ANATOMY OF EXCHANGE

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Although exchange has been the acknowledged core concept in marketing for nearly four decades, a general theory of exchange with "generic" applicability in any organizational context is yet to be developed. The authors argue that the objective of exchange defines and directs the relevant exchange network, process and content—within the exchange context in which exchange occurs. Hence, marketing is but one of many possible ways to create exchanges—its effectiveness in creating exchanges is defined by the exchange objectives.

INTRODUCTION

Over 40 years ago Wroe Alderson (1957) chronicled the emergence of exchange as the domain of business and explicitly detailed the relationship between the process of negotiation and exchange. Alderson (1957, p. 165, 195) saw marketing as an essential process of negotiation for consumer patronage, of matching heterogeneous supply with heterogeneous demand, necessitated by discrepancies between consumer needs and organizational resources. In interpreting exchange to be the product of supplier-buyer negotiation, Alderson (1957, p. 32) captured its pivotal importance in the marketing process, a conviction echoed and extended by Kotler (1972, 1979, 1984a, 1984b), Grönroos (1989), Hunt (1976), Bagozzi (1975, 1978, 1979), and Houston and Gassenheimer (1987), among other contemporary marketing scholars.

The core concept of marketing is the transaction [exchange]. A transaction is the exchange of values between two parties...Marketing is specifically concerned with how [exchanges] are created, stimulated, facilitated, and valued (Kotler 1972, p. 50).

The extent to which current conceptualizations of the marketing process are dominated and shaped by the marketing concept—and the priority of exchange—is clearly evidenced in virtually all the generally accepted definitions in the contemporary marketing literature. Although the specific wording may vary from authority to authority, the essential ingredients in the marketing process are identical. Marketing is seen as a process of (1) interpreting constituent demand, (2) managing competitive strategy (including physical, functional, time, place, and possession dimensions of utility), to (3) create
mutually-beneficial exchanges, and to (4) satisfy customer needs and achieve organizational objectives.

Since its inception in the marketing literature, exchange has posed a persistent anachronism. Although exchange is widely acknowledged to be "the core concept in marketing," it has attracted only episodic interest from only a handful of marketing analysts. Most notable of these is Bagozzi (1979) who argues that exchange is the key to unlocking a new conception of marketing with near universal applicability in any organizational context.

Although the inherent link between the purpose of the organization, the process for its achievement, and exchange are seldom specified, they are linked by an apparently unassailable logic. Since constituent patronage is the indispensable preconditions of any organization's survival, the purpose of the organization is to cultivate constituent patronage, which in turn dictates the process for its achievement; the marketing process. The act of exchange is the consummation and confirmation of the marketing process, and brings the marketing concept to life (Anderson 1991; Anderson and Hoyer 1991).

Our principal argument is that there is an inherent symmetrical relationship between the purpose of exchange and the process for its achievement—a symmetry that is defined and directed by the exchange context within which exchange occurs. The structural logic of the exchange process flows from its purpose and the exchange context within which exchange occurs. But structure also implies that although the components of exchange can be isolated for independent study, they can only be understood in the context of their relationships, and within the anatomy of exchange in total. In short, the purpose of this paper is to unmask the Anatomy of Exchange. We provide a framework (an anatomy) for examining exchange. Each of the components of the framework will be discussed below.

The value of such an analysis lies not simply in uncovering the underlying anatomy of exchange, but also in providing a platform for the development of a general theory of exchange. It also lies in putting the marketing process for creating exchange in perspective. The marketing process is but one of many possible ways to create exchange—its appropriateness and effectiveness relative to other exchange processes is defined by the objective of exchange. That marketing has proven effective in creating conventional economic exchanges (money for products, services or ideas) is beyond dispute. That marketing is equally or more effective in creating either economic or non-economic exchanges (courtship, kinship, religious, political, governmental or legal) than the exchange processes that originally developed to create them is disputable, often refutable.

EXCHANGE IN MARKETING

In exploring the implications of exchange theory for marketing, Bagozzi (1979, p. 431) underscores the universality of exchange in all forms of human interaction: "Nearly every behavioral science studies exchange as an accepted domain of its respective discipline. Well-developed ideas on exchange exist in economics, sociology, psychology, and anthropology," and in political science, semiotics, education, theology, philosophy, medicine, military science, management, law, communication, and the fine and performing arts. Exchange is, by unspoken acclamation, a central concept in virtually all the human sciences.

Bagozzi (1979, pp. 433-434) sees this as a unique opportunity for marketing scholars to seize:

No discipline in the behavioral sciences claims exchange as its fundamental subject matter. Given this fact and the fact that exchange performs a limited, varied, subordinate, and vaguely defined role in the behavioral sciences, the opportunity exists for marketers to develop a relatively unique, general, and fundamental phenomenon for study. Already, the weight of historical precedence and an emerging consensus among marketing scholars recognizes exchange as the core of the discipline. The task remains for marketers to identify general characteristics and principles of exchange and to explain variation in exchange behavior with a general theory or theories.

Bagozzi proceeds to do so (1979), incorporating in his model "a dynamic constellation of situational contingencies, third party effects, characteristics of social actors and social influence between actors [as] determinants of exchange" (Ferrell and Perrachione 1980, p. 160).

Bagozzi calls on marketing analysts to shift their emphasis from "focusing exclusively on the boundaries of the discipline...toward the development of a general theory of marketing" (1979, p. 447) with exchange as its centerpiece. Bagozzi advocates the development of a general theory of exchange that has generic applicability in marketing and in all other organizational and interpersonal contexts. Bagozzi's position, however, has been criticized by Foxall (1989) who argues that marketing should be concerned only with pecuniary exchanges and not with the whole gamut of human exchange relationships.

In our opinion Bagozzios (1979) suggestion for focusing on the general (exchanges in any organizational or interpersonal context), rather than the specific (conventional marketing contexts), provides a far richer theoretical foundation and literature on which to draw, and promises more rapid, rigorous, wide-ranging and rich exchange theory building.
But it also implies that marketing as conventionally defined and practiced is but one of many possible ways to create essential exchanges in any context, including marketing contexts.

**THE ROLE OF EXCHANGE IN SOCIETY**

Anthropologists and sociologists in particular see the role of exchange in society with clinical clarity. Stripped to its essential elements, they see society simply as a set of problems and solutions; exchanges form the indispensable link between the two. All societies are confronted with a set of persistent problems which must be continually solved if they are to survive (Williams 1970, pp. 25-45).

Societies do not differ on the basis of the problems they must solve if they are to survive. They differ instead on the basis of their solutions, their social institutions. Hence, the friction between societies that sometimes erupt in disputes is the result of a conflict of means (or solutions), rather than of ends (or problems). Equally obvious is the enormous diversity among different society’s solutions to the same set of problems.

Differences in society’s solutions result directly from differences in their underlying value systems. Values are not simply the backdrop of beliefs against which life’s drama is played out. Values orchestrate the organization and operation of all our social institutions. The organization and operation of the marketing process in a society clearly mirrors the value system underlying the culture of that society. Culture can thus be viewed as a moderator of the solutions which form in a society.

Within societies, solutions originate as experimental behaviors and artifacts which, if effective, develop into social institutions—specialized roles, rituals and associated technology to solve specific problems. The academic disciplines that developed to study each problem and its corresponding solution are relatively recent arrivals in human history. Hence, the solutions which arise to solve exchange objectives differ from culture to culture due to: the (1) value systems which underlay the cultures of different societies, (2) differing levels of technological development, as well as (3) differing levels of economic resources.

Table 1 lists the persistent problems confronting societies, the corresponding solutions, and the academic disciplines that developed to study each. The problems and solutions are neither exhaustive, nor mutually exclusive. However, in the interest of simplicity and parsimony, we will limit our discussion to these 10 problems which must be solved in order for societies to survive. Even a cursory examination reveals that some problems and solutions are more closely related than others. For example, the problems of love/reproduction, physical health and death and spirituality may be reclassified under the broader category Physical and Spiritual Welfare. The problems of socialization and education, knowledge creation and dissemination, and creation and delivery of a standard of living may be collapsed into the category Quality of Life. Similarly, the problems of distribution and administration of power, regulation of behavior, and internal and external security may be reclassified under the category Order and Security.

<table>
<thead>
<tr>
<th>Problems</th>
<th>Solutions</th>
<th>Academic Disciplines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Survival (Evolved into Material Standard of Living)</td>
<td></td>
<td>Economics/Marketing/Finance/Accounting/Engineering/Fine Arts/Architecture/Communications/Performing Arts</td>
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<tr>
<td>Love/Reproduction</td>
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<td>Social Sciences</td>
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<tr>
<td>Physical Health</td>
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<td>Medical Sciences</td>
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<td>Death/Spirituality</td>
<td></td>
<td>Theology/Philosophy</td>
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<tr>
<td>Socialization/Education (Known Solutions to Known Problems)</td>
<td></td>
<td>Social Science/Education/Communications</td>
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<td>Knowledge (New Solutions to New Problems)</td>
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<td>Natural Science/Social Science/Engineering/Liberal Arts/Philosophy</td>
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<td>Distribution of Power</td>
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<td>Political Science</td>
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<td>Regulation of Behavior</td>
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<td>Security</td>
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<td>Police/Military Science</td>
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</table>

Just as problems and solutions are not mutually exclusive, the academic disciplines that emerged to study these problems and solutions often overlap. Although marketing emerged and evolved as the unique process by which societies partially solve one problem—creating and delivering a material standard of living—this does not mean that marketing is monolithic. Marketing has borrowed heavily from the social, biological, and physical sciences. The very fact that marketing is not monolithic suggests that marketing may be applied to partially solve problems other than creating and delivering a material standard of living.

It is especially important to note that societies' problems are solved only when exchanges occur (Bagozzi 1979). Exchanges result from the effective performance of interaction rituals: money for products or services, votes for candidates,
vows for marriage, employment for income, tuition for education. Thus, exchange is essential to the very functioning of society.

Although we explicitly recognize the essential role of exchange in solving all of societies' problems, we by no means intend to imply that exchange is the purpose of life or the process of its achievement. On the contrary, we believe that exchange is only a means to an end that transcends the act of exchange itself. Indeed, contrary to conventional wisdom, exchange is not an end in itself (Houston and Gassenheimer 1987, p. 10). Instead, exchange of objects and symbols is an essential prerequisite to the achievement of an objective that transcends the act of exchange itself. From a resource theory perspective, exchange is the essential mechanism by which both tangible and intangible resources are transferred between entities to accomplish objectives (Hall 1992, 1993; Collis and Montgomery 1995).

Exchange can also generate unforeseen or uncalculated costs and benefits which economists and marketers term externalities (e.g., Nason 1986, 1989; Browning and Browning 1987; Mundt and Garrett 1994). Hence, even when exchange occurs with careful forethought, unforeseen outcomes may arise. Exchange externalities can effect both interacting (exchange actors) and non-interacting parties (society). These effects can be defined as first-, second-, and third-party effects (Mundt and Garrett 1994). First-party effects directly occur to the interacting exchange actors (Klein 1977; Nason 1986). Second-party effects relate to such parties as customers, employees, and users (Klein 1977; Nason 1989), and third-party effects relate to externalities which occur to all others (Kapp 1950; Nason 1989; Mundt and Garrett 1994).

**GENERIC APPLICABILITY AND ANATOMY OF EXCHANGE**

There appear to be both logical and practical limits on the "generic" applicability of any exchange process, including the marketing process—in achieving any exchange objective it did not originally develop to achieve. One way to assess the "generic" applicability of exchange processes in achieving exchange objectives outside their traditional domain is to array exchange objectives and exchange processes in a matrix like Figure 1. Arrayed along the horizontal axis are the exchange objectives essential to the survival and vitality of any society. Arrayed along the vertical axis are the corresponding exchange processes that develop to achieve each exchange objective. Along the NW-SE diagonal of the matrix are the organizations in which each exchange process corresponding to each exchange objective are principally performed.

Selected cells within the matrix are shaded to represent the relative contribution of each exchange process in achieving exchange objectives both within and outside their traditional domain. The cells arrayed along the NW-SE diagonal are shaded black because they represent the primary exchange process—and principal type of organization—that originally developed to achieve each of the respective exchange objectives arrayed across the top. Secondary (dark gray) and tertiary (light gray) applications of each exchange process to achieve other exchange objectives for which they did not originally develop are arrayed horizontally around each primary application.

Secondary and tertiary shading of cells within the matrix indicate decreasing applications and contributions of each exchange process—and each of the principal types of organizations—in achieving exchange objectives outside their traditional domain. For example, the roles performed by medical practitioners contribute only secondarily to the achievement of the objective of love and reproduction, considerably less than the courtship/kinship process. The same medical practitioners contribute a tertiary solution to the problem of death, far less than religion or some form of spirituality.

The degree of "generic" applicability of exchange processes to achieve exchange objectives outside their traditional domain varies considerably from culture-to-culture (exchange context to exchange context). In technologically advanced countries doctors may play a secondary or tertiary role in helping couples plan a family, whereas in less developed countries doctors play less of a role in family planning. Similarly, marketing processes used in political campaigns may play a secondary role in solving the exchange objective of distribution of power in some countries, but play only a tertiary role or even no role in others. Therefore, it is apparent that there are practical limits on the generic applicability of all exchange processes—including the conventional marketing process.

We propose that it is the objective of exchange which determines the relevant exchange network, process, and content—within the exchange context within which exchange occurs (see Figure 2). Borrowing a theatrical analogy, the objective of exchange determines the relevant actors and audience (exchange network), roles, plot, and acts (exchange process) and props (exchange content). Each component of exchange, however, bears the indelible imprint of the underlying value system of the culture within which exchange occurs (exchange context).
Figure 1
The "Generic" Applicability of Exchange Processes Across Exchange Objectives

<table>
<thead>
<tr>
<th>EXCHANGE OBJECTIVES</th>
<th>Love/Reproduction</th>
<th>Spirituality/Death</th>
<th>Physical Health</th>
<th>Socialization/Education</th>
<th>Knowledge</th>
<th>Standard of Living</th>
<th>Distribution of Power</th>
<th>Administration of Power</th>
<th>Regulation of Behavior</th>
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<td>Courtship/Kinship</td>
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<td>Police/Military</td>
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Principal Organizations for Objectives and Processes along diagonal
- Primary Solution
- Secondary Solution
- Tertiary Solution

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Exchange Objectives

We enter into interaction with others in an effort to control the conditions of our own life: physical, social, intellectual, psychological, aesthetic, spiritual. Hence, the overall objective of exchange in any theater of interpersonal interaction is control over the conditions of life.

The idea that control is the impetus and objective of human behavior is far from original. Robin M. Williams (1970, pp. 459-460), the distinguished sociologist, notes that the "drive to shape and control the world--in contrast to passivity or sheer adaptation" (pp. 459-460) has characterized both Western and Eastern societies throughout history, and predates both the preoccupation with "work" (being busy, or business) and "achievement" (work well done). Even so-called "fatalistic" or "apocalyptic" philosophies of life have never prevented people in all times and in all cultures from acting purposefully to control their conditions of life by controlling their physical and social environment.

Control over the conditions of life has a number of specific manifestations corresponding to the problems with which each of us must individually contend if we are to survive. Like society itself, our problems are solved only when exchanges occur. Thus, the objective of exchange is to solve one or another of the persistent problems with which individuals--and societies--are confronted. Firms seek to gain core competencies (tangible and intangible resources) through exchange in order to survive and compete (Hall 1993).

The appropriateness of the roles we individually perform is defined by the exchange objective--or specific problem--toward which each is oriented. The effectiveness with which we perform specific roles is largely determined by whether desired exchanges occur, although exchanges of objects and symbols often occur without solving the problems that prompt exchange in the first place. Viewed from this perspective, our individual life cycle unfolds as a process of acquiring ever increasing sophistication in specific interaction rituals that result in desired exchanges. That is, we learn those exchange processes that effectively and efficiently control sources and flows of material and energy resources and information essential to create exchanges that achieve each of our individual exchange objectives.

Exchange Network

The relevant actors in the process that results in exchange are determined by the objectives of exchange. Like social scientists of all persuasions who have traditionally focused on actors and reactors, most marketing research to date has focused on decision-making units at the opposite extremes of the marketing process (both suppliers and buyers, at varying levels of aggregation) on the assumption that if they are the relevant units of action and reaction they must also be the relevant units of analysis (Rogers and Bhownik 1971, p. 525). As stated earlier, the exchange objective determines the relevant exchange network. If the objective is creating conventional economic exchanges (money for products, services or ideas) the relevant actors are likely to be the participants in the retailing interaction ritual: the buyer, along with their family, their friends and others who influence the decision, the salesperson, the sales supervisor, the supplier's rep, and other peripheral players. Likewise, if the exchange objective is to get elected to political office (political exchanges), then the relevant actors will likely include a network of candidates, voters, volunteers, financial supporters, a campaign organization, party officials and functionaries, among others. Collectively these constitute the political exchange network. It is their complex interaction that determines whether the exchange objective is achieved. Hirschman (1987, p. 100) sums up the relationship between the objective of exchange and the relevant exchange network this way:

As marketing theorists have long acknowledged, the social context of the exchange often influences the content of the resources sought and offered. For example, economic exchanges generally are conducted in retail institutions, ideological and political exchanges in elections and other governmental institutions, spiritual exchanges in sacred institutions, and so forth.

Hirschman inadvertently raises a provocative issue: Who are the relevant actors in exchange?

The diversity of economic exchanges around the world merely serves to dramatize the fact that there are often political, courtship and kinship, as well as economic denominators to...
economic exchanges—just as there are economic denominators to political exchanges, and to courtship and kinship exchanges. Hence, the relevant actors that play pivotal roles in determining the outcome of economic exchanges frequently include politicians, political liaisons, kinship connections, opinion leaders and influence agents, as well as buyers and sellers. Therefore, the exchange network consists of those actors whose interactions are essential to the exchange objective. They may range from simple dyads to families to groups to organizations to industries to strategic organizational alliances to national economies—literally, from micro to macro levels of analysis.

From a macromarketing perspective scholars have identified the effects of exchange externalities on three levels of actors (cf. Nason 1989; Mundt and Garrett 1994). For example, if a firm enters an exchange with an individual, and hires that person as an employee (labor exchanged for money and benefits), the primary or first party actors are the firm and the individual. Secondary actors would include customers, suppliers, family members of the employee, etc. Tertiary, or third party actors would include tax payers who no longer have to pay unemployment benefits to the employee, and other members of society indirectly effected.

Behavioral research emphasis has shifted from actors and reactors as the unit of analysis to their relationships on the conviction that influence is a two-way, not a one-way street (e.g., Rogers and Bhowmik 1971; Schramm 1973; Rogers and Agarwala-Rogers 1976; Gruenroos 1978, 1994, 1995; Rogers and Kincaid 1981, pp. 79-83; Hunt and Morgan 1994). The extent to which analysis of interpersonal interaction has gained a foothold in the social sciences is mirrored in the growing use of network analysis in all kinds of social contexts. For example, much work has been done in the marketing literature on industrial networks and relationships (e.g., Håkansson 1982; Axellson and Easton 1992; Anderson, Håkansson, and Johanson 1994).

It could be argued that the industrial network paradigm is similar to our exchange paradigm. While there is some overlap, the industrial network literature examines exchange strictly within industrial markets, as the name implies. For example, Håkansson (1982) describes industrial networks as relationships between a group of buyers and sellers in industrial markets. Likewise, Axellson and Easton (1992) discuss industrial networks as economic exchanges between buyers and sellers which are conducted within the framework of an enduring relationship. Therefore, research on industrial networks is primarily concerned with understanding how and what business strategy would look like in an industrial network (e.g., Mattsson 1987; Håkansson and Johanson 1988; Håkansson and Snehota 1989; Hallán et al., 1991; Axellson and Easton 1992).

Exchange Process

The exchange process consists of those interaction rituals among actors in the exchange network which are essential to the achievement of a specific exchange objective. As we have observed, there is an inherent correspondence between the objective of exchange and the exchange process that develops to achieve it. While the objective of exchange is to solve one or another of the persistent problems with which all societies—and all individuals—are confronted, the process of exchange always mirrors the exchange context within which exchange occurs.

If the exchange objective is getting elected to political office a traditional political process approach is typically appropriate, not simply because of convention, but because the process for creating needed exchanges that developed in the political network is generally most effective given the objective of the exchange. If the exchange objective is dating or marriage, the appropriate approach is likely to be the courtship ritual learned in the process of socialization, or perhaps a communication process approach. If the exchange objective is spiritual, the appropriate process is typically religious. If the objective is creating conventional economic exchanges, the appropriate process is typically marketing, because the marketing process has proven so effective in creating exchanges of money for products, services or ideas.

We know that a conventional marketing process approach can, and increasingly has been effectively applied to create needed political, spiritual, and knowledge exchanges. It is less certain whether a conventional political, courtship, religious, scientific, technological or educational approach can be effectively applied to create conventional economic exchanges. But the question is intriguing, particularly if such approaches prove more effective in creating conventional economic exchanges than a conventional marketing process approach, or are indispensable to the effectiveness of a conventional marketing process approach.

If marketing is to be defined as it has been defined, in the broadest possible terms as a "generic" (Kotler 1972) process of creating exchanges in any organization, dealing in any product, service or idea, in any cultural context, then marketing should include any exchange process that works, irrespective of its institutional or academic roots. That is, marketing academics must abandon the indefensible position that a traditional marketing process approach is appropriate for creating needed exchanges in any organizational context. A more realistic view is that the exchange objective will dictate the appropriate process—or combination of processes—for creating needed exchanges.
Exchange Content

Marketing and other analysts, whose academic roots extend to economics, traditionally think of the content of exchange as the resources sought and offered among actors in the exchange network (Hirschman 1987, p. 99). Resources exchanged may be "tangible or intangible, actual or symbolic" (Bagozzi 1979, p. 434)—but, contrary to convention (Kotler 1984b, p.4; Houston and Gassenheimer 1987, p. 4), exchange cannot involve a "transfer of value." Tradition has limited analysis of economic exchange content to tangible resources (money for products, and the like), but exchange content characteristically includes both.

Many marketing analysts have acknowledged the complex content of economic exchanges (Hirschman 1987, p. 99).

Even seemingly straightforward economic transactions may include the exchange of heterogeneous resources. For example, a consumer may appear to be acquiring only a good in exchange for an economic resource when he or she purchases an automobile for money. However, possession of a certain automobile may provide social access to such resources as prestige, social acceptance, and even increased personal attractiveness besides the car's intrinsic value as a good. In return, in addition to the cash paid for the automobile, the consumer may reciprocate with a more positive attitude toward the company and may actively promote the company to other consumers, increasing its chances of future exchanges. (Conversely, if dissatisfied with the exchange transaction, the consumer may attempt to "reduce" the company's future resources by engaging in negative word-of-mouth efforts).

In spite of its acknowledged complexity, exchange content remains largely unexplored.

It is our contention that exchange content includes objects and symbols, rather than tangible and intangible resources. Objects and symbols become "resources" for the actors in the exchange only when they serve an instrumental purpose. While exchange content always includes symbols, and often objects, it is largely the symbols conveyed that evoke responses in the receiver. Exchange content is valued only to the extent it is instrumental for the actors in the exchange. Indeed, among the "resources" identified by Hirschman (1987, p. 99) are what are more properly thought of as attitudinal, emotional or behavioral responses evoked by the exchange content. Thus, it is the symbols conveyed that are most central to the achievement of the exchange objective.

The achievement of the exchange objective is largely deter-

mined by the extent to which the symbolic content of exchange evokes intended attitudinal, emotional or behavioral responses in the actors in the exchange. If the objective of marketing exchange is constituent patronage, then patronage is achieved to the extent the exchange content evokes supporting attitudinal, emotional and/or behavioral responses among the organization's constituents. Firms that specialize in organizational imagery, advertising agencies, successful politicians, and televangelists, as well as the long-standing neighborhood mom-n-pop store understand this intuitively. It is the symbols in which they deal that cement constituent loyalty. The tangible objects exchanged merely provide the price of admission.

Exchange Context

Perhaps the most chronic complaint about marketing as currently conceived and practiced is that it is culturally parochial. That is, marketing fails to account for cultural differences which limit its effectiveness when applied outside democratic-capitalistic economies (Houston and Gassenheimer 1987, p. 3). There is much truth in this, but it is merely a special case of a broader issue: the context of exchange may render the existing marketing practice invalid at any level of application—local, regional, national, international or global. Exchange context refers to the cultural, social, political, technological, and resource context within which exchange occurs.

The performance of the marketing process is both an articulation and an affirmation of the values that form the foundation of democratic-capitalistic cultures. Every participant in the marketing process—from supplier to ultimate buyer—performs an economic exchange ritual that is essentially the translation of fundamental truths Western societies hold to be self-evident (values) into overt behavior to create exchanges to solve the problem of delivering a material standard of living.

What is true of the marketing process in Western societies is no less true of any society at any time or place in human history. The economic exchange process in a society, like all social institutions in all societies at all times and places in human history, is defined and directed by the value structure of the culture within which they develop. If we align individual countries political systems from democratic to totalitarian, and their economies from fully-protected to open,-we can see that different solutions are necessary to solve the economic exchange problems (delivering a material standard of living or money for products, ideas and services) that each society faces. In democratic-open societies the traditional free market exchange process is evident, while on the opposite extreme, totalitarian-protected economies rely more heavily on the government to solve these exchange problems.

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The exchange processes that develop in any society to solve specific problems have limited "generic" applicability in creating exchanges to solve that society's other persistent problems—but primarily within the same culture. By extension, the greater the degree of contrast between different cultures' value systems, the greater the incompatibility of exchange processes that are foreign to the history of the host culture.

Thus, the exchange process which develops to achieve exchange objectives varies considerably from culture-to-culture and society-to-society. The moderating effect of culture on the solutions which arise to solve exchange objectives is due to: the (1) value systems which underlay the cultures of different societies, (2) differing levels of technological development, as well as (3) differing levels of economic resources.

**EXCHANGE IN CONTEMPORARY MARKETING**

Exchange is the indispensable link between the problems we face, and the solutions to those problems. Within the context of contemporary marketing, a paradigm shift from transactional exchange to relational exchange is occurring (Sheth and Parvatiyar 1995). It is important to note, however, that whether exchange occurs within a transaction or a relationship, exchange must still occur. The objectives of exchange determine the exchange network, process, and content, and the objectives are different for transactional and relational exchanges. Below is a table which outlines the objective, network, process, and content for both transactional and relational exchanges (please see Table 2). The table is partially based on works by: Williamson (1985); Heide and John (1992); Marks (1994); Frazier and Antia (1995); Sheth and Parvatiyar (1995); and Ingram, LaForge, and Schwepker (1997).

<table>
<thead>
<tr>
<th>Transactional Exchange</th>
<th>Relational Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
<td><strong>Objective</strong></td>
</tr>
<tr>
<td>Short-term monetary exchange</td>
<td>Long-term exchange</td>
</tr>
<tr>
<td></td>
<td>Reduce choice</td>
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<tr>
<td></td>
<td>Reduce risk</td>
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<td></td>
<td>Reduce governance costs</td>
</tr>
<tr>
<td></td>
<td>Increase share of customer's business</td>
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<tr>
<td><strong>Network</strong></td>
<td><strong>Network</strong></td>
</tr>
<tr>
<td>Seller-to-buyer (One-to-one)</td>
<td>Multiple entities from both parties (Many-to-many)</td>
</tr>
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<td></td>
<td></td>
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<tr>
<td><strong>Process</strong></td>
<td><strong>Process</strong></td>
</tr>
<tr>
<td>Impersonal, at arms length</td>
<td>Personal and partnering</td>
</tr>
<tr>
<td>Limited planning</td>
<td>Extensive planning</td>
</tr>
<tr>
<td>One party invests</td>
<td>Joint investments, joint risks, and joint rewards</td>
</tr>
<tr>
<td>Primarily one-way communication with limited feedback loops</td>
<td>Two-way collaborative communication for building trust, solidarity, and commitment</td>
</tr>
<tr>
<td>Terminates with exchange</td>
<td>Continuous Terminates upon mutual agreement</td>
</tr>
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<td></td>
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<tr>
<td><strong>Content</strong></td>
<td><strong>Content</strong></td>
</tr>
<tr>
<td>Economic</td>
<td>Economic and non-economic</td>
</tr>
<tr>
<td>Sensitive to price</td>
<td>Less sensitive to price elasticity</td>
</tr>
<tr>
<td>elasticity</td>
<td>Customization</td>
</tr>
<tr>
<td>Products/services for money</td>
<td>Post-transactional service</td>
</tr>
</tbody>
</table>

**Theoretical, Research, and Practitioner Implications**

The conviction that the objective of exchange determines the relevant exchange network, process, and content—within the context of the culture within which exchange occurs—suggests a number of theoretical, research, and practitioner implications. Among the most important theoretical and research implications of the Anatomy of Exchange are the following:

- Marketing scholars have extensively examined the "generic" applicability of the marketing concept and the conventional marketing process that flows from it in "creating satisfied constituents" in an ever-expanding array of organizational applications outside their traditional domain—religious, medical, educational, scientific, technological, political, governmental, legal—as well as conventional business firms. Yet marketing scholars haven't asked the reverse question: Are the specific exchange processes that originally developed to achieve society's other essential exchange objectives "generic" in achieving exchange objectives outside their traditional domain—including achieving the marketing objective of "creating satisfied constituents?"

- The schema (as depicted in Figure 1) can be used as a classification tool to define different cultures based on the exchange processes that are chosen to solve their exchange objectives.

- Since the exchange of objects, symbols, and actions results from mutually-beneficial relationships, the tools of relational analysis are particularly relevant to deciphering exchange processes.
• Since effective communication is the key to mutually-beneficial exchange relationships, the concepts, constructs, methodologies and theories of communication are particularly relevant to exchange theory and research.

• Since either enduring personal or episodic impersonal exchange processes may have limited "generic" effectiveness in achieving similar exchange objectives, research should be directed toward identifying the generic limits of exchange processes.

• Since the "generic" effectiveness of exchange processes may be culture-bound, research should be directed toward identifying the generic limits of exchange processes both within and across cultures.

Among the most important practitioner implications of the Anatomy of Exchange are:

• Organizations originate and are oriented to achieve each of society's exchange objectives. Hence, implementing the exchange process that originally developed to achieve each exchange objective is likely to be indispensable not only in "creating satisfied constituents," but in "keeping satisfied constituents."

• In achieving any exchange objective practitioners must take into account the characteristics of the exchange network, process, content, and context.

• Personal exchange objectives are typically achieved in networks comprised of individuals linked in enduring personal, trusting, and often intimate relationships. Exchange content consists of objects, symbols and actions that cut across all five basic senses. The physical, psychological, emotional, intellectual, spiritual, and aesthetic reactions that are evoked are powerful, often to the point of compulsion.

• Impersonal exchange objectives are typically achieved in loosely-linked episodic relationships of convenience. Exchange content consists of equally impersonal objects, symbols and actions that cut across few basic senses, typically sight and hearing. Consequently, the physical, psychological, emotional, intellectual, spiritual, and aesthetic reactions that are evoked are not intense or powerful.

• Since marketing is the "boundary function" of the business firm (Frazier 1983, p. 75)—its principal instrument for creating mutually-beneficial exchange relationships between people in the organization and the key people who comprise the organization's environment--marketing practitioners should explore incorporating the full spectrum of enduring personal to episodic impersonal exchange relationships on which the survival and competitiveness of the firm depends within the domain of marketing management's responsibility.

CONCLUSION

Over twenty-five years ago Kotler (1972) argued that the marketing concept and the marketing process that flows from it are "generic"—applicable in any organization, dealing in any product, service or idea, in any theater of activity. Kotler (1984a, p. 61) went further in arguing that:

The marketing management process consists of analyzing market opportunities, researching and selecting target markets, developing marketing strategies, planning marketing tactics, and implementing and controlling the marketing effort.

Acceptance of the "broadened" or generic concept of marketing was a fait accompli by the early 1970s—among marketing academicians at least (Nickels 1974; Hunt 1983, pp. 7-8).

Yet, as we have seen, marketing developed as the unique process through which societies create exchanges to partially solve only one of the persistent problems (one of 10 shown in Table 1) which all societies must solve if they are to continue to survive: delivering a material standard of living. Simultaneously, the other exchange processes (the other nine shown in Figure 1) developed as they did because they were effective in creating essential exchanges to solve the other (nine) persistent problems of equal priority (see Table 1). Each of these exchange processes has its roots firmly embedded in the unique value structure of Western cultures— as does the academic discipline that developed to study each.

Increasingly it appears that the traditional lines of demarcation separating exchange processes that originally developed to achieve each of society's exchange objectives are not only indistinct. The simultaneous performance of several inseparable exchange processes is increasingly indispensable to the achieve of any of society's exchange objectives—including the existing marketing objective of "creating satisfied customers" directly (and indirectly creating and delivering a material standard of living)—courtship, informal education, distribution and administration of power, to name but four. Since even the existing marketing process typically
involves a synthesis of enduring personal (courtship, education) and episodic impersonal (politics, legal and regulatory) exchange processes, marketing practitioners have much to learn from studying both personal and impersonal exchange processes and explicitly incorporating them into the marketing process.

REFERENCE


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