common sense responds to that human tendency “to take the world, its objects, and its processes as being just what they seem to be,” combined with “the pragmatic motive, the wish to act upon that world so as to bend it to one’s practical purposes, to master it, or so far as that proves impossible, to adjust to it” [Geertz, 1973, p. 111]. Unlike sacred symbol systems, the particular orientation of common sense is action upon the world – not mere acceptance of it.

IV

The Development of Marketing Thought

Marketing as a field of inquiry was built by men interested primarily in providing information for the solution of practical problems. Early marketing scholars were concerned with and acted in response to pressing social issues rather than reasons of business urgency. But there was always a concern for generating useful “how-to-do-it” knowledge [Bartels 1976]. They saw their main tasks as describing and explaining the emerging distributive practices and institutions. It is in this sense that Bartels [1976] writes that “The development of marketing thought represented an effort to compensate for the omissions of existing theory” [p. 29]. Whatever else it may have been, existing theory was inadequate because “the economic facts of life [were] departing farther and farther from the theories which had been devised to explain economic activity and to guide entrepreneurs and government authorities in behavior concerning the market” [Bartels 1965, p. 69]. But beyond description and explanation, the new field was faced, as well, with justifying the emerging distributive practices

8 The Development of Critical Perspectives in Marketing

and institutions. Though analytically separate, description, explanation, and justification went hand in hand.

The prevailing orientation in marketing today lies with the practicalities of getting the job done in a narrow sense of the word. Marketing is today perceived and presented as a set of techniques employed by organizations (mostly businesses but increasingly non-business and social cause organizations as well) to elicit desired responses from the other organizations or individuals within the employing organization's "environment." This "how to do it" perspective, dominant in marketing today, emerged and became the main thrust of marketing during the 1950s and 1960s.

Intellectual efforts in marketing today are focused on the extension, refinement, and evaluation of marketing as an organizational or management technology rather than on macro level social issues, concerns, and problems. It is evaluated in terms of the organization employing it: "Effective marketing means the choice of marketer actions that are calculated to produce the desired . . . response in the market" [Kotler 1972, p. 50]. As a body of knowledge, then, marketing attempts today to provide the orientations necessary if life is to go on.

We move back and forth between the perspective of economics and that of marketing and we do so easily and very frequently despite the fact that they are different and contrasting ways of looking at the world. As ways of looking at the world, and of acting in it, they are separated by gaps across which one must leap, slip, slide, crawl or climb. How are the meanings, the significances, the moods and motivations, the commitments induced by economic theory carried over to marketing thought and thereby to marketing actions and institutions? How are the two, marketing and economics, "knotted" together?

Marketing textbooks and the marketing literature make abundant if unthinking and unintentional use of rhetorical devices, subtle references to economic concepts, and close association to the supposed results of economic analysis. All such associations serve to call up, by conditioned response, the moods and motivations associated with economic theory. Concern here is not with these small but important connecting tissues but with certain deliberate conceptual inventions made within the field of marketing, conceptual inventions that serve as vehicles for the transfer of meaning and purpose from economic thought to marketing thought. It is not supposed that these devices were intentionally invented to serve as vehicles for the transfer of meaning, although they might have been. They nonetheless serve that function. Similarly, it is not supposed they were consciously contrived as elements in an over all strategy to repel government intervention and to achieve control of corporate enterprise, although they might have been. They nonetheless serve and abet that purpose as well. These inventions include, among others, the term "marketing" itself, the notion of marketing "utilities," and "the marketing concept."

V

From “Distribution” to “Marketing”

The confluence of events and ideas around the turn of the century produced a new conceptualization of distributive practice that, whatever else it was, was still considered a technical function of business having to do ultimately with trade.

University courses were taught in the new subject as early as 1900–1910 but they were not always known as “marketing.” Courses dealt with the “distributive industries” and the most common designators were “trade,” “commerce,” and “distribution.” The first marketing course in North America may have been one given by E. D. Jones in 1902 at the University of Michigan entitled “The Distributive and Regulative Industries of the United States” [Jones 1986, p. 7; Jones and Monieson 1987]. At the Ohio State University a one-term course entitled “Distribution of Products” was initiated in 1905 and renamed “Distributive and Regulative Institutions” when it was expanded to a two-term course. In 1906 the course was again renamed, this time as “Mercantile Institutions,” a title that did not change until the school year 1915–1916 when it became simply “Marketing” [Bartels 1976, pp. 21–25].

Naming this new conceptual domain did not come easily. Bartels includes the text of a letter from Ralph Starr Butler, a professor at the University of Wisconsin during this formative period and the author of a 1911 text entitled *Marketing Methods*. In this letter Butler recounts his coming up with the term “marketing.” That letter reads, in part:

I surveyed the very meager literature of business which was available at that time and was astonished to find that the particular field that I have very briefly described above had never been treated by any writer. I decided to prepare a correspondence course covering this phase of business activity.

In brief, the subject matter that I intended to treat was to include a study of everything that the promoter of a product has to do prior to his actual use of salesmen and of advertising. A name was needed for this field of business activity. I remember the difficulties I had in finding a suitable name, but I finally decided on the phrase “Marketing Methods.” [Bartels 1976, p. 24].

Why did Butler, and others who may or may not have independently settled on the term “marketing,” choose it rather than descriptive terminology already more widely used? Butler tells of needing a name, of having difficulties in finding a suitable one. He does not explain how or why he finally settled on “Marketing Methods” instead of terminology like “Distributive Methods.”

Those scholars recognized as laying the foundation for marketing studied under economists such as Ely, Commons, Taylor, and Adams [Bartels 1951,

10 The Development of Critical Perspectives in Marketing

Jones 1986, Jones and Monieson 1987]. Indeed, early marketing was considered a field of applied economics.

The vocabulary of economics centers on “the market” and economic theorizing, then and now, pivots on “the market.” Any dictionary will define a market as “a gathering of people for buying and selling things.” It is reasonable to expect that those scholars studying the buying and selling processes in and of themselves, and their institutional settings as they actually existed, would be drawn to something that reflected their intellectual and heuristic heritage – “marketing.”²

But there is more to it than this simple intellectual affinity; there is a cultural aspect as well. Up to this time the American economy had been a system of largely “private enterprise” and market entrepreneurship. Economic theory, which generally and adequately described this waning economic system, comprised an understanding that held wide appeal to scholars as well as the general public. It was compatible with the Jeffersonian basis of American ideology and it did reflect the world as it had been and to some extent still was.

It is understandable how and why the name associated with the new body of knowledge that described the new area of business activity (which was, even then, often criticized) would appeal to traditional values, traditional beliefs, and traditional institutions. Needed was a bridge for the transfer of meaning from economics, with its transcendent emphasis on “the market,” to the new discipline faced with describing the world as it had come to be. The linguistic similarity between “the market” and “marketing” is too close to be capricious. It was, and is, a perfect term. It serves in a capacity where “distribution” or “mercantile institutions” cannot and where “institutionalism” and “monopolistic” or “imperfect competition” do not. Further, the term *marketing* is consistent at the level of implied meaning with the political predispositions of those economists who preached about “the market” and of those businessmen who wanted to continue to elude state intervention and control.

VI

Time, Place and Possession Utilities

Marketing emerged as a conceptual domain just after economics had been recast in terms of marginal utility analysis. Not surprisingly, “utility” emerged as another bridge over which meaning could flow from economics to marketing.

Louis D. H. Weld was originally a teacher of economics who came to marketing when he received a teaching and research assignment which required that he look into how Minnesota farm products were marketed. Indeed, a

phrase which had become popular in agricultural circles after the turn of the century was “the marketing problem,” by which was meant the suspected manipulation of prices for farm products by middlemen to the detriment of producers and consumers alike. He began to teach marketing in 1913 and was, like so many others, impressed by the lack of literature on the subject. A course on the marketing of farm products was the result of his firsthand investigations. His course was actually one of the earliest in which “marketing” appeared in the title, as was his 1915 publication, *Studies in the Marketing of Farm Products*, an early example of commodity analysis in marketing.

Bartels [1976] points out that Weld’s contributions to marketing thought were influenced by his training in economics. He regarded marketing as a part of the productive process and therefore as something that created utilities – specifically time, place, and possession utilities. The argument is that if productive activity was esteemed for generating “utility” in the “form” that something took, the newer distributive activities, which even today are not accepted on a par with productive activities, must also be esteemed because they generated other utilities without which the actual product would have *no* utility. In order to be useful, in order to generate “utility” for consumers, a product must not only have an appropriate “form” but it must also be in the right place, at the right time, and get into the right hands.

Time, place, and possession utilities were inseparable from form utility. They had been ignored or went unrecognized until the geographic separation of production and consumption made them evident. These latter utilities, however, were the domain of distribution, not of production. It was the task, the function, of marketing to create these utilities just as the traditional producer was responsible for creating “form” utility. As Bartels points out, “These three utilities, later supplemented by some others, were key concepts in the economic rationalization of marketing at the time” [1965: p. 52].

The position is incontestable. If you have something today in New York that I wanted yesterday in Chicago it does me no good – it renders me no utility. Form utility is no utility unless accompanied by the other three. It is not the principle as much as the terminology that acts as the bridge for *meaning*. UTILITY! Marketers and marketing activities produce “utility” just as producers and production activities do. With producers accorded a dominant position in the social hierarchy, it was important for marketers and others to realize that they generated utility because with it came meaning, purpose, importance, and significance. In a production oriented society, in a society which places so much emphasis on the ability to produce, little can bestow more or convey a greater sense of meaning and purpose than the discovery that one is also part of the grand forces generating utility, forces which are thereby consonant with traditional meaning and purpose.

VII

The Marketing Concept

Although the utility approach to the rationalization of marketing activities is still employed [Steiner 1976], it has given way to “the marketing concept” as the main vehicle by which meaning and purpose are transferred from economics to marketing.

The shift in marketing orientations that occurred during the 1950s and 1960s, culminating in the adoption of an explicitly managerial perspective, involved the abandonment of any pretense on the part of marketers to be standing outside social reality as a system. No longer seeing themselves as intervening on behalf of the system as a whole, as early marketers had, at least to some extent, marketers emerged as a force intervening on the side and in support of the interests of a particular class in society: the business class in general and the managerial class in particular. The change in orientations was accompanied by a major addition to the arsenal of connective tissue by which marketing and marketing activities were made meaningful – the invention of “a new philosophy of business,” communicated to marketers by marketers as the “marketing concept.”

The “marketing concept” refers to several interlocking ideas, paramount of which is the notion that companies should be “customer oriented” rather than “production oriented” or “sales oriented” as they had been in the past. According to the “marketing concept” the way to achieve organizational goals is to determine the needs and wants of various target markets and deliver the desired satisfactions more efficiently and effectively than competitors. It was argued that business decisions are best when they start with “the market.” But as important, it was emphasized, was that the end and object of all business activity is customer satisfaction.

The essence of the marketing concept and the explicit recognition that it was a philosophy of business, a *needed* philosophy of business, were best expressed by businessmen. Indeed, unlike other modes of rationalizing and justifying marketing activities, the “marketing concept” came not from the academy but from the business community, itself. In a now classic presentation entitled “The Marketing Philosophy as a Way of Business Life,” Fred Borch (1957) wrote that “when the economy was much younger” a customer or consumer orientation “was a built-in feature of business enterprise.”

Before the days of mass communication, national markets, and mass production, the business pioneers were cognizant of their customers and their markets. They knew their customers individually, and these individual customers formed their collective market. These predecessors of ours built their relationships through personal contact and got very rapid feedback of customer needs and wants. They were their own market researchers, analysts, salesmen, product planners,

advertisers, and promoters. Beyond question, their businesses were customer-oriented because they knew this was the only way to run a business!

Borch went on to explain that as a company grows in size it can drift further and further from a customer orientation because size takes away the ability of the marketer to know personally each customer. As a company grows in size, therefore, it is necessary that it become consciously aware of that possibility. "What we refer to today as the marketing philosophy is a recognition of just this situation" [Borch 1957].

The philosophical dimension of the "marketing concept" was also expressed by J. B. McKitterick [1957, p. 2]:

[A]fter reflecting both on the background of the movement and the many statements of the case which businessmen have set forth, what this really represents is a search for a management philosophy – a primacy of decision values – that can restore order and manageability out of what threatens to seem like chaos. Indeed, I would speculate that looking back on this development 20 years hence, the marketing concept belatedly will be recognized as an appropriate voicing of the basic purpose of corporate institutions grown too large to be adequately guided by the profit interests of a single compact group of owners [p. 77].

Borch's and McKitterick's statements were couched in terms of a "philosophy" because, like it or not, individuals and societies need the vision of a purpose larger than themselves toward which they can strive.³ Individuals, including corporate executives, need such a vision for personal fulfillment; societies need one or several such visions for the cohesion and stability essential to their basic operation and survival. American society was losing its unifying vision and had begun a disorganized and desperate search for a new one. Better the reinstitutionalization of an old one than to wrestle with the uncertainties of a new one.

These excerpts reveal that the "new" philosophy of business, symbolized by "the marketing concept," was a means by which corporate management could reconnect with a vague and imagined but nonetheless sacred past, a past that had become and remains frozen in all its timelessness in economic theory. More importantly, these excerpts highlight a significant difference between the marketing concept and its older sister in economics – for which the affinity should be clear – the concept of consumer sovereignty.

In economics, consumer sovereignty is *the unintended consequence of a social and economic system of a particular structure*, a structure characteristic of the economy when it "was much younger." In such an economy, self-interest, motivated by private gain and profit making, can be pursued and the end result, of no intention of the businessman, is the satisfaction of consumer needs and wants as consumers, themselves, define and express those needs and wants. That is the essence of the doctrine of consumer sovereignty and it was once "a built-in feature of the system."

The consumer orientation *via* the marketing concept is an expression of *intent*. Since the institutional nature of the modern economy is clearly no longer such that consumers' sovereignty is necessarily the unintended result of economic action, it was to become corporate management's *intent* to bring about that same result. The conscious goal of corporate enterprise was proclaimed to be *consumer satisfaction*. Hence, in Philip Kotler's discussion of the marketing concept, he states that it is an expression of the company's "commitment" to the time-honored concept in economic theory, "consumer sovereignty" [Kotler 1984, p. 22].

It is this symbolic congruity between the marketing concept and the doctrine of consumer sovereignty that made it possible for McKitterick to say that the marketing concept "will be recognized as *an appropriate voicing* of the basic purpose of corporate institutions" (emphasis added). It is appropriate because it is consistent with the philosophical assumptions of economic theory – it is consistent with custom, tradition, and a bygone era.

Within the traditional framework of economics, one of the main things that justifies the absence of government regulation and control of corporate enterprise is that the consumers' freedom of choice leads business to try to please them by producing things they will want to buy. This is, of course, the unthinkingly accepted goal of the economic system. The marketing concept as the symbolic encapsulation of the tools, techniques, theories, and orientations of marketing as management technology suggests that marketing can assist businesses in better and more accurately ascertaining and thus meeting those consumer needs, wants, and desires. This would be the same result that occurs in the model of perfect competition. The implication is that even where competition is not perfect, even where it is imperfect or monopolistic, the unending search for income and growth could give rise to the same or similar results when aided by adroit marketing. This line of argument stands as a justification for an absence of government control in a world dominated by corporate enterprises.

The rub is, of course, that those same sophisticated marketing techniques can be used to manage demand as well as to seek out and satisfy existing demand. This has long been recognized in the business literature. As Peter Drucker wrote in *The Age of Discontinuity*,

Businessmen . . . have to learn to practice "Marketing" as an innovating force in itself. They have to learn that the truly new does not, as a rule, satisfy demands that already exist. It creates new expectations, sets new standards, makes possible new satisfactions. "Innovative marketing" therefore creates markets. New technology always needs new markets which were not even conceivable until the new technology created new demands.

As a managerial technology, marketing helps corporate managers reach out and control, or attempt to control, the environments in which they function,

including the “consumer environment,” and it goes well beyond the innovation of new products. A few pages before Kotler juxtaposes the marketing concept with the concept of consumer sovereignty, thereby symbolically equating the two, he writes,

Marketing management has the task of influencing the level, timing, and composition of demand in a way that will help the organization achieve its objectives. Simply put, marketing management is demand management [Kotler 1984, p. 15, emphasis in the original].

In context and as used by Kotler the word “management” here implies its traditional meanings and attendant images of controlling and arranging and demeaning and reducing.

Years ago, in the context of discussing some of the then newer techniques being utilized by marketers to manage demand and criticized by marketing critics like Vance Packard, Pierre Martineau commented on the ethical objection that to use them was wrong “because it would permit marketers to manipulate people against their wills, to sell them things they don’t want and don’t need.” Martineau continued,

This is a rather silly argument. Wasn’t advertising trying to create wants long before motivation research was ever heard of? . . . If motivation research will help us to be more efficient in our advertising appeals and techniques, certainly no one will insist that we should deliberately avoid the use of something in order to give the consumer more of a sporting chance. On the contrary, it would seem to me that the morality is all on our side if we can use our advertising expenditures more efficiently, if we can achieve more effectively what we have long since been trying to achieve. [1957, p. 32]

A “consumer orientation,” the hallmark of the marketing concept, quickly becomes a probing focus contributing to the continued expansion and growth of corporate enterprise. According to tradition, consumers, by the decisions made in the market, guide the economy. The object of the expansive, systematic, and expensive probe, and associated model building, is “to describe, predict, *and control the consumers’ decision process, and therefore his behavior*” (Hughes 1973, p. 210, emphasis added).

The marketing concept is presented as discontinuous with previous *managerial* orientations but consistent with economic doctrine by being the modern embodiment of the sacred notion of consumer sovereignty. But in the original formulation, as expressed by Borch himself, the concept embodied a “dual core.”

The initial part of this dual core job is that we in marketing must focus our businesses on the customer’s needs and desires, including those needs and desires that the customer is *not* aware of as well as those he knows all too well. It will be only after identification of these needs that marketing people can take the

16 The Development of Critical Perspectives in Marketing

lead for the business in determining what each function of the business should do by way of product and service to satisfy them.

The other half of the dual core job for marketing is one that we are familiar with – namely, the need to persuade the prospective customer, through all the arts of selling and advertising, to purchase the products and services which have been developed.

The marketing concept was not, therefore, an abandonment of previous orientations. It continued to embody the one modern business practice that had received, and continues to receive, the most critical comment, the one that was at the core of the earlier, now disgraced, sales orientation, and the one generally castigated as being the most at odds with the sovereignty of consumers: the extensive use of the selling arts and the arts of persuasion. Nor was focusing on consumer needs and desires exactly what is embodied in the economic conceptualization of the sovereign consumer. In economics consumers *know* what they need, want, and desire. In the marketing concept consumers may or may not know what they need and desire. According to Borch, marketers are to focus on both what consumers know they need and desire and what they do not know they need and desire. When coupled with persuasion such a conceptualization of the marketing philosophy becomes not just the management of demand in the sense of persuading people how they might satisfy known and existing needs and desires but the management of demand in the sense of encouraging them to interpret whatever needs and desires they may have to be needs and desires first and foremost for the output of industry.

Thus the marketing philosophy becomes revealed not as an end in itself, as is the case with consumer sovereignty, but as a strategic means to another end – continued corporate growth and expansion. It is far easier to castigate a corporation pursuing growth and expansion by pursuing profits than it is to castigate it for pursuing consumer satisfaction.

By symbolically establishing a congruity between managerial intentions and economic doctrine the marketing concept provided another avenue for the transfer of meaning from economic thought to marketing thought, marketing practice, and modern marketing institutions. This juxtaposition served and serves as an ideological self-justification in the face of declining market control. This last link is critically important since it is marketing that has been largely the cause of recent economic growth, is credited with bringing about the contemporary emphasis on consumption, and is the primary receptor of moral and ethical criticism of business today. The Marketing Concept provides the meaning and purpose, the primacy of decision values, for corporate managers. It holds state intervention at bay as it is a meaning and purpose and a hierarchy of decision values that is consistent with tradition. For that reason, the Marketing Concept provides the soundest bridge yet built, the tightest knot yet tied, between marketing thought and economic thought.

VIII

Conclusion

People cannot live in a world they cannot understand. Marketing as a pattern of knowledge is an attempt to provide form and order where existing knowledge does not. It must provide, however, point and direction, and these it provides through the various links it makes with economic theory.

Marketing began as an attempt to describe the emerging distributive institutions of corporate capitalism. It has evolved into a managerial technology, helping corporate managers reach out and control, or attempt to control, the environments in which they function, including the “consumer environment.” The practical requirement of marketing is to manage demand; the ideological requirement is to serve that demand.

If economic theory functions to camouflage the centers of power that exist in contemporary society by hiding them or by denying they exist [Galbraith 1973] then The Marketing Concept takes on these same instrumental functions. It is a very short distance between “the marketing concept as a philosophy of business” and “the marketing concept as ideological self-justification.”

Economic theory, meanwhile, is not jettisoned. It is no longer needed to function in the everyday world. For that we have evolved other disciplines. But economic theory is *desperately* needed for its philosophical content, for which the marketing literature provides ample reminders.

Notes

1. George C. Lodge, *The New American Ideology* (New York: Alfred A. Knopf, 1976, p. 131).
2. In 1971 John C. Narver and Ronald Savitt published *The Marketing Economy: An Analytical approach* [New York: Holt, Rinehart and Winston]. At the outset they explain to the curious why they chose the vocabulary they did. “Why call our . . . economy . . . a ‘marketing economy’? Why not simply a ‘market economy’?” They responded to their own question: “Choosing our words advisedly, the former term (marketing economy) distinguishes contemporary market-based economies from the name typically associated with the *pure* market economy of classical economic theory.” The pure market economy “is solely an analytical framework rather than a portrayal of the real world. Thus, to distinguish the real world of markets and market behavior from the classical pure market economy, we employ the term ‘marketing economy’ [p. 3].
3. Borch and McKitterick were both executives at General Electric. Pierre Martineau, to be mentioned below, was director of Research and Marketing of *The Chicago Tribune*.

Author’s Note

An earlier version of this paper was presented at the annual meeting of the Association for Social Economics, December, 1985, in New York City.

References

- Baritz, Loren (1960). *The Servants of Power: A History of the Use of Social Science in American Industry*. Middletown, CT: Wesleyan University Press.
- Bartels, Robert (1976). *The History of Marketing Thought*, 2nd ed. Columbus, Ohio: Grid, Inc.
- (1965). "Development of Marketing Thought: A Brief History," *Science in Marketing*, George Schwartz, ed. New York: John Wiley and Sons.
- (1951). "Influences on the Development of Marketing Thought, 1900–1923," *Journal of Marketing*, 16 (January), 1–17.
- Benton, Raymond, Jr., 1982, "Economics as a Cultural System," *Journal of Economic Issues*, 16 (June); 461–469.
- (1985). "Micro Bias and Macro Prejudice in the Teaching of Marketing," *Journal of Macromarketing*, 5 (Fall), 43–58.
- (1986), "Economics and the Loss of Meaning," *Review of Social Economy*, 44 (December), 251–67.
- Borch, Fred J. (1957). "The Marketing Philosophy as a Way of Business Life," in *The Marketing Concept: Its Meaning to Management*. Marketing Series No. 99. New York: American Management Association, pp. 3–5 (reprinted in *Classics in Marketing* edited by C. Glenn Walters and Donald Robin. Santa Monica, CA: Goodyear Publishing Company, 1978, pp. 385–96.
- Dugger, William (1987). "Corporate Hegemony and Market Mythology." *Challenge* (January/February).
- Foucault, Michel (1973). *The Order of Things: An Archaeology of the Human Sciences*. New York: Vintage Books.
- Galbraith, John Kenneth (1973), *Economics and the Public Purpose*. New York: Houghton Mifflin Company.
- Geertz, Clifford (1983). "Common Sense as a Cultural System," in *Local Knowledge: Further Essays in Interpretive Anthropology*. New York: Basic Books.
- (1973) *The Interpretation of Cultures*. New York: Basic Books.
- Hughes, G. David (1973). *Demand Analysis for Marketing Decisions*. Homewood, IL: Richard D. Irwin, Inc.
- Jones, D. G. Brian (1986). "Origins of the Institutional Approach in Macromarketing," Paper presented at the Eleventh Macromarketing Seminar, Boulder, Colorado, August 1986.
- Jones, D. G. Brian and David D Monieson, "Origins of the Institutional Approach in Marketing," paper presented at the *Third Conference on Historical Research in Marketing*, Michigan State University, April 23–25, 1987.
- Kotler, Philip (1984). *Marketing Management*, 5th ed. Englewood Cliffs, NJ: Prentice-Hall.
- (1972). "A Generic Concept of Marketing," *Journal of Marketing*, 36 (April): 46–54.
- Kuttner, Robert (1985) "The Poverty of Economics," *Atlantic Monthly*, February, pp. 74–84.
- Lazar, William (1969) "Marketing's Changing Social Relationships," *Journal of Marketing* 33 (January), 3–9
- Martineau, Pierre (1957). *Motivation in Marketing: Motives that Make People Buy*. New York: McGraw-Hill Book Co.

- McKitterick, J. B. (1957). "What is the Marketing Management Concept?" in *The Frontiers of Marketing Thought and Science*, edited by F. M. Bass. Chicago: American Marketing Association, pp. 71–82.
- Mosca, Gaetano (1939), *The Ruling Class*. New York: McGraw-Hill.
- Sommers, Albert T (1985) *The U.S. Economy Demystified*. Lexington, MA: D.C. Heath and Co.
- Stanton, William J. (1984). *Fundamentals of Marketing*, 7th ed. New York: McGraw-Hill.
- Steiner, Robert (1976). "The Prejudice Against Marketing," *Journal of Marketing*, 40 (July), 2–9
- Sweeney, Daniel J. (1972). "Marketing: Management Technology or Social Process?" *Journal of Marketing*, 36 (October), 3–10.
- Westing, Howard J (1977). "Marketing Educators Must Switch to Helping Real World Problems." *Marketing News*, 11 (July 23), p. 1.