THE FUNCTIONAL CONCEPT IN MARKETING

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The functional approach in studying marketing is almost as old as marketing literature. Following its early introduction it received wide acceptance by writers in the field and it has continued to hold a very important place in marketing literature and teaching. Today it is the exception when any general work on marketing does not give some attention to marketing functions. Not only has the functional approach come to be common in marketing books but it is found frequently in texts used for courses in principles of economics and for introductory courses in the field of business organization and management.

In spite of the length of time the functional concept has been in use and in spite of its wide currency at the present time, it appears that little has been accomplished since the early years toward any significant refining of the concept. It is apparent from any careful survey of the material in the field that there is no very clear-cut and generally accepted interpretation of, or method of handling, marketing functions. The writer believes the functional approach can be a very useful device but contends that a great deal must be done in further developing it before its real possibilities can be realized. The following pages aim to emphasize this need and to suggest the lines along which further development should proceed.

Origin

Credit for originally introducing the functional concept to marketing belongs to A. W. Shaw, one of the pioneers in the field of marketing literature, whose writings "mark the real beginning of the scientific analysis of marketing prob-
He dealt with marketing functions in his paper on "Some Problems in Market Distribution" which was published in 1912. This was three years before the period of 1915 to 1917 which Converse has designated as the "first or pioneer period" in marketing literature. The functional concept, therefore, extends back to the very beginning of marketing literature.

Not long after Shaw introduced the functional approach into marketing, others began to use and to develop it. Important among those using and contributing to the development of the idea in the early years were Weld, Cherington, Vanderblue, and Macklin.

INTERPRETATIONS OF EARLY WRITERS

In introducing the subject into marketing, Shaw spoke not of functions of marketing but of functions of middlemen. Although he offered no formal definition of the term, his treatment makes it clear that he thought of functions as steps or tasks to be performed by someone in the process of marketing goods. He explained that they might be divided between middlemen on an area basis or on a functional basis or that they might be distributed on one basis at one time and on another basis at another time. If functions can be allocated to distributive agencies in a variety of ways it must follow that they are tasks which can be divorced from, and treated separate from, the agencies which perform them.

Weld wrote at some length on marketing functions in 1917. He defined them as: "The services that must be performed in getting commodities from producer to consumer." This definition indicates that Weld regarded functions as tasks and his discussion leaves no doubt about the interpretation. He described marketing functions as essential steps involving various difficulties, which are more difficult to perform for some commodities than for others, and which require that in each case the methods of performance be adapted to the needs.

Cherington gave considerable attention to marketing functions in The Elements of Marketing which appeared in 1920. More definitely than any of his predecessors he stressed the need for analyzing the functions separate from their actual performance—the need "to get back of the forms of distribution to the actual functions." He believed that if the functional approach was to be of much value in dealing with marketing problems, it was essential that the problems involved, not the agencies used, be given prime consideration—that attention be fixed "not upon the forms of devices which have been developed and which must be regarded as temporary and external features, but rather, upon the functions of marketing as the permanent element of the problem." Functionaries, he pointed out, are constantly changing while functions cannot undergo corresponding change.

The same distinction between functions and agencies was implied, at least, by Vanderblue in 1921. He believed the

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5 Ibid., pp. 317-318.
7 Ibid., p. 56.
8 Ibid., p. 50.
functional approach was the logical one "because the specialists exist to perform certain functions" and "because the problems involved in the marketing machinery and marketing process can be developed and isolated by an exposition in terms of the functions performed."10

Also in 1921 there was published Macklin's *Efficient Marketing for Agriculture*, which contained a discussion of marketing functions, although they were designated as marketing services. The study of marketing, he states, in order to be practical "must examine the methods of rendering these services and the agencies which provide them" and "must examine the various marketing services and determine why they are performed." The confusion of services with methods or agencies, he adds, "blurs the whole subject of marketing" and "has rendered futile much of the marketing criticism up to the present time."11

Thus the writers who first dealt with marketing functions treated them as necessary steps or tasks to be performed in the process of getting goods from producers to consumers. They generally regarded the functional treatment as a means of analyzing what had to be done to get goods from producers to consumers and as providing a basis for determining how the job could be done best. They maintained definite distinctions between the work to be done (functions) and the means of doing it (functionaries).

**Current Treatment of Functions**

Three general methods of handling marketing functions are in current use. The least effective of these, and hardly meriting recognition as a method of treatment, is to list the functions and, in a few brief statements, attempt to indicate the nature of each. Little is done to show their significance or to relate them to the rest of the material.

A second method is to list the functions and then describe them primarily by describing the ways in which they are performed. This tends to result in a description of the agencies and methods used to perform the functions—a description of marketing machinery and processes. From such a treatment there is great danger the reader will conclude that a function is an activity to be considered only in terms of how it is performed. It is the result which Macklin warned against—a confusion of services with methods or with agencies which blurs the whole subject of marketing.

The third procedure, which follows most closely the lead of those who introduced and developed the concept, is to list the functions and to explain, more or less adequately, the problems encountered in the performance of each. In this approach a function is considered as a service or task to be performed and an analysis is made to determine exactly what must be done to secure an efficient performance of each. Such an analysis tends to maintain a separation between the problems involved in the functions and the machinery used in performing them.

The above methods may easily be combined and this is what many writers tend to do. The results, however, tend to be inconsistent, in that some functions are analyzed in terms of the problems to which they give rise while the treatment of others consists of little more than a description of how they are performed in current marketing practice. Such a combination is hardly logical.

Something of the situation which exists today, at least among teachers of marketing, is indicated in the Report of the Committee on Definitions of the National Association of Marketing Teachers in 1935, where it is stated that:

During the past year the Committee has attempted to deal with two marketing terms which seem to represent the ultimate in confusing and diversity of usage. These two terms are "Marketing Function" and "Wholesaling." There is pretty general agreement as to what constitutes a satisfactory formal definition of the former of these terms. No great degree of agreement exists among those interested in marketing, however, as to the specific activities which should be classified as marketing functions.  

The wide differences of opinion existing among those interested in marketing, as to what the significant functions are, suggest that the acceptance of a formal definition does not mean a great deal, and the variations in the way the term is used in marketing discussions further suggest that the ability to agree on a formal definition does not insure a common interpretation of the term when put to use. Not only do we find significant differences in ideas as to what should be included in the list of marketing functions but there are also fundamental variations in ideas as to just what marketing functions involve. It would appear, therefore, that further study of the functional concept is needed.

Uses of the Functional Approach

The introduction, development, and continued use of the functional approach in marketing must be due to a belief that it offers certain significant advantages. As a basis for further discussion, consideration needs to be given to these advantages, since the definition and interpretation of marketing functions should be developed with due consideration of the uses or purposes to which the concept is to be put.

To Weld, the functional approach offered a method of outlining the field of marketing and emphasizing the various and numerous activities involved in it. Because many people, even though realizing that there are functions to be performed, have no appreciation of their complexity or the difficulties of performing them, he says "a classification of marketing functions is absolutely fundamental to a study of and an understanding of the marketing machinery."

To Vanderblue, the functional approach supplied a basis for analyzing marketing problems. According to his view the analysis of marketing problems along functional lines conforms with both the market structure and commercial practice and "is the logical approach in dividing the larger problem into its constituent problems, which can be considered singly, and then brought together in a consideration of the problem as a whole."

In many current treatments these same advantages of the functional approach are stressed. Clark says:

So important are these functions to the marketing process that the best approach to many of the problems involved in marketing—whether the object is to understand general marketing processes or the processes used in marketing particular products—is an understanding of these essential services. Such knowledge enables one to understand why middlemen exist, why marketing is costly, why certain marketing institutions and devices have developed, and often

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13 Weld, op. cit., p. 306.
14 Vanderblue, op. cit., p. 682.
furnishes the best approach to the solution of specific marketing problems.\textsuperscript{16}

According to Converse the:

reader who is to understand the discussion of middlemen and commodities fully, should first have some knowledge of the various marketing functions. . . . The reader can then have them in mind while studying middlemen and commodities, and thus be in a better position to understand and criticize the activities of the middlemen and the methods by which goods are marketed.\textsuperscript{16}

The functional approach, Killough states:

attempts to apply to marketing, methods of analysis that have been employed with gratifying results in the scientific study of factory management. This approach breaks the subject up into processes that must be performed in the movement of goods from farm or mine to factory and from factory or farm to ultimate consumers. . . . Analysis of the marketing functions, one by one, contributes to a clearer understanding of the different elements of marketing cost and facilitates selection or creation of agencies which perform the functions most economically.\textsuperscript{17}

These and many similar comments are evidence that the functional approach is thought to serve important uses. Briefly summarized, the possibilities of the functional method in studying marketing are:

1. It is a method of defining the field. Marketing is defined as including “those business activities involved in the flow of goods and services from production to consumption.”\textsuperscript{18} What are these ac-
tivities? How can the number and variety of them best be distinguished and emphasized? It is very easy to overlook some of them and to underestimate the importance of others but the chance of doing so is materially reduced by the functional method. It affords an advantageous way of describing the ramifications and complexities of the field of distribution and of explaining the high costs of marketing.

2. Study along functional lines provides a good basis for understanding marketing agencies and processes. By analyzing them in terms of the functions they perform it is easier to determine why certain agencies exist, why certain methods are followed, and why certain costs are encountered. A full knowledge of the nature and significance of the several functions leads to a more complete understanding of all agencies and processes.

3. The functional method provides a sound basis for analyzing marketing problems. The great majority of problems in distribution cannot be solved satisfactorily without breaking them up into their elements. Functions provide a basis for doing so, whether the problem involves general marketing processes, methods of marketing individual commodities, or individual marketing agencies and devices. Differences in the marketing of different types of commodities can be explained in terms of functions; the marketing of a single product can be planned in terms of the functions that must be performed; and the need for, and efficiency of, individual institutions may be evaluated by ascertaining if they are performing essential functions more efficiently than could be done by some other institution or combination of institutions.

These possibilities of the functional approach, however, are seldom realized
and it is the writer's contention that if they are to be realized to any marked degree, it is essential that we have a more adequate interpretation and treatment of the functional concept.

PROPOSED INTERPRETATION

The interpretation of marketing functions proposed here is not a new one. It is merely a proposal that an idea found in the discussions of marketing functions from the beginning be developed to its logical conclusion.

A function of marketing should be regarded strictly as a step, task, or service to be performed in getting goods from producers to consumers. This is in accord with the usual definition. That the performance of a function requires activity is granted. That it is logical to regard a function as an activity to be performed is also granted. To so regard it, however, increases the probability that attention will center upon the activities performed instead of upon the nature and extent of the job which has to be done and which gives rise to the activities. If it is not in accord with the usual meaning of the word to define a function in terms of what has to be done, some other term had better be substituted. Breyer speaks of the "elements of the marketing task" and there is much in favor of such designation.

By regarding a function solely as a task or service that requires performance, it can be analyzed entirely distinct from its actual performance and if the functional treatment is to yield significant results, such procedure is essential. The authors previously quoted have indicated the desirability of analyzing institutions and processes on a functional basis, but this is a productive method of attack only when, on one hand, the functions are treated as tasks to be done and, on the other, institutions and processes are recognized merely as the agencies or methods for getting the tasks done. Only after gaining a clear understanding of the nature of a task and of what its performance requires, can one evaluate agencies or methods that are used, or might be used, in doing the job.

The functions of marketing are readily adapted to such a treatment. They can be completely analyzed in terms of what the performance of each requires with little or no reference to the ways they are performed in practice. To do so results in a description of the problems encountered in getting goods from producers to consumers and affords a really sound basis for considering how these problems or tasks can be handled best.

All marketing institutions and processes have come into existence to perform marketing functions. The justification for these agencies must be that they perform essential functions. It is necessary, then, that the tasks involved be outlined separately from their actual performance. The function is what is done. The agency used to do it should be selected and shaped according to the task it has to do. In other words, first determine the problem—what has to be done—and then determine the best way of doing it. After the functions involved in a given marketing problem have been analyzed adequately attention can be turned to the best methods of performing them.

To merely indicate some of the possibilities of the method, it is applied below to two representative marketing functions.

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19 The definition of a marketing function recommended by the Committee on Definitions of the National Association of Marketing Teachers is: "A major specialized activity performed in marketing." National Marketing Review, Vol. 1 (Fall, 1935), p. 156.

Examples of Proposed Treatment

The transportation function involves the movement of goods from places of production to places of consumption. It is an absolutely essential step in marketing because so few goods are consumed at the place where they are produced.

What does the performance of the transportation function involve? Is it a simple or difficult task? Will its performance add much or little to the cost of getting products to consumers? Obviously the answer varies with different commodities and even for similar commodities under different conditions. But why? What are the factors that cause these differences? Is it not possible to discover a group of factors which can be used to analyze the transportation function in relation to any commodity?

While not offered as inclusive of all significant factors, the following suggests where the proposed type of analysis leads. The ease or difficulty of performing the transportation function for any commodity is determined by such elements as the distance it must be moved, its value or bulk, the degree of its perishability, the speed with which it must be moved, and the ease with which it can be handled in loading and unloading.

These factors can be applied to any commodity or group of commodities. As they are applied to different commodities in an effort to ascertain what the transportation function involves, totally different results may be secured. For some items—bulky, perishable ones that must be moved long distances—it develops that the function is an expensive one: for other items valuable, durable ones—the transportation function is far less troublesome and costly.

It should be observed that such an analysis of the transportation function steers clear of methods of performance. Applied to eggs, for instance, the analysis runs along these lines. Eggs are very perishable and must be protected from both breakage and deterioration. This requires very careful packing, protection from too cold and too warm weather, and careful handling in loading and unloading. Eggs, being somewhat bulky, require considerable shipping space. On the average they must be moved long distances. Where producers and consumers happen to be very close together the function is immensely simplified.

Other products, like coal, are very bulky and must also be moved considerable distances, but are very durable and lend themselves to easy methods of loading and unloading. In the case of still another type of good, such as jewelry, there is very small bulk and great value and, although it must be carefully packed and protected and often carried great distances, the transportation function is relatively simple and inexpensive.

From such an analysis, in which no consideration is given to methods of performance, even the beginner can easily see what the transportation function amounts to, can realize that entirely different types of transportation facilities are needed for different products, and can understand why the cost of transportation is a big factor in the prices of some products and of little importance in others.

As a second example consider buying, one of the so-called "typical marketing functions." The function of buying involves having available for consumers what they want, when they want it. It includes having the right goods at the right place, at the right time, in the right quantities, and at the right prices. Since the average consumer uses so
many different commodities, produced in so many and widely scattered places, the task of arranging to have each and every one available is a very important and a very complicated assignment.

What are the special phases of the buying function? As described by Converse, buying includes: (a) determining needs, (b) finding a seller, (c) negotiating price and other terms, and (d) payment, or arranging for credit. This breakdown provides a satisfactory basis for starting the analysis but is only a beginning. It is desirable that each of these aspects be studied to determine what is required for its efficient performance.

If the right goods are to be at the right place, someone must do a lot of planning. In order to determine needs, markets must be carefully studied. Such factors as income, age, sex, nationality, occupations, business conditions, style movements, and price changes which affect the type and amount of goods purchased must be examined and evaluated. Some individual or institution must do it, but the job of doing it can be described advantageously without describing the agencies that do it and the methods they use. In attempting to analyze the task, why complicate it by mixing in agencies that are, or might be, engaged in performing the task? To do so tends to color the thinking and the real nature of the problem involved is not properly determined.

That striking differences are encountered in trying to determine the needs for different commodities is obvious. For a staple commodity, like salt, few difficulties are met in determining needs, whether being done for the country as a whole, for a sectional market, or for the customers of a given retailer. People continue to consume about the same kind of salt in about the same quantities. On the other hand, to anticipate the demand for a product like women's ready-to-wear gives rise to no end of difficulties. Women can be depended upon to buy something different than they purchased last time. Just what styles, colors, prices, and sizes will they want? And how much? Here the correct answers are not so easy to find. Methods of analyzing demand have to be developed.

Seeking sources of supply is the next phase of buying. An efficient performance of this step requires more than merely finding some place where the desired goods can be purchased. A careful consideration of all potential sources is called for in order that the best ones can be selected. Hence the number, nature, and location of sources will determine how difficult is the performance of this step for any particular commodity. For an item like fresh tomatoes the selection of sources is complicated because the sources may shift from week to week and month to month. First they must be obtained from one place, a little later in the season from another, and so on through the year. Furthermore the sources are not certain from year to year. A source that yields an abundant supply of fine tomatoes one year may offer only an inferior supply, or none at all, the next. Also there are so many widely scattered, small-scale producers that it is very difficult to know the possibilities of all of them. It is not surprising that many different agencies are involved in concentrating such produce in wholesale markets.

Automobiles present a contrast in respect to sources. There are only a limited number of producers. These are large, well-known, and relatively stable from year to year. Furthermore, trade

\textsuperscript{21} Converse, op. cit., p. 57.
names are very important and there is but a single source from which a given kind of car can be had. Here is one of the reasons why few types of middlemen are used in marketing automobiles.

The remaining phases of the buying function lend themselves to similar treatment, but it is unnecessary to go further to show that it is feasible to analyze marketing functions with little or no reference to how they are performed in practice and that doing so opens up much greater possibilities for making functions mean something and for making the functional approach serve constructive purposes.

Conclusion

A thorough and consistent analysis of marketing functions in terms of what has to be done to perform them efficiently, instead of in terms of how they are done in practice would increase greatly the value to marketing of the functional concept. Such an analysis was suggested by those who originally introduced the idea, but too generally those who have followed in the field have not applied it. As a result the functional method has not accomplished what was expected of it and what it might accomplish if functions were adequately interpreted and analyzed.