A general theory of business marketing: R-A theory, Alderson, the ISBM framework, and the IMP theoretical structure

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A B S T R A C T

This article focuses on business marketing to extend the arguments in Hunt (2010) that R-A theory provides the foundations for a general theory of marketing. The article extends the arguments by showing (1) how Alderson’s theory of market processes, on which R-A theory draws, clearly accommodates both B2B and B2C marketing, (2) that ISBM’s normative, Value Delivery Framework assumes that the process of competition within which business marketers compete is actually the process of competition described by the premises and structure of R-A theory, and (3) that not only does R-A theory and the IMP theoretical structure have numerous commonalities, but also, that R-A theory, by means of its concept of “relational resource,” provides a foundation for key aspects of the IMP theoretical structure, with its commitment to the importance of relationships. Therefore, the article concludes that R-A theory is toward a general theory of marketing, both B2B and B2C.

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1. Introduction

The standard view in marketing is that theories are systematically related sets of statements, including some lawlike generalizations, that are empirically testable (Hunt, 1976). How, then, do general theories differ from the ordinary kind? What is it that makes a general theory general? Again, the standard view in marketing is that there are four ways that one theory may be more general than another. General theories (1) explain and predict more phenomena, (2) accommodate, integrate, or systematically relate a large number of concepts and lawlike generalizations, (3) totally incorporate less-general theories, and/or (4) have a high level of abstraction (Hunt, 1983). Alderson’s (1957, 1965) functionalist theory of market processes, developed in the 1950s and 1960s, has historically been considered to be the closest thing to a general theory of marketing. In the 1990s, Hunt and Morgan developed their resource-advantage (R-A) theory of competition, and Hunt (2010) now argues that R-A theory is toward a general theory of marketing.

Hunt (2010) supplies three arguments that R-A theory provides the foundations for, that is, it is toward, a general theory of marketing. First, because marketing takes place within the context of competition, a general theory of marketing should be consistent with the most general theory of competition. Accordingly, because R-A theory is a general theory of competition, it is an appropriate foundation for working toward a general theory of marketing. Second, R-A theory is toward a general theory of marketing because it provides a foundation for the normative area of marketing strategy (e.g., market segmentation, relationship marketing, and brand equity). Third, the closest thing to a general theory of marketing today is Alderson’s (1957, 1965) functionalist theory of market behavior. Therefore, R-A theory is toward a general theory of marketing because it accommodates and extends key concepts and generalizations from Alderson’s theory and integrates them into a broader theoretical framework.

The purpose of this article is, first, to show how R-A theory does, indeed, extend Alderson’s theory and integrates it into the broader, R-A framework. Second, I explore whether R-A theory should be considered a general theory of business marketing. That is, I explore the issue of whether R-A theory is, either explicitly or implicitly, a general theory of business-to-consumer (B2C) marketing only, or a general theory of business marketing (B2B), or both B2C and B2B marketing. In my analysis of business marketing, I focus on whether R-A theory can provide a theoretical foundation for two prominent approaches to business marketing: ISBM’s Value Delivery Framework and IMP’s theoretical structure. I begin by reviewing Alderson’s theory of market processes. Next, I review R-A theory and show how it accommodates and extends Alderson’s theory. Then, I investigate whether R-A theory is a general theory of business marketing.
2. Background of Alderson’s theory of market processes

Consider Alderson and his theory of market processes. At the beginning of Wilkie and Moore’s (2003) “era three,” Alderson was judged to be “without doubt the most influential marketing theorist in recent times” (Grether, 1967, p. 315), and at the era’s end a survey of marketing academics ranked Alderson as the number one contributor to the development of marketing thought (Chonko & Dunne, 1982). Furthermore, scholars in the present era now laud Alderson as “unquestionably the pre-eminent marketing theorist of the mid-twentieth century” (Wooliscroft, Tamila, & Shapiro, 2006, p. xvii). However, Alderson’s work is seldom used as a foundation for (or even cited in) contemporary marketing research. This section on Alderson’s theory of market processes will draw extensively on the volume edited by Wooliscroft et al. (2006), particularly the chapter by Hunt and Arnett (2006).

Alderson’s functionalist theory of market processes enabled him to explain how market processes can take conglomerate resources in the natural state and bring about meaningful assortments of goods in the hands of consumers. A key component of his theory of market processes is his theory of competition for differential advantage, which was drawn from the “effective competition theory” of John M. Clark (1954, 1961). Differential advantage theory explains the forces that motivate firms in the marketplace by positing that, in order to survive, firms compete with other firms for the patronage of households. A firm can be assured of the patronage of particular groups of households (i.e., market segments) only when members of the groups have reasons to prefer the output of the particular firm over the output of competing firms. Therefore, each firm will seek some advantages over other firms to assure the patronage of groups of households. This process, known as “competition for differential advantage,” consists of the constant struggle of firms to develop, maintain, or increase their differential advantages over other firms. To understand Alderson’s theory, therefore, requires an understanding of Clark’s effective competition theory.

2.1. Effective competition theory

The early work of Clark (1940) developed his concept of “workable” competition. Later, Clark (1954, 1961) abandoned the concept of workable competition and replaced it with effective competition because he came to believe that departures from “perfect” competition were absolutely necessary for economic progress. For Clark, effective, dynamic competition is:

- a form of independent action by business units in pursuit of increased profits... by offering other inducements to deal with them, the others being free to accept the alternative inducements offered by rival business units. Active competition consists of a combination of (1) initiatory actions by a business unit, and (2) a complex of responses by those with whom it deals, and by rivals. (Clark, 1954, p. 326)

Clark (1961, p. 9) specifically alerts readers that, though firms are “profit minded,” they are not profit maximizers because all firms at all times face such conditions of uncertainty (as to consumers’ and rivals’ actions) that they lack the necessary information to maximize (p. 93). Also, some firms at some times (1) sacrifice profits for growth (p. 96), (2) sacrifice profits in favor of community responsibilities (p. 91), and (3) sacrifice profits because of following the “morals of trade” (p. 479). By substituting “increased profits in the face of uncertainty” for the neoclassical “maximum profits in the face of perfect information,” Clark makes competition dynamic. That is, the continuing pursuit of increased profits, more profits, prompt changes in the “inducements to deal.”

When firms are successful in effecting changes in inducements targeted at specific customers, for example, by providing market offerings of higher quality or lower prices, such firms have a “differential advantage” over rivals (Clark, 1954, p. 327). It is the pursuit of differential advantages over rivals that prompts the innovations that constitute “aggressive competition” (1961, p. 14). For Clark, the sum of innovations that result in differential advantages over rivals constitutes the technological progress required for a “dynamically progressive system,” that is, for economic growth (1961, p. 70).

Clark’s 500-page, 1961 book—having not a single differential equation or geometrical representation—was not incorporated into mainstream economics, nor is it cited and discussed today. However, Clark’s works did significantly impact Alderson’s (1957, 1965) functionalist theory of market processes.

3. The structure of Alderson’s functionalist theory of market processes

Alderson (1957, 1965) was strongly influenced by Clark’s (1954, 1961) theory of effective, dynamic competition, as well as by Merton’s (1949) functionalist, systems approach to theory development. Furthermore, his background in marketing, with its historical interest in groups of manufacturers, wholesalers, and retailers that form channels of distribution, encouraged him to focus his theory on marketing systems. Accordingly, his functionalist theory of market processes may be viewed as a functionalist, systems approach to integrating theories of heterogeneous demand, differential advantage, and channels of distribution.

Alderson (1957, p. 16) identifies (1) firms as the subsystems that produce goods and (2) households as the subsystems that constitute the basic consuming units. He (1965, p. 39) notes that firms evolve in a society when specialization of labor results in removing the production function for some goods from the household. Extending Chamberlin’s (1933) view that intra-industry demand is substantially heterogeneous, he notes that the particular assortment of goods that is viewed as meaningful or desirable by any one household is likely to differ greatly from those of others. Thus, the macro-systems that he seeks to understand and explain are those that involve firms taking tangible resources in their natural state and transforming them into a variety of marketplace goods. These various goods ultimately wind up as meaningful assortments of goods in the hands of particular households.

Alderson (1957, p. 54) maintains that firms pursue profits as if they had a primary goal of survival, which results from firm owners and employees believing that they can obtain more in terms of financial and nonfinancial rewards by working toward the survival of their existing firms than by acting individually or by joining other firms. A firm’s survival depends crucially on its ability to compete with other firms in seeking the patronage of specific (1) intermediate buyers and/or (2) ultimate households. A firm can be assured of the patronage of intermediate buyers and/or groups of households only when buyers have reasons to prefer its output over that of competing firms. Therefore, each competing firm will seek some advantage over other firms to assure the patronage of some group of either intermediate buyers or ultimate households. Citing the work of Clark (1954), Alderson labels the process “competition for differential advantage” (1957, p. 101). Indeed, “no one enters business except in the expectation of some degree of differential advantage in serving his customers, and... competition consists of the constant struggle to develop, maintain, or increase such advantages” (1957, p. 106). Therefore:

The functionalist or ecological approach to competition begins with the assumption that every firm must seek and find a function in order to maintain itself in the marketplace. Every business firm occupies a position, which is in some respects unique. Its location, the product it sells, its operating methods, or the customers it serves tend to set it off in some degree from every other firm. Each firm competes by making the most of its individuality and its special character. It is constantly seeking to
establish some competitive advantage... [because] an advanced method of operation is not enough if all competitors live up to the same high standards. What is important in competition is differential advantage, which can give a firm an edge over what others in the field are offering. (Alderson, 1957, pp. 101–2).

Alderson (1957, pp. 184–97) identifies six bases of differential advantage for a manufacturing firm: market segmentation, selection of appeals, transvection, product improvement, process improvement, and product innovation. The existence of a differential advantage gives the firm a position in the marketplace known as an “ecological niche” (1957, p. 56). The “core” and “fringe” of a firm’s ecological niche consists of the market segments for which the firm’s differential advantage is (1) ideally suited and (2) satisfactorily suited, respectively. A firm can survive attacks by competitors on its “fringe” as long as its “core” remains intact; it can survive attacks on its “core” as long as it has the will and ability to find another differential advantage and another core (1957, pp. 56–57). Therefore, given heterogeneity of demand and competition for differential advantage, heterogeneity of supply is a natural phenomenon. That is, manufacturers will respond to heterogeneity of demand by producing a variety of different goods and many variations of the same generic kind of good (1957, p. 103).

To reach households, however, manufacturing firms require market intermediaries, that is, channels of distribution. Market processes involving intermediaries are essentially “matching” processes, that is, matching segments of demand with segments of supply. In a perfectly heterogeneous market, each small segment of demand, that is, each household, could be satisfied by just one unique segment of supply (i.e., one firm) (1965, p. 29). In most markets, however, there are partial homogeneities. That is, there are groups or segments of households desiring substantially similar products and there are groups of firms supplying substantially similar products. The major job of marketing intermediaries is to effect exchange by matching segments of demand with segments of supply. The matching process comes about as a result of a sequence of sorts and transformations (1965, p. 26).

Alderson’s (1965, p. 26) theory of market processes can provide an answer to the question that prompted his functionalist theory. Given heterogeneity of demand, heterogeneity of supply, competition for differential advantage, and the requisite institutions (intermediaries) to effect the sorts and transformations necessary to match segments of demand with segments of supply, market processes will take resources in the natural state and bring about meaningful assortments of goods in the hands of households.

4. The resource-advantage theory of competition


The theory that has been developed since the original Hunt and Morgan (1995) article, resource-advantage (R-A) theory, is an evolutionary, process theory of competition. Because all theories are derived from their foundational premises, understanding the theory requires understanding its premises. As explicated in Hunt (2000b), the foundational premises of R-A theory are:

P1. Demand is heterogeneous across industries, heterogeneous within industries, and dynamic.
P2. Consumer information is imperfect and costly. (Here, R-A theory uses “consumers” in its broadest sense, which includes business and other buyers.)
P3. Human motivation is constrained self-interest seeking.
P4. The firm’s objective is superior financial performance.
P5. The firm’s information is imperfect and costly.
P6. The firm’s resources are financial, physical, legal, human, organizational, informational, and relational.
P7. Resource characteristics are heterogeneous and imperfectly mobile.
P8. The role of management is to recognize, understand, create, select, implement, and modify strategies.
P9. Competitive dynamics are disequilibrium-provoking, with innovation endogenous.

4.1. The structure and foundations of R-A theory

My overview of the structure and foundations of R-A theory will follow closely the theory’s treatment in Hunt (2000b). Resource-advantage theory is a general theory of competition that describes the process of competition. Figs. 1 and 2 provide schematic depictions of R-A theory’s key constructs. Using Hodgson’s (1993) taxonomy, R-A theory is an evolutionary, disequilibrium-provoking, process theory of competition, in which innovation and organizational learning are endogenous, firms and consumers have imperfect information, and in which entrepreneurship, institutions, and public policy affect economic performance. Evolutionary theories of competition require entities that can serve as the units of selection in an evolutionary process. These entities must be (1) relatively durable, that is, they can exist, at least potentially, through long periods of time, and (2) heritable, that is, they can be transmitted to successors. For R-A theory, both firms and resources are proposed as the heritable, durable entities of selection, and competition for comparative advantages in resources constitutes the evolutionary selection process.

At its core, R-A theory combines heterogeneous demand theory with a resource-based view of the firm (see premises P1, P6, and P7). Contrasted with perfect competition, heterogeneous demand theory views intra-industry demand as significantly heterogeneous with respect to consumers’ tastes and preferences. Hence, it is inappropriate to draw demand curves for most industries. Indeed, because of heterogeneous intra-industry demand, industries are best viewed as collections of market segments. Therefore, viewing products as bundles of attributes, different market offerings (or “bundles” of attributes) are required for different market segments within the same industry.

Contrasted with the view that the firm is a production function that combines homogeneous, perfectly mobile “factors” of production, the resource-based theory of the firm holds that the firm is a combiner of heterogeneous, imperfectly mobile entities that are labeled “resources.” These heterogeneous, imperfectly mobile resources, when combined with heterogeneous demand, imply significant diversity as to the sizes, scopes, and levels of profitability of firms within the same industry.

As diagramed in Figs. 1 and 2, R-A theory stresses the importance of (1) market segments, (2) heterogeneous firm resources, (3) comparative advantages/disadvantages in resources, and (4) marketplace positions of competitive advantage/disadvantage. In brief, market segments are defined as intra-industry groups of
consumers whose tastes and preferences with regard to an industry’s output are relatively homogeneous. Resources are defined as the tangible and intangible entities available to the firm that enable it to produce efficiently and/or effectively a market offering that has value for some market segment(s). Thus, resources are not just land, labor, and capital, as in neoclassical theory. Rather, resources can be categorized as:

- Financial (e.g., cash resources, access to financial markets),
- Physical (e.g., plant, equipment).

Source: Adapted from Hunt and Morgan (1997).

Fig. 1. A schematic of the resource-advantage theory of competition. Read: Competition is the disequilibrating, ongoing process that consists of the constant struggle among firms for a comparative advantage in resources that will yield a marketplace position of competitive advantage and, thereby, superior financial performance. Firms learn through competition as a result of feedback from relative financial performance “signaling” relative market position, which, in turn signals relative resources.

Source: Adapted from Hunt and Morgan (1997).

Fig. 2. Competitive position matrix. Read: The marketplace position of comparative advantages identified as Cell 3A, for example, in segment A results from the firm, relative to its competitors, having a resource assortment that enables it to produce an offering that (a) is perceived to be of superior value by consumers in that segment and (b) is produced at lower costs than rivals. Note: Each competitive position matrix constitutes a different market segment (denoted as segment A, segment B, ...).

Source: Adapted from Hunt and Morgan (1997).
• Legal (e.g., trademarks, licenses),
• Human (e.g., the skills and knowledge of individual employees),
• Organizational (e.g., competences, controls, policies, culture),
• Informational (e.g., knowledge from consumer and competitive intelligence), and
• Relational (e.g., relationships with suppliers and customers).

Each firm in the marketplace will have at least some resources that are unique to it (e.g., very knowledgeable employees, efficient production processes, etc.) that could constitute a comparative advantage in resources that could lead to positions of competitive advantage (i.e., cells 2, 3, and 6 in Fig. 2) in the marketplace. Some of these resources are not easily copied or acquired (i.e., they are relatively immobile). Therefore, such resources (e.g., culture, competences, and processes) may be a source of long-term competitive advantage in the marketplace.

Just as international trade theory recognizes that nations have heterogeneous, immobile resources, and it focuses on the importance of comparative advantages in resources to explain the benefits of trade, R-A theory recognizes that many of the resources of firms within the same industry are significantly heterogeneous and relatively immobile. Therefore, analogous to nations, some firms will have a comparative advantage and others a comparative disadvantage in efficiently and/or effectively producing particular market offerings that have value for particular market segments.

Specifically, as shown in Fig. 1 and further explicated in Fig. 2, when firms have a comparative advantage in resources, they will occupy marketplace positions of competitive advantage for some market segment(s). Marketplaces positions of competitive advantage then result in superior financial performance. Similarly, when firms have a comparative disadvantage in resources they will occupy positions of competitive disadvantage, which will then produce inferior financial performance. Therefore, firms compete for comparative advantages in resources that will yield marketplace positions of competitive advantage for some market segment(s) and, thereby, superior financial performance. As Fig. 1 shows, how well competitive processes work (to, for example, foster productivity and economic growth) is significantly influenced by five environmental factors: the societal resources on which firms draw, the societal institutions that form the “rules of the game” (North, 1990), the actions of competitors and suppliers, the behaviors of consumers, and public policy decisions.

R-A theory places great emphasis on innovation, both proactive and reactive. The former is innovation by firms that, although motivated by the expectation of superior financial performance, is not prompted by specific competitive pressures—it is genuinely entrepreneurial in the classic sense of entrepreneur. In contrast, the latter is innovation that is directly prompted by the learning process of firms’ competing for the patronage of market segments. Both proactive and reactive innovations can be “radical” or “incremental,” and both contribute to the dynamism of R-A competition.

Firms (attempt to) learn in many ways—by formal market research, gathering competitive intelligence, dissecting competitors’ products, benchmarking, and test marketing. What R-A theory adds to extant work is how the process of competition itself contributes to organizational learning. As the feedback loops in Fig. 1 show, firms learn through competition as a result of the feedback from relative financial performance signaling relative market position, which in turn signals relative resources. When firms competing for a market segment learn from their inferior financial performance that they occupy positions of competitive disadvantage (see Fig. 2), they attempt to neutralize and/or leapfrog the advantaged firm(s) by acquisition and/or innovation. That is, they attempt to acquire the same resource as the advantaged firm(s) and/or they attempt to innovate by imitating the resource, finding an equivalent resource, or finding (creating) a superior resource. Here, “superior” implies that the innovating firm’s new resource enables it to surpass the previously advantaged competitor in terms of either relative costs (i.e., an efficiency advantage), or relative value (i.e., an effectiveness advantage), or both.

Firms occupying positions of competitive advantage can continue to do so if (1) they continue to reinvest in the resources that produced the competitive advantage, and (2) rivals’ acquisition and innovation efforts fail. Rivals will fail (or take a long time to succeed) when an advantaged firm’s resources are either protected by such societal institutions as patents, or the advantage-producing resources are causally ambiguous, socially or technologically complex, tacit, or have time compression diseconomies.

Competition, then, is viewed as an evolutionary, disequilibrium-provoking process. It consists of the constant struggle among firms for comparative advantages in resources that will yield marketplace positions of competitive advantage and, thereby, superior financial performance. Once a firm’s comparative advantage in resources enables it to achieve superior performance through a position of competitive advantage in some market segment(s), competitors attempt to neutralize and/or leapfrog the advantaged firm through acquisition, imitation, substitution, or major innovation. R-A theory is, therefore, inherently dynamic. Disequilibrium, not equilibrium, is the norm. In the terminology of Hodgson’s (1993) taxonomy of evolutionary economic theories, R-A theory is non-consummatory: it has no end-stage, only a never-ending process of change. The implication is that, though market-based economies are moving, they are not moving toward some final state, such as a Pareto-optimal, general equilibrium.

5. The theory of market processes and R-A theory

Consider the nature of competition. Both Alderson’s functionalist theory and Clark’s effective competition rely on the concept of competition for differential advantage. Therefore, we use the label differential advantage theory ("D-A theory") to refer to the combination of their respective views. This section argues that R-A theory accommodates and integrates key concepts and generalizations of D-A theory into its general theory of competition. Table 1 compares D-A theory and R-A theory on several attributes. As is readily apparent, R-A theory draws on, has numerous affinities with, and extends D-A theory. Here we focus on six areas for discussion.

First, both differential advantage theory and R-A theory maintain that competition is dynamic (see #5 in Table 1). Indeed, they share a similar propulsion mechanism. For D-A theory, the mechanism is increased profits; for R-A theory, it is the more general concept (and more completely explicated concept) of superior financial performance. That is, R-A theory proposes that the firm’s primary objective of superior financial performance (P4) is pursued under conditions of imperfect (and often costly to obtain) information about extant and potential market segments, competitors, suppliers, shareholders, and production technologies (P5). Superior financial performance is indicated by such measures as profits, earnings per share, return on investment, and capital appreciation. Here, “superior” equates with both “more than” and “better than” (see #4 in Table 1). It implies that firms seek a level of financial performance exceeding that of some referent. For example, the referent can be the firm’s own performance in a previous time-period, the performance of rival firms, an industry average, or a stock-market average, among others. Affecting the process of competition, both the specific measure and specific referent will vary somewhat from time to time, firm to firm, industry to industry, and culture to culture (see the five environmental factors in Fig. 1).

Firms are posited to pursue superior financial performance because superior rewards—both financial and nonfinancial—will then flow to owners, managers, and employees (consistent with the view of human motivation identified in P3). However, superior financial performance does not equate with the neoclassical concepts of “abnormal profits” or “rents” (i.e., profits differing from the average firm in a purely competitive industry in long-run equilibrium) because R-A theory views industry long-run equilibrium as such a rare phenomenon that “normal” profits
Differential-advantage theory and resource-advantage theory.

<table>
<thead>
<tr>
<th>Differential-advantage theory</th>
<th>Resource-advantage theory</th>
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<tr>
<td>1. Perfect competition is not an appropriate welfare ideal.</td>
<td>1. Perfect competition is not an appropriate welfare ideal. However, R-A competition is desirable because it promotes resource allocation, resource creation, productivity, and economic growth.</td>
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<tr>
<td>2. Industry demand is heterogeneous.</td>
<td>2. Industry demand is heterogeneous (P1).</td>
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<tr>
<td>3. Competition matches segments of demand and supply.</td>
<td>3. R-A competition is segment by segment and matches segments of demand and supply.</td>
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<td>4. Firm motivation is not profit maximization, but increased profits and survival.</td>
<td>4. Firm motivation is superior financial performance, which equates with “more than” and “better than” some referent (P4). Superior rewards to stakeholders result from firm superior performance (P3).</td>
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<td>5. Competition is dynamic.</td>
<td>5. The objectives of “more than” and “better than” imply dynamic competition.</td>
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<td>6. Markets are discrepant (products wanted, not produced; products produced, not wanted).</td>
<td>6. Markets are discrepant (products wanted, not produced; products produced, not wanted).</td>
</tr>
<tr>
<td>7. Competition is evolutionary, with ecological niches.</td>
<td>7. Competition is evolutionary, nonconsummatory, with niches. The units of the evolutionary selection are firms and resources. Competition is the selection process.</td>
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<tr>
<td>8. Firms seek differential Advantages.</td>
<td>8. It is comparative advantages in resources that lead to marketplace positions of competitive advantage and, thereby, superior financial performance (Figs. 1 and 2).</td>
</tr>
<tr>
<td>9. Competition neutralizes advantages.</td>
<td>9. Competition can neutralize competitors’ advantages by acquisition of similar resources and/or can leapfrog competitors by reactive innovations that result in superior resources. When resources are tacit, causally ambiguous, socially or technologically complex, interconnected, or have mass efficiencies or time-compression diseconomies, they are more difficult to neutralize or leapfrog.</td>
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<tr>
<td>10. Competitive actions may be aggressive or defensive.</td>
<td>10. Proactive and reactive innovations constitute aggressive and defensive competitive actions, respectively.</td>
</tr>
<tr>
<td>11. Firms sort (sort out, assort, allocate, and accumulate).</td>
<td>11. When firms sort (sort out, assort, allocate, and accumulate), they may develop sorting competences that become firm resources.</td>
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cannot be an empirical referent for comparison purposes. Furthermore, the actions of firms that collectively constitute competition do not force groups of rivals to “tend toward” equilibrium. Instead, the pursuit of superior performance implies that actions of competing firms are disequilibrating, not equilibrating. That is, R-A competition is necessarily dynamic because all firms cannot be superior simultaneously.

As a second point of similarity, neither D-A theory nor R-A theory is defended on the ground that its theory of competition represents “second best” or “workable” approximations of perfect competition. Instead, both theories deny that the equations of general equilibrium, relying as they do on perfect competition, represent the appropriate welfare ideal (see #1 in Table 1). For both D-A and R-A theories, the appropriate welfare ideal must accommodate, at the minimum, competition-induced technological progress. The more general R-A theory, contrasted with D-A theory, explicates in detail how R-A competition produces increases in productivity and economic growth (see Hunt, 2000b).

H. Third, both D-A and R-A theories share the view that competition involves both initiatory and defensive actions (see #10 in Table 1). The “aggressive competition” and “defensive competition” of D-A theory parallel the “proactive innovation” and “reactive innovation” of R-A theory. Thus, competition-induced innovations, whether large or small, by huge corporations or solitary entrepreneurs, play a major role in both theories.

Fourth, both D-A and R-A theories share the view that competition involves the struggle among rivals for advantages (see #8 in Table 1). For D-A theory, the concept of the kinds of advantages that firms’ pursue is of an unspecified (or only limitedly specified) nature. For R-A theory, firms pursue two kinds of advantages: advantages in resources and advantages in marketplace position. Specifically, they pursue comparative advantages in resources that will yield marketplace positions of competitive advantage and, thereby, superior financial performance (see Figs. 1 and 2). Furthermore, R-A theory explicates the nature of resources that will make effective neutralization by rivals less likely or at least more time-consuming: when resources are imperfectly mobile, inimitable, and imperfectly substitutable, they are more likely to thwart effective neutralization (see #9 in Table 1). That is, when resources are tacit, causally ambiguous, socially or technologically complex, interconnected, or they exhibit mass efficiencies or time-compression diseconomies, they are less likely to be quickly and effectively neutralized and more likely to produce a sustainable competitive advantage.

Finally, both D-A theory and R-A theory are developed in a natural language, that is, English. They are not developed in the language of mathematics. But R-A theory’s preference for natural-language exposition should not be interpreted as being anti-equation. Rather, unlike D-A theory, the more general R-A theory is argued to be a theory of competition that incorporates perfect competition theory as a special case and, thereby, explains when the equations in the neoclassical tradition will predict accurately.

6. Conclusion on Alderson and R-A theory

Wroe Alderson influenced considerably the development of marketing theory and practice. Indeed, his functionalist theory of marketing processes (Alderson, 1957, 1965) incorporates many concepts that are integral to current marketing strategies. For example, Alderson’s theory argues that both supply and demand are heterogeneous and that markets are discrepant. These concepts form the basis for market segmentation strategy. Segmentation viewed as a strategic option involves (1) identifying segments of demand, (2) targeting specific segments, and (3) developing specific marketing “mixes” for each targeted segment (Hunt & Arnett, 2004).

Alderson’s differential advantage theory of competition grounds his theory of market processes, and R-A theory incorporates and extends Alderson’s key concepts and generalizations. Specifically, both D-A theory and R-A theory: (1) maintain that competition is dynamic, (2) eschew the notion that its theory of competition represents a “second best” or “workable” approximation of perfect competition, (3) share the view that competition involves both initiatory and defensive actions by firms, (4) view competition as a constant struggle among rivals for advantages, and (5) are developed in a natural language, that is, English, rather than the language of mathematics. Because it extends Alderson’s theory of market processes, resource-advantage theory is toward general theory of marketing.

Exploring whether R-A theory provides the foundations for a general theory of business marketing requires us to discuss the nature of business marketing. Also, exploring whether R-A theory accommodates the ISBM and IMP approaches to business marketing requires a discussion of ISBM’s Value Delivery Framework and IMP’s theoretical structure. I begin with the nature of business marketing.

7. Business marketing

Historically, the marketing discipline has distinguished industrial goods’ marketing from consumer goods’ marketing. Sometime in the early 1980s, many marketers shifted from the term “industrial” goods’ marketing to “business” marketing. Indeed, as late as 1988, the American Marketing Association Dictionary of Marketing Terms had an entry for “industrial marketing (business marketing)” (Bennett, 1988, p. 94). Readers should note that “industrial marketing” was first and “business marketing” was second. By the mid-1990s, the label “business marketing” had significantly displaced “industrial marketing.” Then, in the late 1990s, the catchphrase “B2B” marketing came into common use.
So, what is business marketing and how does it differ from consumer marketing? In 1954, the *Journal of Marketing* published a summary of the report of the American Marketing Association’s Industrial Marketing Committee Review Board. This report, which was to become highly influential on the development of business marketing, defined industrial goods as those “goods which are used in producing consumers’ goods, other business or industrial goods, and services and/or in facilitating the operation of an enterprise” (*Industrial Marketing Committee Review Board*, 1954, p. 153). Furthermore, the report maintained that, though there were important similarities between industrial and consumer marketing, there were numerous, fundamental differences.

The Board’s report identified thirty-three differences between industrial and consumer marketing and grouped them into four categories. These included differences due to (1) the nature of the market (e.g., the demand for industrial goods is derived from the demand for consumer goods and the number of industrial buyers is much smaller), (2) product characteristics (e.g., prices of industrial goods fluctuate within narrower limits than consumer goods and industrial goods are usually bought with more precise specifications), (3) organizational factors (e.g., industrial goods’ channels of distribution are usually shorter than consumer goods’ channels and reciprocity is more important in industrial marketing), and (4) “other” factors (e.g., salesperson training for industrial marketing is more extensive and sales promotion expenses are less in industrial marketing).

After the Board’s report, the standard view in marketing became that industrial marketing was different in important ways from consumer marketing, and research focusing specifically on industrial marketing issues grew rapidly. The emphasis on business marketing research was encouraged by the founding of *Industrial Marketing Management* in 1972. By the late 1970s, progress was such that Webster’s (1978) review identified “Is Industrial Marketing Coming of Age?” (Note the question mark.)

Thereafter, research that focused on business marketing accelerated, prompted by the establishment of the Institute for the Study of Business Markets (ISBM) at Penn State University in 1983 and the founding of the *Journal of Business and Industrial Marketing* in 1986 and the *Journal of Business-to-Business Marketing* in 1991. Despite the claim by some marketers that the importance of the differences between industrial and consumer marketing has been exaggerated (e.g., Fern & Brown, 1984), by the 2000s, Reid and Plank’s (2000) review could—quite appropriately—be titled “Business Marketing Comes of Age” (without the question mark). Indeed, Reid and Plank’s (2000) review identified over 2000 articles that focused on business marketing and were published between 1978 and 1999. Ranked by total number of articles, their review showed that the six most frequently addressed topics in business marketing research were (1) organizational buying behavior, (2) market planning and strategy, (3) general sales management, (4) buyer–seller relationships, (5) new product management and development, and (6) personal selling.

Although there are scores of models and frameworks that address specific topics in business marketing, there is no widely accepted, overarching business marketing framework. However, the “Value Delivery Framework” of the Institute for the Study of Business Markets (ISBM) and the IMP Theoretical Structure come closest.

### 7.1. ISBM’s value delivery framework

ISBM’s normative, Value Delivery Framework proposes that the process of business-to-business marketing management consists of five specific steps. The first step is “build value understanding.” Here, the framework adopts a “value-in-use” definition, in which the value of a market offering to a customer is the worth of the offering compared with the customer’s perception of the next best alternative. Step two is “strategy formulation,” which encompasses segmentation, targeting, and positioning. Step three is “design customer value,” which involves a disciplined approach to new product development. Step four is “communicate and deliver value,” which includes channels of distribution and sales force strategies. Step five is “life cycle management,” which includes branding and the management of company relationships with customers through time.

#### 7.2. The IMP theoretical structure

A second business marketing framework is the IMP approach, which is characterized by a positive theoretical structure that is based on a specific set of foundational premises. Indeed, some IMP researchers claim that “IMP theory is almost exclusively descriptive” (Ford, 2011, p. 232). In the mid-1970s, a group of scholars from five European countries (France, Germany, Italy, Sweden, and the UK) began collaborating on research related to industrial marketing and purchasing (hence, “IMP”). The seminal publication of the IMP Group was the *International Marketing and Purchasing of Industrial Goods: An Interaction Approach* (Håkansson, 1982). The first three chapters of this work developed an “interaction approach” to business marketing and purchasing, and chapters four through six focused on specific company cases, interaction themes, relationships, and marketing and purchasing strategies. Since then, the network of researchers comprising the IMP Group has expanded greatly; regular IMP conferences have been held (starting with the first IMP Conference in Manchester in 1984); numerous IMP research projects have been conducted; and an enormous body of literature has developed. In 2004, the *IMP Journal* was founded, which has further promoted research using the IMP interaction approach.

As with the Value Delivery Framework of ISBM, space limitations prevent a detailed review of the voluminous literature that has developed using the IMP interaction approach. However, Håkansson’s (1982) book was seminal to the IMP approach in that it (1) began an enormous research stream and (2) provided the first statement of the foundational premises of the IMP theoretical structure. Just as the structure of R-A theory is based on its nine foundational premises, the IMP theoretical structure has been—and appears to continue to be—based on four foundational premises. These premises are presented as “challenges” to mainstream economics and marketing in Håkansson (1982, p. 1):

1. “We emphasize the importance of the relationship which exists between buyers and sellers in industrial markets, … [which] is often close… [and] may also be long term and involve a complex pattern of interaction between the two companies.”
2. “We believe that it is necessary to examine the interaction between individual buyer and selling firms where either firm may be taking the more active part in the transaction.”
3. “We stress the stability of industrial market structures, where those present as buyers and sellers know each other well and are aware of any movements in either the buying or selling market.”
4. “[We stress that] an understanding of industrial markets can only be achieved by the simultaneous analysis of both the buying and selling sides of relationships.”

The preceding four premises provide the foundation for an “interaction model,” which provided the starting point for decades of IMP empirical research. The model is comprised of “four groups of variables that describe and influence the interaction between buying

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1. I can only provide a brief overview here of the Value Delivery Framework of ISBM. The ISBM website is an excellent website for investigating the details of the five step framework. The website lists numerous articles and books devoted to explicating the Value Delivery Framework.

2. Please see the IMP website for greater detail as to the IMP framework and the books and articles developing the IMP Approach. In addition to the books and articles cited in the body of this article, good books to start with include Håkansson and Snehota (1995a, 1995b), Håkansson and Waluszewski (2002), and Håkansson et al. (2009). Also, good articles to start with include Anderson, Håkansson, and Johanson (1995), Håkansson and Snehota (2000) Ford and Håkansson (2006), and Håkansson (2006).
and selling companies: variables describing the parties involved, both as organizations and as individuals; variables describing the elements and process of interaction; variables describing the environment within which the interaction takes place; variables describing the atmosphere affecting and affected by the interaction” (Håkansson, 1982, p. 15).

The IMP interaction model is a framework for guiding empirical research. Although it is not a causal model, causal models have been developed that are consistent with it. For example, Metcalf, Frear & Krishnan (1992) developed a causal model of buyer–seller relationships which is based on and consistent with the IMP interaction model. Their model posits that social exchange, information exchange, and product importance impact the cooperation and adaptation of buyers and sellers when they interact.

8. R-A theory, Alderson’s theory, the ISBM framework, and the IMP theoretical structure

Is R-A theory a general theory of business-to-consumer (B2C) marketing only, or a general theory of business marketing (B2B), or a general theory of both B2C and B2B marketing? This section argues that R-A theory is a general theory of both B2C and B2B marketing. At the outset of our discussion, some readers might wonder why anyone would even challenge the view that R-A theory provides a theoretical foundation for both B2B and B2C marketing. I point out that a reviewer once commented on an R-A theory article that the theory was only applicable to B2C marketing because only “consumers,” not “other buyers” were included as an environmental variable in Fig. 1. My response to the reviewer was that “consumers” in Fig. 1 is used in its broadest sense, which includes business and other buyers. Accordingly, the second premise of R-A theory now specifically alerts readers of the broad meaning of “consumers” in the theory.

With the meaning of “consumers” in R-A theory clarified, readers should recall that R-A theory is argued to be toward a general theory of marketing, in part, because it accommodates and extends key concepts and generalizations from Alderson’s theory and integrates them into a broader theoretical framework. Therefore, we need first to address the question: Is Alderson’s functionalist theory of market behavior a theory that accommodates B2B marketing or is it restricted to B2C marketing? If Alderson’s theory fails to accommodate B2B marketing, then R-A theory’s claim to be toward a general theory of marketing is compromised.

8.1. Alderson’s theory and business marketing

I argue that Alderson’s theory of market processes clearly accommodates both B2B and B2C marketing. Consider Alderson’s “transvection.” This concept is based on the notion of “sorts” and “transformations.” A sort is the assignment of goods, materials or components to appropriate facilities (Alderson, 1965, p. 27). Transformations are changes in the physical form of a good or its location in time or space (Alderson, 1965, p. 49). Therefore, a transvection is the unit of action by which a single end product is placed in the hands of the consumer after moving through all the intermediate sorts and transformations from the original raw materials in the state of nature (Alderson, 1965, p. 86). Readers should note that the concept of a transvection begins with raw materials in their natural state and ends with a single end product in the hands of the consumer. Therefore, Alderson’s transvection presages what is now referred to as “supply chain management.” Clearly, the supply chain management portions of the process involving transvections incorporate B2B marketing.

Now consider Alderson’s discussions of other concepts, as informatively detailed in Wooliscroft et al. (2006). Note that Alderson’s work focuses on organized behavior systems, the importance of the goal of firm survival, the principle of postponement, the Law of Exchange, and such concepts as sorting out, accumulation, allocating, assorting, the sortability scale, discrepant markets, channels of distribution, cooperation, and conflict. All these approaches and concepts are equally applicable to both business and consumer marketing. In short, Alderson’s theory of market processes incorporates both B2B and B2C marketing.

Alderson’s theory of market processes has historically been considered the closest thing to a general theory of marketing. R-A theory accommodates and extends key concepts and generalizations from Alderson’s theory and integrates them into a broader theoretical framework. Therefore, R-A theory provides the foundations for a general theory of both business and consumer marketing.

8.2. R-A theory and ISBM’s value delivery framework

Recall that ISBM’s normative, Value Delivery Framework proposes that the process of business-to-business marketing management consists of five specific steps. Note that the entire process assumes certain things about the competitive environment in which the five-step process takes place. Specifically, it assumes that competition is a dynamic process (otherwise why recommend to managers that they should follow their recommended process?); it assumes that intra-industry demand is heterogeneous (otherwise, why recommend that business marketers segment their markets?); it assumes that consumer information is imperfect (otherwise, why the need to communicate?); it assumes that the business marketer’s customer information is imperfect (otherwise, why conduct market research?); it assumes that consumer information is imperfect (otherwise, why the need to communicate?); it assumes that the role of management is to recognize, understand, create, select, implement, and modify strategies (otherwise, why is step two called “strategy formulation?”); and it assumes that innovation is endogenous to the process of business marketers’ competing (otherwise, why create new market offerings whose life cycles need to be managed?).

What readers will note is that ISBM’s normative, Value Delivery Framework assumes that the process of competition within which business marketers compete is actually the process of competition described by the premises and structure of R-A theory. Indeed, the success of ISBM’s normative, Value Delivery Framework for actual business marketers depends on the nature of competition being consistent with the premises of R-A theory. Therefore, R-A theory provides a theoretical foundation for ISBM’s approach to business marketing, which implies that R-A theory is toward a general theory of B2B marketing.

8.3. R-A theory and the IMP theoretical structure

Does the IMP approach assume a competitive environment that is described by R-A theory? At the outset, readers should note that there are numerous commonalities between the IMP theoretical structure and R-A theory. First, the IMP approach acknowledges the works of Alderson (1957, 1965) as part of its intellectual heritage (Ford, 2011, p. 232). Similarly, as discussed here, R-A theory is an extension of Alderson’s theory of market processes. Second, the IMP approach is “separate from the standard microeconomic paradigm” (Ford, 2011, p. 232). Similarly, R-A distinguishes itself from the static equilibrium models of neoclassical economics. Indeed, R-A theory’s nine foundational premises are specifically contrasted with perfect competition theory. (However, unlike IMP, R-A theory is argued to incorporate static, perfect competition theory as a special case of dynamic, R-A competition.) Third, the IMP approach “regards the dynamics of business relationships and market networks... [as] continuously changing” (Håkansson & Snehota, 2002, p. 514). Similarly, R-A theory is a dynamic, process theory of competition that also regards the marketplace as continuously changing.

Fourth, the IMP approach “uses the broader term ‘offering’ rather than product” (Ford, 2011, p. 232). Similarly, R-A consistently uses “market offerings,” rather than product. Fifth, the IMP approach
maintains that “resources are heterogeneous and their form and usefulness are dependent on how and with which other resources they are combined” (Ford, 2011, p. 233). Similarly, R-A theory maintains that resources are heterogeneous and that entities are resources only contingently. (For example, a policy such as “permanent employment” may be a resource for one firm in one particular environment, but may be a contra-resource for another firm in a different environment.) Sixth, the IMP theoretical structure indicates that “business may be interpreted as the task of developing and maximizing the return on a company’s relationship and technology assets” (Ford, 2011, p. 233). Similarly, R-A theory views the primary objective of firms to be superior financial performance, for which there can be numerous financial indicators, including IMP’s “return on a company’s relationship and technology assets.”

Seventh, the IMP approach acknowledges the importance of “marketing technologies, [which are] the many techniques or abilities involved in marketing and that form the substance of marketing textbooks and marketing teaching” (Ford, 2011, p. 233). Similarly, R-A theory stresses the importance of organizational competences, including marketing competences, as a distinctive form of firm resources. Eighth, for IMP, the “value of an interaction episode for a particular actor is that actor’s perception of the episode’s contribution toward coping with its specific problems” (Ford, 2011, p. 236). Similarly, the “resource-produced value” in the Competitive Position Matrix (Fig. 2) maintains that the consumer’s perception of a market offering is dispositive. That is, if consumers perceive a particular firm’s market offering to be more valuable than another firm’s offering, then it is, indeed, more valuable. Also, if a firm perceives that consumers are not willing to pay a price for its market offering that will enable the firm to (as IMP puts it) “cope with its specific problems” of survival and growth, then the episode is perceived as lacking sufficient value.

The preceding eight points of similarity are at least a start for investigating the issue of whether the IMP approach presumes the kind of competitive environment described by R-A theory. Recall, however, that the IMP theoretical structure that was first articulated in 1982 is based on four underlying premises. I suggest that these premises provide the most definitive statement as to whether R-A theory can provide a theoretical foundation for the IMP approach. IMP’s first premise is key because premises two through four all rely on the truth of premise one. Therefore, I focus on IMP’s premise one.

Readers should note that the first IMP premise stresses the importance of understanding the relationship that exists between buyers and sellers in industrial markets. For IMP, this relationship is often close, long-term in duration, and involving a complex pattern of interaction. Four points should be made with regard to IMP’s first premise.

First, as pointed out in the discussion of the history of relationship marketing in Hunt (1997a), though the original articulation of the IMP premises did not use the label “relationship marketing” or “relationship marketing strategy,” the IMP premises have affinities with—indeed, might be considered to be an early precursor of—the major thesis of relationship marketing: “To be an effective competitor (in the global economy) requires one to be an effective cooperator (in some network)” (Hunt, 1997a, p. 432).

Second, the IMP approach maintains that “market strategy development entails managing the relationship set (customer portfolio) and leveraging business relationships in order to build up and maintain the technical problem solving and organizational capability of the company” (Håkansson & Snehota, 2002, p. 514). Therefore, the IMP view of strategy is consistent, remarkably consistent, with the R-A theory view of relationship marketing strategy: “the fundamental thesis of relationship marketing strategy is that, to achieve competitive advantage and, thereby, superior financial performance, firms should identify, develop, and nurture an efficiency-enhancing, effectiveness-enhancing portfolio of relationships” (Hunt, 2010, p. 414).

Third, the IMP theoretical structure does not maintain that all relationships between buyers and sellers in industrial markets are close and long-term in duration, only some relationships, for relationships have a “burden” dimension (Håkansson & Snehota, 1995a, 1995b). This means that the IMP approach may be viewed as consistent with the recommendation that a relationship marketing strategy should be used with discretion.

Fourth, firms should pursue the IMP market strategy view because one of the major “determinants of market performance of a company in business markets... is maintaining and developing the existing customer base and portfolio of relationships that define the market position of the company” (Håkansson & Snehota, 2002, p. 519). This is consistent with the recommendation that business marketers should adopt a relationship marketing strategy only if, at least at times, competition among firms is such that adopting relationship marketing strategies results in firms’ financial performance being improved. Also, note that it is “market position” in the IMP approach that is important to securing “market performance.” This is strikingly consistent with the R-A theory view that it is a firm’s position in the Competitive Position Matrix (Fig. 2) that determines its financial performance.

Given the four preceding points, what is required for grounding the IMP theoretical structure, as emphasized in its first premise, is a theory of competition that provides a means by which certain kinds of relationships can result in firms’ improved financial performance. R-A theory accomplishes this requirement by means of the concept of “relational resource.” As identified by R-A theory, a relationship (e.g., a relationship with competitors, suppliers, employees, or customers) is a relational resource when it is capable of contributing to a firm’s ability to efficiently and/or effectively produce a market offering that has value to some market segment or segments. Therefore, R-A theory, through its concept of “relational resource,” can provide a theoretical foundation for the key, first premise of the IMP theoretical structure and its approach to B2B marketing.

One might be tempted to believe that neoclassical economic theory could accommodate IMP’s theoretical structure, with its emphasis on the importance of relationships, by the simple expedient of permitting such intangibles as relationships to be resources (in addition to land, labor, and capital). But, as argued in detail in Hunt (1997a), it cannot do so. Neoclassical theory’s commitment to the derivation of demand and supply curves requires that all resources be homogeneous and mobile. With respect to IMP, in contrast, the “substantive nature of business interaction indicates that each interaction process will take a unique form in time and network space... [which] has important consequences both for the structure and processes of the economic landscape” (Ford, Gadde, Håkansson, Snehota, & Waluszewski, 2010, p. 82). Therefore, because all the relationships involved in IMP’s theoretical structure have unique characteristics and because all such relationships are relatively immobile (i.e., they are not for sale), neoclassical theory cannot possibly accommodate the competition-enhancing aspects of IMP’s approach.

What is required for a theory of competition to provide a foundation for the IMP theoretical structure, with its commitment to the importance of relationships, is that both the concept of “resources” be expanded and that the nature of resources must allow for heterogeneity and imperfect mobility. This is precisely what R-A theory does. Therefore, R-A theory provides a theoretical foundation for key aspects of the IMP approach to business marketing, which implies that R-A theory is toward a general theory of B2B marketing.
9. Conclusion

Hunt (2010) provides three arguments that R-A theory provides the foundations for, that is, it is toward, a general theory of marketing. First, because marketing takes place within the context of competition, a general theory of marketing should be consistent with the most general theory of competition, and R-A theory is the most general theory of competition. Second, R-A theory is toward a general theory of marketing because it provides a foundation for the normative area of marketing strategy. Third, R-A theory is toward a general theory of marketing because it accommodates and extends key concepts and generalizations from Alderson’s theory and integrates them into a broader theoretical framework.

This article, by focusing on business marketing, extends the arguments in Hunt (2010) that R-A theory provides the foundations for a general theory of marketing. Specifically, this article extends the arguments by showing (1) how Alderson’s theory of market processes, on which R-A theory draws, clearly accommodates both B2B and B2C marketing, (2) how ISBM’s normative, Value Delivery Framework assumes that the process of competition within which business marketers compete is actually the process of competition described by the premises and structure of R-A theory, and (3) that not only does R-A theory and the IMP theoretical structure have numerous commonalities, but also, R-A theory, by means of its concept of “relational resource,” provides a foundation for the IMP theoretical structure, with its commitment to the importance of relationships. Therefore, R-A theory is toward a general theory of marketing—both B2B and B2C.

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