

EVOLUTION OF THE THEORY OF MARKETING – A MICRO- AND A MACROAPPROACH

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INTRODUCTION

The development of theory is not only the basis for the building of knowledge, but also for the academic standing of every discipline. Every discipline creates its own, specific theories and applies them to analysis of a selected sphere of life or economy. In this regard, marketing is often perceived as a discipline [Mruk 2009] based on many theories borrowed from other disciplines, in particular economy, philosophy and psychology [Dietl 1985]. The fundamental challenge for marketing as a developing – although relatively young – discipline is to create its own, distinguishable theoretical basis. The debate on the theoretical basis of marketing has been going on for a long time, and there is no clear consensus among scientists. The main reason for disagreement in defining a common theoretical basis is the varying views of what constitutes and defines this theory. The debate suggests that all of the theoretical foundations of marketing have been partial, focused only on selected characteristics of the object of study while disregarding others [Dietl 2004]. It seems that the research being conducted now in marketing refers more to methodological issues than to establishing a theoretical foundation of this science [Sagan 2005].

RESEARCH OBJECTIVE AND METHODOLOGY

The main objective of this study is to do a review and a comparative analysis of marketing theories. Particular emphasis will be placed on presenting the nature and significance of marketing management and macromarketing theories in the structure of the theoretical foundations of modern marketing. Marketing management theory represents the microscale perspective of marketing issues, while the concept of macromarketing represents the macroapproach. The source basis of this study is a critical review of the literature on the development of marketing thought.

THE MAIN SCHOOLS OF MARKETING THEORY

In this analysis, the schools of marketing have been defined on the basis of three criteria. First of all, a school should represent a substantial resource of knowledge. Secondly, it has been developed by a number of scholars. Thirdly, it describes or explains at least one aspect of marketing activities. The basic task of a school of marketing is thus to define what marketing is and what is decisive for its identity. Identity is a dominant similarity of views, referring to the basic issues characterising the phenomenon of marketing [Białecki 2010]. One of the longest-lasting topics in this regard, one which is still present in many discussions, is the question of whether marketing is a science [Szumilak 2005], art [Holub-Iwan 2009], or perhaps should be identified somewhere in between the two categories. Scholars have taken up various positions, placing it at either end of the art/science continuum.

Over the years, the continuing debates have spawned many classifications of the main schools of thought in marketing; each of them has had particular implications for theory. Carmen [1980] identifies six (microeconomic, persuasion/attitude change, conflict resolution, generalist system, functional and social exchange). Sheth et al. [1988] list 12 schools (commodity, functional, functionalist, regional, institutional, managerial, buyer behaviour, activist, macromarketing, organisational dynamics, systems and social exchange). Wilkie and Moore [2003] identified the “four eras” of the development of marketing thought. These are: 1900–1920: “Founding the field”; 1920–1950: “Formalizing the field”; 1950–1980: “A paradigm shift – marketing, management and the science”, 1980 – present: “The shift intensifies – fragmentation of the mainstream”.

In “The SAGE Handbook of Marketing Theory”, Maclaran et al. [2010] divided marketing thought into two schools – early and modern (Table 1). As Shaw et al. [2010] wrote, the early schools of marketing thought were established to answer questions that arose in the process of describing and explaining marketing as a scientific field of knowledge. The scholars of the functional school attempted to answer the question “What activities constitute marketing?”. Attempting to find out “How can various types of products and services be organized?”, the scholars devised a classification of goods and correlated them with functions in the goods school. The issue of “Who performs the marketing functions in relation to goods?” was solved thanks to development of the category of marketing institutions – the institutional school. The interregional marketing school answered the question “Where are marketing functions performed with regard to goods?”.

In the mid-20th century, there was a paradigm shift in marketing theory, as a result of which the traditional concepts were replaced by new “modern” ones, including: marketing management, marketing systems, consumer behaviour, macromarketing, social exchange and the history of marketing [Jones et al. 2010]. This shift from traditional to modern was a result of a number of changes, including progress in material production around the time of the second world war. After the war, the shift in capacity from military production to consumer goods spurred economic growth and created supply surpluses, forcing business firms to generate demand. A significant cause for the change in paradigm of marketing

TABLE 1. Early and modern schools of marketing thought

Marketing school type	Main schools of thought
Early	Functional Goods (products) Institutional Interregional marketing
Modern	Marketing management Marketing systems Consumer behaviour Macromarketing Social exchange Marketing history

Source: The author's compilation on the basis of Jones et al. [2010].

science, however, was rooted in the concepts of the most significant scholar of the time – Wroe Alderson. As Tadjewski [2006] has said, numerous articles by Alderson, as well as his work *Marketing Behavior and Executive Action* influenced most of the modern theories, including marketing management, marketing system, consumer behaviour, macromarketing and social exchange theory. Jones et al. [2010] indicate that the first of the modern marketing schools was the theory of marketing management, which introduced the managerial approach to marketing. The marketing systems school, on the other hand, was closely related to Alderson's functional approach. The consumer behaviour school was shaped under the influence of Alderson's argument that behavioural sciences should supplement economics as the basis for academic research.

The birth of marketing management and consumer behaviour theories paved the way for the school of macromarketing, which dealt with the impact and consequences of marketing activity for society and the impact of society on marketing. Another subdiscipline of marketing, introduced by Alderson, was the school of social exchange, which looked at interactions between sellers and purchasers engaged in market transactions, as well as interactions between groups of sellers and purchasers. The school of marketing history gave rise to comprehensive research in the field.

Despite many attempts to classify marketing research within coherent streams of knowledge, most observers point out a lack of progress in formulating a theory of marketing. Saren [2007] attributes the failure to three key causes, the first among them being a failure to attach importance to history. Too often, new generations of marketing theoreticians attempt to re-invent the wheel, ignoring marketing history and its theoretical foundations. Secondly, there is excessive emphasis on qualitative methods. As a result, no new theories start to emerge, since the methods are suited better to testing than to establishing theoretical assumptions. Thirdly, the research specialisation that has been occurring since the early 1980s (reflected by the multitude of new scientific periodicals dedicated to marketing) has resulted in theoretical fragmentation of the scientific mainstream. It has become more difficult for the scientists to join forces due to the theoretical and conceptual differences between them.

THE MARKETING MANAGEMENT SCHOOL – MARKETING ON THE MICROSCALE

Marketing management attempts to answer the question: How should organisations sell their products and services? The school is focused on marketing practice from the perspective of the seller. The concept initially focused on manufacturers, while at present it takes into account retail sellers, service providers and all other types of business entities as well. When the paradigm was broadened, the category encompassed non-business entities as well. The school has dominated marketing theory despite the fact that it deals with marketing solely on the “microscale”. Studies on the topic treat the marketing mix concept as the starting point. Jones et al. [2010] emphasise that the dynamic development of the new school grew out of the emergence of various concepts in the 1950s and early 1960s. These included, to name a few, the concept of “product differentiation and market segmentation as alternative marketing strategies” by Wendell Smith; Chester Wasson’s idea of the “product life cycle” and Robert Keith’s take on consumer orientation known as the “marketing concept”. Probably the most important concept of this era is Neil Borden’s [1964] “marketing mix”. In his article about its history, Borden credits James Culliton with describing the marketing executive as a “decider”, a “mixer of ingredients”. That notion led Borden, in the 1950s, to the conclusion that the mixer of ingredients decided upon a “marketing mix”. McCarthy [1960] credits A.W. Frey’s *The Effective Marketing Mix* of 1956 with the first marketing mix checklist. In his textbook *Basic Marketing: A Managerial Approach* [1960], which was an essential text in academic teaching for many years, Eugene McCarthy presented the “4 Ps” of marketing mix: product, price, promotion and place, which have become a standard in marketing science, while the term “marketing management” was popularised as the name of a new field of knowledge and the key course in marketing science university curricula. In the following years, the concept of the 4 Ps was developed as that of the 4 Cs or the 7 Ps.

Kotler’s [1967] social response model, referred to as the “fundamental theorem of market share”, provided a logically coherent rationale for the marketing mix. There are two conceptual points. The first is that a firm’s sales are a direct response to the changes in its marketing mix. The second states that a firm’s market share is directly proportional to the effectiveness of its marketing mix and inversely proportional to the marketing mix of the industry (or direct competition). Thus, a firm with an improved product, a reduced price or more effective promotion or distribution, relative to the industry, will experience an increase in its sales response and market share. Hence, the marketing manager’s job is to find the optimum marketing mix relative to competition for a given segment of customers.

The concept was developed further when Kotler and Levy [1969] proposed to broaden marketing (management) by applying marketing mix to non-profit organisations. At the same time, Lazer [1969] sought to broaden the marketing management concept by including its societal impact, noting that “marketing must serve not only business but also the goals of society”. This broadening of the paradigm has led to a radical redefinition of the discipline subject matter, because marketing management for laypeople and many academics is synonymous with marketing. In fact, Kotler’s broadened definition meant a far-reaching expansion, turning marketing into a discipline of science and practice,

which specialises in understanding human needs and specifying what is needed to encourage people to act. This approach is based on the application of marketing management techniques to any organisations or persons who have something to offer and sell. The range of the discipline is broadening also as a result of the application of management methods to non-profit organisations. It seems, however, that in reality, the range of marketing has been reduced as a result of analysis being limited to the perspective of individual profit, without taking into account the social context of market transactions, and limiting the perception of marketing only to issues of sales and promotion.

Analysing the marketing management sphere, Webster [1992] also placed emphasis on the need to expand this area in a different direction than Kotler. He wrote of an “expanded view” which would take into account the “role of marketing in firms that go to market through multiple partnerships [channels, strategic alliances and relationships]”. Webster’s expansion retains the conventional business context of marketing, linking marketing management to the institutional school. Nevertheless, Kotler’s version of the concept has become much more popular. In the 11th edition of the *Marketing Management* textbook, he has added many new concepts and ideas. He has provided, for instance, a detailed analysis of the issues of the new economy, Internet-based and virtual marketing, technologically advanced products, convergence between trades etc. [Kotler 2005].

Research in the field of marketing management, despite the popularity of the paradigm expansion concept, have remained business-oriented and focused mainly on marketing strategy, segmentation and the designing of objectives or on the components of the marketing mix – that is, product, price, place and market research. In 2010, Kotler et al. developed this concept in his study *Marketing 3.0: From Products to Customers to the Human Spirit*, while in 2013, in the book *Market your way to growth*, Philip Kotler and Milton Kotler provide examples of the main strategies that have lead in modern times to the growth of firms.

THE SCHOOL OF MACROMARKETING

In response to the schools focused on micromarketing, and wishing to revive Alderson’s school of systems, some researchers attempted to return to the macroscale (the school of macromarketing). The representatives of these schools asked general questions, such as: How does the marketing system impact society?; What is the capacity of the overall marketing system?

Unlike micromarketing, which is focused on individual firms or households, macromarketing aggregates these units – Fisk [1967]. Lazer [1969] sought to increase the impact of marketing management on society. He believed that marketing should not be limited to the narrow perspective of individual profit, but should fit within the broader concept of social benefits. On the other hand, Bartels and Jenkins [1977] indicated that “marketing... has meant marketing in general... the marketing process in its entirety, and the aggregate mechanisms of institutions performing it. It has meant systems and groups of micro institutions, such as channels, conglomerates, industries and associations in contrast to their individual units... it has meant the social context of micromarketing...”.

As Jones et al. [2010] point out, the first conference on macromarketing was held in 1976 – and during the conference, the macromarketing association was established. Five years later, in 1981, the Journal of Macromarketing (JMM) came into being. Scientific conferences and the association's activity have increased awareness of the concept, allowed for the exchange of views and opinions, while the journal has provided space for scientific publications dedicated to the new field of macromarketing. A significant component of macromarketing is the concept of marketing systems. It allows for differentiation between macromarketing, applicable to groups and networks of enterprises, from micromarketing, as the study of individual firms.

Probably the most widely accepted definition of macromarketing was that of Hunt [1981], who referred to macromarketing as a study of marketing systems, their impact on society and society's impact on them. A thorough analysis of issues which belong or should belong to the field of macromarketing, and not micromarketing (marketing management), was conducted by Hunt and Burnett [1982]. On the basis of the definition they applied, they decided that macromarketing should encompass one or many of the following issues: social perspective, a high level of aggregation, the effects of marketing for society, the impact of society on marketing, as well as anything associated with marketing systems (according to the aggregated approach). At present, JMM publishes articles on competition, markets and marketing systems; global policy and environment; the history of marketing; quality of life, the ethics of marketing and distribution justice¹.

Perhaps research on marketing systems should play the main role in the discipline of macromarketing. The concept of the marketing system was developed in the literature by Fisk, who indicated that marketing systems develop in response to the need for the peaceful exchange of surplus goods [Fisk 1967]. Dowling [1983], relying on the general systems theory, defined the marketing system as a complex social mechanism for coordinating production, distribution and consumption decisions. Other authors have suggested that the marketing system is a diversified subsystem of society, which influences other systems: social, cultural and material [Dixon 1984]. Layton develops the marketing system concept, defining it as a network of persons, groups and/or units connected directly or indirectly by sequential or simultaneous participation in economic exchange, which creates, assembles, transforms and renders access to assortments of products, tangible and intangible, delivered in response to demand among customers [Layton 2007].

It seems that the popularity of such subdisciplines of micromarketing as marketing management limits the development of analysis of social and economic effects of marketing activity of firms and other economic entities. In my opinion, this area is too significant to be overlooked, focusing research solely on the managerial perspective. Others agree: Wilkie and Moore [2003], analysing the position of marketing science from the historical perspective, state that the “questions, insights, principles and discoveries that constitute marketing and society should not be left out of the minds of future marketing thought leaders”.

¹ <http://jmk.sagepub.com/> [accessed: 10.03.2015].

CONCLUSION

In the early 20th century, the pioneers of marketing theory attempted to define the scope of the content of the new academic discipline of marketing. They looked at such concepts as functions, institutions, goods and later interregional trade. These approaches were considered an integral part of marketing as a whole. The paradigm shift which took place in the 1950s gave rise to many other schools: marketing management, marketing systems, consumer behaviours, macromarketing, social exchange and the history of marketing. A result of the growing fragmentation of the discipline was the increasing independence of individual schools, which focused mainly on their own narrow perspectives, neither attaching importance to the achievements of the remaining ones nor caring to integrate them into a coherent whole.

Marketing management is focused on the activity of individual companies, consisting of the profitable sale of products and services. Macromarketing, on the other hand, deals with the correlation between marketing as an institution and the social system. Marketing systems are a hierarchical superstructure, integrating companies and households in their activity, focused on achievement of their objectives through the creation of stable market transactions within the framework of the institutional structure of the entire marketing system and social sanctions.

A review of research studies on marketing theory indicates that the popularity of such micromarketing subdisciplines as marketing management limits the development of analysis of social and economic effects of marketing activity of firms and other economic entities (macromarketing). Further development of marketing theory requires research focused not only on the managerial perspective, but taking into account the broader social and economic context.

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Summary. In the early 20th century, the pioneers of marketing theory attempted to define the scope of content of the new academic discipline of marketing. They looked at such concepts as functions, institutions, goods and, later, interregional trade. These approaches were considered an integral part of marketing as a whole. The paradigm shift that took place in the 1950s gave rise to many other schools: marketing management, marketing systems, consumer behaviour, macromarketing, social exchange and the history of marketing. A result of the growing fragmentation of the discipline was the increasing independence of individual schools, which focused mainly on their own narrow perspectives, neither

attaching importance to the achievements of the remaining ones nor caring to integrate them into a coherent whole. Further development of marketing theory will require research focused not only on the managerial perspective, but taking into account the broader social and economic context.

Key words: micromarketing, macromarketing, the development of marketing theory

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