CHAPTER 1

The Marketing Concept:
A Déjà Vu

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THE RECEIVED DOCTRINE

Most current teachers and practitioners of marketing seem to believe that something called "the marketing concept" emerged in the 1950s (or later). Moreover, and more importantly, they believe that it marked a radical transformation of U.S. business rather than simply being a new label for long-established practices. This viewpoint is expressed in almost all introductory texts that serve as primary sources of knowledge and attitudes for marketing students. We are concerned here with whether business has indeed gone through the "production," "sales," and "marketing concept" steps as conventionally described. Table 1.1 reflects perspectives found in a convenience sample of 25 general marketing and marketing management textbooks with copyright dates from 1980 through 1984. The sample includes many widely known as well as some less popular works. The summary in Table 1.1 is, of course, rough and it does ignore citations of exception and reservations, but it provides a generally fair sense of the prevailing textual account of how U.S. marketing has changed over time.

Those textbook histories, as shown in the table, differ somewhat in details, dating and terminology. Yet with few exceptions [for example, Kotler (1984) and to some degree Boone and Kurtz (1983)] they depict a drastic change in marketing after about 1950. Most adhere to what may be considered the standard chronology:

1. Up until about 1930 (or in a few citations up to 1920), business focused upon production to satisfy shortages and an intense hunger for goods. In a variant approach, industry is seen through the nineteenth and probably into the early
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**Sources:**
- McDaniel (1982) (pp.24ff)
- Markin (1981) (p.11E)
- Stanton and Evans (1982) (pp.9-11)
- Berman and D'Amico (1984) (pp.19)
- Pride and Diamond (1980) (pp.11-14)
- Rachman and Pintel (1980) (pp.14-16)
- Nickels and Kinnear (1980) (pp.44-51)
- Hartley and Bertrand (1984) (pp.54-62)
- Russ and Kirkpatrick (1982) (pp.17-18)
- Cunninghame and Schoe (1981) (pp.9-10)
- Boone and Saeman (1980) (pp.13-15)
- Lazer and Culley (1983) (p.23)
The marketing concept emerged during the late 1920s and early 1930s as a response to the changing economic landscape of the time. It was characterized by the idea that businesses should focus on meeting consumer needs and preferences, rather than simply producing goods. This concept became increasingly influential during the 1930s and 1940s, as companies sought to differentiate their products and services in a more competitive market environment.

The collapse of consumer demand during the Great Depression of the 1930s forced a shift from a "production era" to a "sales era." During the latter period, industry did not consider consumer desires but used hard, aggressive, high-pressure sales methods to move its output.

After 1950, industry embraced the "marketing concept." That is a vague term but it implies close attention to consumer or user desires, integration or coordination of all of the firm's marketing-related activities with appropriate planning, and a focus upon profit rather than sales volume. The literature has gone on to credit marketing executives with numerous other attributes that distinguish them from sales executives (Kotler 1977; Vizza, Chambers, and Cook 1967). The marketer regards credit, transportation, and packaging as customer services and sales opportunities rather than as simply product requisites or necessary evils, and is interested in segmenting the market. The marketer's advertising stresses customer benefits, not product features or the seller's ego. Marketing involves emphasis on analysis and planning.

Authors who rely upon the experience of the Pillsbury Company as detailed in a frequently quoted article (Keith 1960) distinguish between the 1950s and the 1960s. The 1950s are considered "the marketing department era," when companies invested substantially in marketing activities and converted sales, advertising, and related departments into marketing departments. But the 1960s are seen by this group as the period when a marketing philosophy permeated corporate management and decision making.

Some texts depict a shift in corporate attitudes during the last decade to take into account broader social responsibilities. The 1980s are sometimes described as the era of "social marketing."

As the page citations in Table 1.1 indicate, most of these chronologies are presented as introductory material. Textbook presentation can easily be both oversimplified and platitudinous. By definition, platitudes are generally accepted beliefs. If the statement that corporate orientation changed from a production to a sales focus in the 1930s and to a marketing focus in the 1950s or 1960s is a cliché, it represents what people think did happen.

Belief in the two historical transformations has also received acceptance in more advanced academic circles. Bartela's History of Marketing Thought (1976) refers to the "marketing concept" as a contribution of the 1950s (pp. 177, 228). Blackwell and Talarzyk (1983, p. 8) speak of "the marketing concept which emerged in the 1960s marketing literature." The belief in the 1950 shift is also voiced in Myers, Massy, and Greyser's American Marketing Association-sponsored assessment of the sources of marketing thought and science (1980, pp. 13, 24).

Consequently, we are justified in accepting the "standard versions" referred to earlier as a falsifiable hypothesis about the process of change in business
management philosophy and in searching for contradictory evidence. The now-
standard chronology deals with large-scale trends in U.S. business, and thus cannot
be either proven or disproven by citing one or a few exceptions. Instead, we must turn to what limited macroscopic evidence is available and to the accu-
umulation of numerous more or less "representative" cases to judge how well the chronology fits.

This approach warrants a caveat. The evidence cited on some macromar-
ting topics, such as the general nature of the economy from 1850 to 1890 to
1940, is not selective. But part of the discussion of some of the other topics is.
I deliberately sought out reports and citations of companies that were using mar-
tet research or that had developed effective means for coordinating marketing
functions. Moreover, the literature from which these examples are drawn was itself selective. Authors and publishers were (and are) naturally more interested in the new and successful than in the stale and declining business methods. Yet, I think the names of the companies that were using market-oriented approaches before 1940 add up to what would have been most of the consumer goods sec-
tor (and some of the industrial goods sector) or a prewar Fortune 500 list. In all of the reading that I did, only a fraction of which is cited in References, I came across only two cases of conscious attempts by past businesspeople to alienate customers or to ignore their desires. With regard to one incident, Reavis Cox often remarked that Commodore Vanderbilt's statement, "The public be damned," was a response to a reporter's importunate inquiry during the small hours of the morning. The other, Henry Ford's decision to offer only black cars, was both idiosyncratic and enormously helpful to his competition, General Motors.

SOME PROBLEMS OF FIT

A historical review indicates several points of divergence between the hypothesized standard and the actual business scene.

The Economic Climate

The first half of the century included two war periods, when demand far outran supply, and the Great Depression, during which demand shrank. But most of it seems to have been a time of frantic buying.

Personal saving, putting aside the contrasting war and crash years, remained remarkably constant at about 10 to 10.5 percent of personal income (Goldsmith 1955, pp. 73–88, 155–57). The figure contrasts with post-World War II rates of about 6.5 to 9.5 percent (U.S. Bureau of the Census 1982, p. 428). This suggests that marketing required more effort than now, a view that is substantiated further by evidence of price trends from 1890 on (U.S. Bureau of the Census 1975).

In spite of the lower propensity to consume, people purchased far more than minimal food, clothing, and shelter. Cox (1949) concludes that from 1860 on, U.S. consumers generally enjoyed a growing discretionary margin above basic food, clothing, and shelter costs.

Marketing Education and Professionalization

Marketing courses appeared in U.S. colleges and universities in the early years of the century, and they flourished after 1920 (Bartels 1976; Beckman, Maynard, and Davidson 1957, p. 12). They were preceded or accompanied by growing marketing employment and publication and by the formation of professional associations in marketing.

The proliferation of marketing-related organizations is indicated in Table 1.2, which shows the dates cited by some current associations for either their own establishment or the birth of the societies from which they have evolved. Undoubtedly, many of these had quite limited memberships in the early years. However, in judging the significance of these fledgling groups, allowance must be made for the smaller absolute size of the economy, the greater role of small business, and the concomitant relatively smaller number of staff specialists. The Associated Advertising Clubs of America, founded in 1905, had more than 15,000 members by 1916 (Schudson 1984).

There were other marketing-related organizations as well. By 1931 the Society of Industrial Engineers included a Distribution Research Committee and a Sales Managers Group ("Summary of the 18th National Convention" 1931). A number of salesmen's organizations were formed in the late nineteenth century and apparently attracted substantial membership (Hollander 1964).

The volume of marketing-related books and monographs during the early years of the century was substantial, as shown by Table 1.3. The rows should

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not be added horizontally to derive totals for the entire period because of the slight possibility of some duplication of listings and because the criteria for listing changed with the 1928–32 volume.

The sheer number and magnitude of marketing activities and institutions, even before 1950, suggest that there must have been many people in contact with, and sensitive to, consumer markets.

### Market Orientation

Within the context of a dynamic, even though at times troubled, economy, the years prior to 1950 (or really those prior to 1940 and World War II) saw acceptance and adoption of many aspects of the marketing concept—interest in and interaction with consumers; product planning to meet customer preferences; integration of promotional, customer service, and merchandising functions; and (probably to a lesser degree) employment of a profit rather than a volume criterion.

As early as the second half of the nineteenth century, large manufacturing firms had developed continuous process methods of production or that were handling perishables integrated forward to get closer to the market. They developed extensive branch house systems to service clearly defined compact territories. Branch house personnel were responsible for local sales. They also telegraphed headquarters information about competition, demand, sales, and inventory for use in coordinating production and distribution with market opportunities. The list includes such firms as American Tobacco, Diamond Match, Quaker Oats, Washburn–Crosby (General Mills), Borden, Proctor & Gamble, and Swift and Armour (Chandler 1977, pp. 287–314).

This forward integration suggests strong efforts in coordinating marketing and nonmarketing functions. Moreover, there were exceptions to the use of jobbers. Many manufacturers sold directly to the blossoming mass retailers, such as the mail order houses and department stores, and Eastman Kodak ultimately established its own chain of retail stores. It seems unlikely, whether they worked through jobbers or not, that successful, intelligent businesspeople could have remained oblivious to market desires. Product and other management decisions must have rested, Tosdal’s words (1950), “on intelligent guesses, based on experience, as to what the public really desired.” Perhaps sometimes the executive guess was wrong, but the aim was commendable.

Manufacturers of more complex, technologically advanced products such as sewing machines, automated business machines, and the like moved even closer to the market and sold directly to users. In at least some companies, such as John Deere and General Electric, feedback information from the branch houses strongly influenced product design (Broehl 1984, pp. 174–92; Chandler 1977, pp. 287–314, 424–31).

Market orientations also appeared in other, less “basic” industries. For example, a careful student of the silverware trade has written of the early years...
of this century: "The art of merchandising was being born and sales campaigns were launched with verve and imagination, and keen insight into the whims of consumer demand. The industry explored with enthusiasm the meaning of the new phrases, 'market appeal,' 'buying motives,' 'brand policy'" (Gibbs 1943).

The United States was tardy, say, in comparison with Great Britain, in developing a system of traveling salesmanship. After 1850, however, following improvements in passenger transportation, manufacturers of apparel, hardware, and other consumer goods began sending salesmen out to call on the trade. One estimate is that 100,000 salesmen were on the road by 1882–85 and 300,000 in 1903. These figures probably were exaggerations, but the Census enumerations of 59,000 in 1890 and 93,000 in 1900 may well have been undercounts (Hollander 1964; also see Atherton 1947; Marburg 1948). Selling and salesmanship, of course, are not tantamount to marketing, but the growth of sales forces, even before 1900, does indicate the way in which firms reached out to their customers and competed for business.

The accolade for an early market orientation, however, might well go to a heterogeneous group of industries and firms that did not try merely to sense their markets, but rather literally created them. Some members of this group, such as the railroads, are not usually praised for market acumen. Yet the early transcontinental railroads actively sponsored western settlement in order to obtain agricultural production and, to a lesser extent, consumer demands for goods that would result in significant freight volume (Hazard 1977). Local streetcar companies built amusement parks, usually on the outskirts of cities, to obtain additional off-peak ridership as well as to profit from the revenues the parks themselves generated. Manufacturers of domestic, commercial, and agricultural machinery and other products conducted classes to develop users and customers.

To create customers, General Electric financed local power companies, and then in the 1920s and 1930s, many utilities sold electrical appliances to consumers at reduced prices to increase the demand for power. Curtis Publishing Company was not only a pioneer in using market research. Its editors and some of the competitors changed U.S. magazines from elitist publications that relied on voluntary submissions to manuscripts, gentlemanly editorial taste, and small readership to carefully packaged collections of commissioned and in-house-crafted articles and stories that would attract the large audiences their potential advertisers desired (Wilson 1983).

Marketing Research

The increasing professionalization of marketing and the growth of advertising agencies were associated with substantial developments in marketing research and analysis. C. C. Parlin began his market research work for Curtis Publishing Company in about 1911 (Bartels 1976, pp. 124–25, 38). By 1931, the University of Illinois Bureau of Business Research was able to publish a 75-page annotated market research bibliography that listed probably 1,000 to 1,500 items.

It must be admitted that, by contemporary standards, much of the marketing research of the 1920s and 1930s seems cold and impersonal. The sources in the Illinois bibliography, for example, seem mainly repositories for facts and figures about markets and about the distribution of goods. Aside from an occasional study of, for instance, the returned goods problem, the annotations hardly even hint at such topics as motives and attitudes.

However, even prior to the 1930s, many large companies were doing consumer surveys and were obtaining consumer reactions to their current and potential offerings.

Starch (1923) also felt that much marketing research was too mechanistic and statistical, rather than psychological and attitudinal, but he published examples of consumer questionnaires on raisins, dentifrices, paints, fountain pens, and retail services. These questionnaires asked for product attribute evaluations and saliency ratings. Blanchard (1921), a practitioner, likened market research to medical diagnosis, a prerequisite to prescribing treatment. He said it was customary for an advertising agency that handled a large account to send skilled interviewers to obtain opinions from jobbers, retailers, and consumers before preparing the campaign. This provided a good basis for selecting copy appeals, as well as serving other marketing policy purposes, according to Converse (1927, p. 400).

The 1922 Montgomery Ward catalog said: "Our buyers have been spending part of their time visiting many of our customers in their homes. Our representatives are constantly calling upon many of you, getting your ideas, your criticisms, your suggestions." The statement at the very least showed recognition of the yet-unformulated marketing concept. Similarly, in 1917 R. H. Macy and Company engaged a full-time interviewer to question customers as to what they liked and disliked about the store (Hower 1943, p. 373). Carman and Uhl (1973), who differ from most general textbook writers, cite the early "purchasing agent of the public" philosophy of wholesalers and retailers as one indication of "pre-war marketing orientation." Bartels (1976, p. 228) and Blackwell and Talarzak (1983) also find marketing concept counterparts among retailers in, respectively, "the customer is king" philosophy of the 1920s and the close customer contact enjoyed by nineteenth-century small merchants.

Turning to manufacturers, Frey (1940, pp. 368–76) cites consumer surveys and panel projects conducted in the 1930s for General Motors, Proctor & Gamble, General Electric, Kendall Mills, Bendix, International Silver, Dennison, Westinghouse, American Safety Razor, Life Savers, General Foods, Swift, and Beechnut Packing Company. In the 1920s, Corning Glass interviewed 3,448 housewives to find out what Pyrexware items they used most and why; Gorton Pew Fisheries Ltd. asked 10,000 women what they would think of canned cod-
fish cakes and then ran a product test in 2,000 homes; while the United Hotel Corporation used surveys of businessmen to find good communities for hotel building (Converse 1927). The advertising manager of the Kellogg Company spearheaded a cooperative magazine readership study in 1911 (Lockley 1950). Over the years, advertising agencies, both anxious to absorb a greater marketing role and pressured by their clients to do so in return for their commissions, sponsored much proprietary marketing research. N. W. Ayer's collection of market statistics for its client Nichols-Shepard in 1879 was a pioneering bit of market research.

The agency-sponsored studies ultimately included much psychologically oriented work. Hurwitz (1984, pp. 3-4) describes the alliance between advertising agencies and marketing researchers. The agencies funneled much of the research findings back to their clients and their campaigns. Pollay's careful content analysis of consumer ads appearing in large circulation magazines from the 1900s through the 1970s (1983) shows that the focus upon user benefits and other hallmarks of a "marketing concept" orientation peaked in the 1930s and have since declined markedly.

**Internal Coordination**

The indications are the advertising, sales, promotion, and merchandising people in industry worked together more closely than is commonly thought. The Taylor Society (now the Society for the Advancement of Management) studied a selective and possibly unrepresentative sample of about 100 companies in 1920 and 1921. It found that almost all coordinated the various marketing functions through committees, through making the other functions subordinate to, and a part of, the sales department, or by having all report to the same senior executive. A small number had specialized sales engineering units responsible for much marketing planning and budgeting (Taylor Society 1920, 1921). Among 62 corporate respondents to a 1922 study, 18 had "commercial research" departments. Half of those departments reported to the firm's sales manager, the other half to a higher executive (Weld 1922).

While the Taylor Society and Weld surveys did not identify individual respondents, coordination arrangements have been reported for some companies. Both the outbound freight and the advertising manager reported to the sales manager at U.S. Rubber Company as early as 1902. At about the same time, DuPont's sales department included both the advertising and information (that is, market intelligence) bureaus. Even earlier, about 1895, product managers at General Electric branch houses reported to higher-level product managers at headquarters. Those national managers in turn served on a sales committee along with the director of foreign sales and the director of advertising. That committee was chaired by the company vice-president (a very senior title in the days before the proliferation of vice-presidential hierarchies) who today would be called "VP-Marketing." This committee considered "pricing, competitors' activities, market conditions, customers' needs and concerns, and the processing of major orders" (Chandler 1977, pp. 424-31).

During the 1920s, many industrial equipment companies were reported to have responded to intensified competition by, among other things, combining their selling and merchandising (that is, product planning) staffs. Apparently this did not always work out well because merchandising often became very subordinate to sales and overly devoted to short-run activities connected with prospective individual orders. Consequently, a number of companies established or reestablished merchandising as a separate function (Moore 1937). Probably such a separation was instituted at the Dennison Manufacturing Company (paper products) (Keir and Dennison 1929b).

Businessmen who made a deliberate decision to separate the two functions, whether well advised or not, were clearly far more sensitive to the nature of the total marketing task than the decision-by-default-and-ignorance stereotypes depicted by the modern view of the revolutionary nature of the marketing concept.

Moreover, even though many of the general marketing books then did not discuss the coordination of marketing activities, the subject was by no means absent from the literature. The lack of consistent definitions and distinctions between such terms as "distribution," "marketing," "sales," and "merchandising" in those days (see Reilly 1929) caused some of the discussion of managerial coordination to appear in more specialized books on sales, such as Hayward (1926; also see LaLonde and Morrison 1967), and merchandising, such as Frey (1940). To some extent, coordination was also seen as a general management obligation, particularly at a time of much personal ownership-management, and was discussed in general business administration books such as Marshall (1921).

**Diversification and Simplification**

The simplification movements of World War I and of the 1920s provide inverse evidence of the product diversification and segmentation inherent in the conventional marketing concept. To historians, laws and corrective movements often demonstrate the existence of whatever those laws or movements were designed to correct. That is the case with the national simplification program.

Rather than seeking only maximum physical output prior to 1930, U.S. industry often produced an enormous variety of objects. Herbert Hoover, upon becoming secretary of commerce in 1921, launched a campaign for industrial efficiency that embraced the ideas of voluntary, industry-wide standardization and simplification. This crusade continued until the end of the decade. Then the main thrusts of public and industry attention turned to other things and the appropriation for the national Bureau of Standards was severely curtailed. Moreover, the voluntary programs fell apart as individual firms increasingly sought competi-

The simplification movement produced numerous temporary and some permanent successes (Hudson 1928). Some individual consumer goods companies carried out their own internal simplification programs. For example, Cherlington and Roddick (1940) cite the case of a candy bar manufacturer who eliminated many slow-selling varieties, discouraged the sale of mediocre ones, and vigorously promoted the best portion of his product portfolio with very beneficial effects on sales and profits.

But most writers (for example, Soule 1934) noted, or complained, that the simplification programs had little effect on final consumer goods. Cracker and biscuit bakeries were, for instance, reported to be producing between 150 and 350 varieties in 1925, and it is not at all clear whether those figures include all different packing case sizes and whether they include sweet goods such as cookies and cakes (Stevens 1927). The tendency toward diversification has been ascribed to many motives, including an overeagerness to satisfy consumer whims (Hudson 1928; McCullough 1928). But basically the issue centers around the recurring tension between trying to satisfy market demands with a low-priced standardized product and trying to approach the market with the advantages of a full and differentiated line.

The tendency of U.S. industry to proliferate product variations to match customer desires (and to obtain competitive differentiation) during the 1930s is demonstrated by simplification efforts that the government again mounted during the 1940 war years. As a minor functionary in the Office of Price Administration, the author participated peripherally in an arduous but more or less successful effort to induce the cotton work glove industry, which had customized its offerings to meet climatic variations and the preferences of every craft from corn-huskers to oyster-shuckers, to concentrate on about 80 to 125 styles instead of the pre-War 500 or 600.

Credit, Packaging, and Transportation

The marketing concept has been credited with changing the pre-1950 view that credit, transportation, and packaging were necessary evils into a post-1950 appreciation of their use as selling tools (see Vizza, Chambers, and Cook 1967). With regard to credit, it should be sufficient to quote Cox on installment buying. After pointing out (1949, pp. 5–18) that the formal installment buying arrangement appeared in the United States during the early nineteenth century, and that its growth paralleled the rise in purchases of mass-produced consumer durables, Cox says somewhat retrospectively (p. 394):

And many producers and distributors do use it [installment credit] as a form of sales promotion. This is why some of the largest producers have gone to great pains to set up financing agencies to serve their distributors. It is probably the principal reason why many retailers are determined to keep installment financing in their own hands rather than let it be taken over by banks, finance companies and other cash lenders.  

The pre-World War II attitude toward packaging is summarized by Frey (1940, p. 256):

Just as increased attention in recent years has been devoted to the manufacture of products suited to the market, so too has stress been laid upon the development of appropriate packaging. Recognition of the importance of the package as a sales and profit factor has led to an increase in the number and variety of products offered for sale in packages as well as improvement in existing packages.

As early as 1886, Quaker Oats placed sales messages and recipes on its packages (Schudson 1984, p. 166). Kiernan (1985, p. 261) believes competitive, promotional packaging first emerged in the 1800s among toilet paper manufacturers.

Attitudes toward transportation are demonstrated by the numerous ingenious pricing schemes designed to widen market outreach, described by Nelson and Keim (1941). Clearly, executives were not treating remote customers on a purely “Here it is—if you want it, pay to haul it” basis. Many companies included the traffic or outbound freight manager as part of the sales executive’s staff, and numerous branch house systems were established to bring inventory close to the customers.

Profit Orientation

Recent presentations of the marketing concept often stress its emphasis on a profit, rather than a volume, orientation. The late nineteenth-century antitrust fervor reflected a popular belief that at least some corporations restricted output to enhance profits. Similarly, the businesspeople of the 1930s would be very much surprised to learn that they are now being castigated for a supposedly reckless pursuit of volume. Then they were often excoriated fairly or unfairly for restricting output (“plowing under little ‘pig irons’”) to maintain prices and unit profits. “A great deal of criticism was directed at the imperfections of markets organized around administered prices” (McKittrick 1957, p. 71). This contrasted with an agricultural situation where pure competition forced each farmer to maximize output and thus depress agricultural prices. The claimed resultant disparity between the prices farmers paid and the prices farmers received was advanced as an argument for government crop control and price support programs (Gee 1930, pp. 50–53, 156–58).

In fact, McKittrick, whose 1957 American Marketing Association (AMA) conference paper is often cited in discussions of the marketing concept, but who
seems to have been often misread or not read, faulted the owner-managers of pre-1940 corporations for over- (not under-) concentration on profits. This, he felt, contrasted with the more statesman-like role of the contemporary hired corporate manager who acted as mediator between various stakeholders, such as stockholders, workers, customers, the government, the environments, and the public. The main weakness of the older companies was, in his view, insufficient attention to long-term strategic planning.

Considerable ground exists for believing that many pre-World War II businesspeople were able to distinguish between profitable and unprofitable activities, and pursued the former. Accounting historians agree that fairly sophisticated cost-accounting tools were available and were used before 1940 (Chatfield 1977, p. 172; Jackson 1952, p. 228). Sales analysis was also widely utilized before 1940. Consequently, it is difficult to believe that business executives did not make cost and revenue comparisons. The Federal Trade Commission did find that many manufacturers were ignorant of the costs of serving particular customer classifications, specific territories, and/or product markets (Edwards 1940, p. 108). But Palamountain (1955, p. 64, n. 26) believed that the 1936 Robinson-Patman Act had the paradoxical effect of causing many suppliers to engage in more careful cost accounting, which showed that their small customers were being charged less than justified by costs of serving such accounts. Aside from this development, there was considerable evidence (Palamountain 1955, pp. 62–73 and sources cited therein) that many producers had some reasonable appreciation of the cost and revenue relationships attached to various-sized accounts.

Cowan (1940, p. 77), perhaps talking about the blue ribbon companies, said, “Classifications are made to show volume, expenses, gross profits and net results by products, periods, regions and persons.” (If he had substituted “places” for regions, he would have invented his own 4 P’s.) The author of this chapter has heard Cowan lecture on how he introduced selective concentration on the more profitable accounts at Swift & Company in the early years of the Great Depression. The “DuPont Model,” a well-known set of equations for estimating and explaining return on investment, still taught today, was instituted at DuPont before World War I (Chandler 1977, p. 446). It must have also been available to General Motors through Donaldson Brown, a senior DuPont financial executive who subsequently transferred to the automaker.

The 1920 movement for standardization and simplification, discussed elsewhere in this chapter, involved for many companies, even much smaller enterprises, the elimination of unprofitable lines. A producer of men’s felt hats went from 1,684 styles and color permutations to the 70 on which it did 90 percent of its business, and a shoe firm reduced its offerings from approximately 2,500 styles in three grades to 100 in one. Both increased their profits (Frey 1940, pp. 180, 186).

Many reasons may induce business firms to concentrate, reluctantly or eagerly, on volume objectives, which in the long run may turn out to be profit objectives. This leads to the final point, expressed by Filene (1927, pp. 80–82). He held that while it was common practice to measure costs and add them up to determine a (profitable) price, it was much better practice to set a price that would increase volume and then use it as both a means and a goal to cost reduction. Filene’s approach seems closer to a true market orientation than any mandate for profit seeking.

A Note on “High-Pressure” Selling

The standard chronology describes the 1930s as a period of “high-pressure” selling. This characteristic is seen primarily as a response to the Great Depression and the presumed shift from a seller’s market to one in which the buyers assumed power. “High pressure” is not always well defined, but it is represented by stereotypes such as the “Music Man,” the sly Yankee trader, and P. T. Barnum; in other words, in personal salesmanship fast-talking insistence upon immediate purchase, in advertising constant boastful repetition, and in both little regard for full and candid disclosure.

One may well raise some questions about the validity of the stereotypes. Many pre-1950 salesmen had long continuing relationships with their customers. Wholesalers dominated much of nineteenth-century consumer goods business (Porter and Livessay 1971). The growth in the 1930s of voluntary chains that united large numbers of small retailers under wholesaler leadership is evidence of the continuation of at least some of that influence. Although wholesalers sometimes acted in a cavalier fashion toward dealers, those relationships and semi-integrated arrangements could not have continued as long or as successfully as they did if they had not been based upon mutual trust and cooperation. High-pressure tactics would have been self-defeating in the long run. “Diamond Jim” Brady, the apparent extreme exemplar of another “high-pressure” type, the ostentatious, vulgar, free-spending “good-time Charlie,” best known for his liaison with the actress Lillian Russell, was actually a skilled salesman of railroad equipment. His ornate dress, hail-fellow-well-met manner, opulent parties, and lavish gifts were elements of a sales approach that was based upon an encyclopedic knowledge of the railroads. Through personal inspection and through acquaintanceships down to the section gang level, Brady became familiar with the roads’ trackage, rolling stock, motive power, personnel, and operating problems and needs (Burke 1972, pp. 67–69).

This is not to deny the use, probably the widespread use, of high-pressure tactics before 1940. The critical question for this chapter, however, is not whether high pressure was existential or nonexistent prior to 1940, but rather whether the pre-1940 condition was radically different from that of modern time. The nature of many television commercials and recent controversies over so-called “junk mail” and over children’s television advertising illuminate the fact that high-pressure selling did not permanently disappear in 1940. Nor, to cite one
more example, did it permanently leave the used car lot (Browne 1973). So, in practice it becomes hard to distinguish the 1930s from the 1970s or the 1980s as representative of the “hard” and “soft” sell. As Reavis Cox might remark, we cannot seek a vigorously competitive society, in the business rather than the economic sense of competition, in which people compete only softly.4

Social Marketing

As noted earlier, the term “social marketing” has come into vogue as an extension and improvement on the marketing concept. It has at least two quite different meanings. One is a desire for normative judgments, a concern for the societal impact of marketing actions and systems. But that is certainly not new to the literature. Lack of a holistic view can hardly be charged against the early writers who are constantly accused of being insufficiently managerial. It also cannot be levied against a pre-World War II literature that produced such volumes as Stewart and Dewhurst’s Does Distribution Cost Too Much? (1939) and Borden’s Economic Effects of Advertising (1942). The question of whether managerial attitudes have changed is beyond the limits of this essay.

The other meaning of social marketing is the application of marketing techniques to nonprofit organizations and to social and political causes. Again, this is hardly new. An advertising textbook published in 1917 (Martin) contains a chapter on “Public Sentiment Campaigns.” It includes sections on political advertising; advertising a city, a state, and a nation; advertising to win strikes; and general goodwill advertising. One has only to read even such self-serving reports as George Creel’s How We Advertised America (1920) to sense the planning, organization, and analysis behind the government effort to mold public opinion during World War I. Social marketing was, and still to a large extent is, done by people who called themselves fundraisers, publicists, propagandists, and public relations counsel. A supposed distinction is that the social marketer works with more knowledge of the potential audience(s), draws more careful plans, and is more likely than the other specialists to shape the offering as well as its description. These, however, are more matters of individual stature and competence than of specialization. Lasswell, an authoritative observer, said (1935, p. 190): “Business and nonprofit groups may handle propaganda through the law department, the marketing division or the office of the chief executive and the official title of the propagandist may be descriptive or deceptive.” Similarly, Edward Bernays, a well-known public relations counsel, wrote (1928) that he used the same techniques of managing events to further the interests of the government of Lithuania that he used to create new markets for silk textiles.

In Retrospect

Recapitulating the evidence presented thus far may be helpful. Macrostatistics show that, war and depression notwithstanding, the U.S. public absorbed a substantial and increasing volume of discretionary products over the years between 1900 and 1941. Many new products such as radios, oil burners, air conditioning, electric refrigerators, new packaged foods, and passenger air transport were introduced or popularized, and many product modifications took place.

This chapter has not explored the difficulties of fashioning markets for those innovations, and in retrospect they may seem so convenient and necessary that consumer resistance would appear to have been impossible—but that is historical error. The consumer who never knew an electric refrigerator had to be convinced that it would work, that it would not explode, that it would not harm the food, and that it was worth both the monetary cost and the effort of change. All of this discretionary spending and new product adoption took place in a setting in which personal savings remained high. Yet price behavior, which involved only a fairly moderate upward trend from 1890 to about 1915 and a generally declining one from 1920 to 1940, indicates that the high savings rate did not result from a shortage of consumer goods on which to spend the money. (The 1915-20 inflation was an exception to this observation.) Clearly customers had to be obtained and business did not enjoy a runaway sellers’ market.

Marketing professionalization grew during the period. This becomes especially apparent if one recognizes that many people who performed marketing management or marketing staff functions bore such titles as sales manager, merchandising manager, or sales engineer. Professional societies developed, although their memberships were much smaller than their modern counterparts’. Business school marketing courses grew, and advertising agencies became marketing agencies.

With their marketing orientation, major companies offered very extensive choices to cater to intersegment variations in product demands. They used a variety of mechanisms to coordinate advertising, selling, sales promotion, product design, and production. They used market analysis, test marketing, and survey research. They lacked some of the current market researchers’ psychological tools and many of their statistical ones, but those are matters of technique, not orientation. They understood the use of credit and transport as marketing tools, and insofar as practicable (then as well as now) sought profit rather than sheer volume. Even social marketing can easily be traced to the early years of the century. As an aspect of a world marked by great political, religious, and moral movements, its history stretches into the very distant past.

Some perceptive writers now say that only a few or some companies adopted the marketing concept after World War II and reconversion. Even more perceptive writers say that the concept adopted was flawed and limited, at least in what came to be its simplistic interpretation. Similarly, the pre-World War II business press contains many generalized, unsubstantiated statements about business marketing inadequacies. But that is normal. Accountants, controllers, personnel managers, traffic managers, product designers, and all other types of specialists as well as marketers usually devote their nontechnical speeches to the subject of how unappreciated they are. The record suggests that the differences between marketing before and after World War II are matters of degree rather
than of kind, and that many of those boil down to differences in technology and terminology, not in basic philosophy. The standard chronology does not fit.

EXPLANATION

How can one explain the prevalence and popularity of the standard chronologies in the face of so many contrary facts?

The idea of the marketing concept has been popularized within the academic community through introductory textbooks and within the business community through trade press articles and after-dinner speeches. Many publishers, authors, and speakers believe that these media call for easily remembered, absolutist presentations, with little subtlety or reservation. One modern view of good historical pedagogy calls for very distinctive labeling of discrete time periods organized around easily remembered dates, such as the decennial years. This does produce the best results on machine-graded examinations.

In fairness, it should be noted that many of the texts cited in Table 1.1 contain statements about exceptions to the chronologies. A few journal articles cast doubt on either the novelty or the pervasiveness of the marketing concept (LaLonde and Morrison 1967; Bell and Emory 1971). Professor Ronald Fullerton (1985) prepared a paper (which I have by agreement not seen as I write this essay) that will agree with what has been said here. The point is that I cannot claim to be a lone voice crying in the wilderness.

The idea of moving from a production to a sales to a marketing orientation is the marketer’s version of the belief in progress that characterizes Western, and particularly U.S. culture. The so-called “marketing concept era” came immediately after the 1940s’ war and reconversion decade—the most pronounced “production era” of the century. The war years may have obscured marketers’ impressions of earlier times.

Marketing is particularly ahistorical or even antihistorical. Marketing scholars typically quote only very recent sources in their journal articles (Goldman 1979). There are two journals in the history of accounting: The Academy of Management has a strong historical section. Although some small signs of change have appeared, marketing lags far behind the other business disciplines in historical research. A large proportion of what has been made available on the history of marketing thought [for example, Bartels (1976) and a now out-of-print and mostly unknown or forgotten series of reprints offered by Arno Press] is based upon college textbooks. These are very useful and informative sources, but they constitute only a part of the story. We need a much more extensive literature that explores the marketing academics’ more scholarly output and the thoughts and actions of marketing practitioners, critics, and regulators.

The standard chronology has probably hindered research into marketing history by more or less denying that there is any. It has been enormously self-

satisfying, however. It tells marketing students, and academics, and practitioners that they are the first people in history to fully understand marketing.

IMPLICATIONS

The historical record, in addition to its intrinsic value, has important implications for current research, teaching, and practice.

Whether one agrees with the thesis of this chapter or not, any reader must find in any detailed historical account evidence of the richness, diversity, and complexity of marketing in an industrialized world. The standard chronologies are, I submit, gross oversimplifications. That still leaves open the question of what the harm of oversimplification is in this connection.

First, it provides an entirely false sense of progress. The euphoria over the supposed emergence of the marketing concept out of the primeval muck of production and sales orientations may have had some positive benefits. It may have temporarily stimulated morale, encouraged enrollment in marketing courses, and enhanced the status and budgets of some corporate marketing divisions. To the extent that that enthusiasm rested upon an erroneous base, it held out a false promise. It clouded the profession’s eyes to how little basic progress had been made in solving fundamental micro and macro problems.

Drucker’s familiar remark (1969) that consumerism was the shame, the failure of the marketing concept, is more than a catch-phrase. It indicates the gap between what marketers thought they were providing in the way of new and increased consumer satisfactions and what substantial segments of the market felt had really been accomplished. It also suggests that the gap will not be permanently closed by bandying about other slogans, such as “social marketing.” Perhaps that gap can never be eliminated in a society that must accept some of the costs and frictions as well as the benefits of competition and that encourages constantly rising expectations. Any serious attempt to understand or deal with it must pass from sloganeering to detailed consideration of a topic familiar to all of Reavis Cox’s students: determining the cost and value of marketing.

Second, the dominance of the marketing concept as a prime paradigm for marketing academics, tended to divert scholarly attention away from some of the social and macroscopic implications of marketing activity. Marketing teaching and research will probably always remain primarily managerial. There have been both many exceptions to an exclusively managerial orientation in the past and signs of growing current interest in macromarketing and social issues. Nevertheless, the enthusiasm for the marketing concept is likely to have been the cause of some imbalance in academic interest.

Third, the belief in the emergence of the marketing concept as a new and efficacious solution to marketing managerial problems may well have reduced marketing managers’ attention to many aspects of their craft. It certainly over-
Acknowledgment. I am not entirely certain that Reavis Cox will agree with all of the points made in this chapter, but he always encouraged considerable diversity of opinion among his students. Once, after I gave a paper at an AMA session in which he presided, someone approached him and in an attempt at academic one-upmanship said, "Your own student disagrees with you." I was prepared to defend my paper as purely Coxian, but Reavis ended the matter by saying, "That is the point of education." Moreover, Reavis always encouraged my interest in a historical approach. I do wish to acknowledge the assistance of Mr. Jeffrey Thompson and Mrs. Kathy Rassuli in connection with the tables and of Mrs. Jan Thelen in preparing the manuscript. The essay has been edited by incorporating suggestions made by Prof. Ronald A. Fullerton.

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Marketing Management
Technology as a
Social Process

EDITED BY
GEORGE FISK

1986

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New York
Westport, Connecticut
London