From Subsistence Marketplaces Up, from General Macromarketing Theories Down: Bringing Marketing’s Contribution to Development into the Theoretical Midrange

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What is This?
From Subsistence Marketplaces Up, from General Macromarketing Theories Down: Bringing Marketing’s Contribution to Development into the Theoretical Midrange

Paul T.M. Ingenbleek

Abstract
Marketing researchers have recently begun exploring the specific context of subsistence marketplaces in developing and emerging economies using a bottom-up approach. Such literature offers an increasing number of conceptual frameworks and theoretical approaches derived from or inspired by a sound understanding of the real-life contexts of subsistence marketplaces. This article draws attention to a complementary top-down approach that begins from basic thinking on marketing’s contribution to development and, through midrange theories, eventually connects with bottom-up insights into subsistence marketplaces. The top-down approach helps create a unique theoretical midrange for development-oriented research in marketing that is complementary to other disciplines in the development debate. A bottom-up and top-down shaped theoretical midrange promises transformative interventions that can attend to the specific context at hand, while connecting with basic marketing principles on development.

Keywords
subsistence marketplaces, development, marketing theory, transformative marketing research, market orientation, sustainability, emerging markets, macromarketing

During the past two decades, the market has moved to the center of the development debate, exemplified by growing international consensus that the market domain should deal with development problems, such as poverty (Kydd and Dorward 2001). At the same time, multinational corporations seeking growth opportunities in developing and emerging countries (Prahalad 2004) increasingly serve as partners in development projects (Hopkins 2007). With these developments, specific business functions have become more involved in development projects. In particular, (micro) finance has become a popular means to help microentrepreneurs start a business (Armendáriz and Morduch 2010). In turn, marketing can help entrepreneurs succeed in the marketplace. A new optimistic view therefore is that marketing is not only part of development problems (Witkowski 2005) but part of the solution as well.

Academic research also reflects this optimism. Topics discussed in recent development-oriented marketing literature include social entrepreneurship (Bloom 2009), the provision of financial services to microentrepreneurs (Galak, Small, and Stephen 2011), new business models like microfranchising (Christensens, Parsons, and Fairbourne 2010), and transformative marketing research (Mick et al. 2012; Shultz et al. 2012). Such topics have also become well represented in leading marketing journals (Achrol and Kotler 2012; Burgess and Steenkamp 2006; Hill, Martin, and Chaplin 2012; Sheth 2011; Stephen and Galak 2012; Viswanathan, Rosa, and Ruth 2010), special issues (e.g., Mittelstaedt and Shultz 2009; Nakata 2011; Nakata and Viswanathan 2012; Viswanathan and Rosa 2010), and edited volumes (e.g., Mick et al. 2012; Rosa and Viswanathan 2007; Smith et al. 2010).

An important generic insight from these studies is that markets in which people live at or near subsistence levels function in fundamentally different ways than the high-income markets traditionally appearing in marketing literature (Burgess and Steenkamp 2006; Viswanathan, Sridharan, and Ritchie 2010). Researchers have explored how subsistence marketplaces function and how consumers and entrepreneurs cope with resource-scarce conditions. This line of recent research has produced important micro-level insights into subsistence marketplaces, developed through the so-called bottom-up approach (Viswanathan and Rosa 2010).

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Such a bottom-up process ensures more realistic theories and prevents misconceptions of subsistence marketplaces, but marketing theoreticians have also highlighted the role of a complementary top-down process in shaping the theoretical midrange (Brodie, Saren, and Pels 2011). This article makes more explicit the top-down process for development-oriented research in marketing. The process begins from basic thinking on marketing’s contribution to development (Cundiff 1982; Layton 2009; Wilkie and Moore 1999) and, through midrange theories, eventually connects with bottom-up insights into subsistence marketplaces (see Figure 1). A top-down process may help distinguish the purely contextual insights from those that are relevant for other contexts, and therefore it offers deeper insights into generalizability and contingencies. By connecting with marketing’s basic contribution to development, attention to the macro–midrange process also helps create a unique theoretical midrange that is complementary to what other disciplines do in domains that, according to Wilkie (2005, p. 2), have “traditionally been dominated by other disciplines, such as economics and engineering.” Because the implications of midrange theories can be used to design development interventions, midrange-based interventions can both attend to the specific context at hand and connect with basic principles that may translate to other contexts. This process offers development workers potentially valuable lessons on the generalizability and contingencies of their actions. Therefore, midrange theory is also important to both transformative marketing research in subsistence contexts and development policy in general.

The remainder of this article proceeds as follows. First, it provides a background on the bottom-up approach and then illustrates the process from the micro-level range to the midrange with a short review of subsistence market studies that use theoretical approaches for typical subsistence market phenomena (the bottom-up arrow in Figure 1). Next, the article formulates seven premises on marketing’s contribution to development at a general theoretical level and gives directions for a complementary top-down process to shape the theoretical midrange (the top-down arrow in Figure 1). The article then illustrates the approach in an application to market orientation, followed by a discussion and conclusion.

**Background**

*The Emergence of Bottom-Up Studies*

According to Viswanathan and Sridharan (2009), bottom-up studies on subsistence marketplaces examine consumers and entrepreneurs across literacy and resource barriers that were neglected in business and related disciplines. This approach was developed to study these marketplaces in their own right, rather than because they are market opportunities for outside businesses. The term “subsistence marketplaces” was adopted to distinguish it from the more abstract term “markets.” It emphasizes the need to view these contexts as pre-existing marketplaces from which to learn (Viswanathan and Sridharan 2009). Whereas base-of-the-pyramid literature provided insights into whether companies should invest in impoverished marketplaces (Prahalad 2004), subsistence marketplace studies began focusing on the how of such strategies by providing micro-behavioral insights into consumers and entrepreneurs.
in subsistence marketplaces. Such insights not only help firms become more successful, but also assist them to function in an ecologically sustainable manner (Viswanathan and Sridharan 2009). The latter insight connects studies on subsistence marketplaces with development-oriented literature in marketing (Viswanathan, Seth et al. 2009), with “development” referring to sustainable improvements in the quality of life for all people (World Bank 2001).

Parallel to the emergence of subsistence marketplace studies, the development debate experienced a shift to bottom-up thinking. The emphasis on governmental intervention that had dominated development policy since the 1950s was gradually replaced in the 1980s by free-market policies (World Bank 2001). The new wave of free-market policies aimed to remove the trade barriers within and between countries (Kydd and Dorward 2001). The strong belief that a free market would foster development, however, led to other disappointments. For example, commodity prices, important for the monocrop-based agricultural sectors in developing countries, sometimes dropped below cost, with devastating consequences for small-scale producers (Poole 2010).

To avoid such problems going forward, an increasing number of development thinkers expressed the opinion that free-market policies needed to be accompanied by bottom-up development interventions, fueled by a detailed understanding of the situation at hand. In response, bottom-up studies on poverty began emerging (Narayan et al. 2000). Banerjee and Duflo (2011) summarized the contingencies of the often-applied strategies in major development themes, such as food security and urbanization. In addition, the so-called value chain approach necessitated a systematic analysis of value chains within and from developing countries to remove potential barriers (Kaplinsky and Morris 2002). The U.K. Department for International Development and the African Development Bank, among others, called for an MMW4P (Making Markets Work for the Poor) approach (Poole 2009). It is therefore not surprising that in addition to the subsistence marketplace studies, researchers in the development-oriented research domain in marketing engaged in more contextual studies, including recovery of war-ravaged marketing systems (Shultz et al. 2005) and subsistence entrepreneurs’ market access to export chains (Arnould 2001; Kambewa, Ingenbleek, and van Tilburg 2008).

The Meaning of the Term “Bottom Up”

The subsistence marketplaces approach begins at the microbehavioral level and then builds from the bottom up. The term “bottom-up” can be interpreted in at least two ways. First, and most common to macromarketing, it refers to aggregating from lower- to higher-level marketing systems. For example, Layton (2008) suggests that microsystems at the level of individual transactions are embedded in mesosystems, such as channels and markets that, in turn, are embedded in aggregate marketing systems at the level of countries or beyond. In this sense, bottom-up research involves drawing lessons from micro- to mesosystems and from meso- to macromarkets. In that way, a deeper understanding of the lives of the poor may lead to development policies at aggregate levels that are better equipped to improve their day-to-day conditions (for an example of this approach, see Narayan et al. 2000).

Second, bottom-up can involve obtaining empirical insights, which Brodie, Saren, and Pels (2011) label a micro level of theoretical abstraction. From this contextual understanding, studies can develop new theories or suggest well-established theories that might provide a deeper understanding of the phenomena encountered in subsistence marketplaces. The literature offers an increasing number of conceptual frameworks and theoretical approaches derived from or inspired by a sound understanding of the real-life contexts of subsistence marketplaces. These studies have begun filling what Achrol and Kotler (2012) and Brodie, Saren, and Pels (2011) call the “theoretical midrange.” Midrange theories “lie between the minor but necessary working hypotheses that evolve in abundance during day-to-day research and all-inclusive systematic efforts to develop a unified theory that will explain all the uniformities of social behavior, social organization and social change” (Merton 1967, p. 39). Brodie, Saren, and Pels (2011) describe the theoretical landscape as a continuum in which theories vary in their level of abstraction. The more abstract they are, the more encompassing they are, but also the more difficult they become from which to make concrete predictions. The more concrete they are, the greater their accuracy is, but the lower their understanding of generalizable laws and contingencies. The theoretical midrange tries to accommodate “the best from both worlds” and can be fueled from both bottom-up microlevel insights and top-down general theories (see Figure 1).

This article follows the second interpretation of the term “bottom-up.” To avoid confusion with the first interpretation, this article refers to the theoretical bottom-up and top-down processes as micro–midrange and macro–midrange processes, respectively.

From the Micro Level to the Theoretical Midrange

Insights into the characteristics of subsistence marketplaces can be classified into four pragmatic categories: (1) resource scarcity, (2) adaptation through networking, (3) specialization in social structures, and (4) external interventions. I discuss these categories in subsequent order and include the midrange theories suggested to clarify the phenomena (see Table 1). The goal of this short, non-exhaustive summary is to provide insights into the micro–midrange line of thinking as employed in the literature.

Resource scarcity. Subsistence marketplaces are markets of buyers and sellers who live at or near subsistence levels (Viswanathan and Rosa 2010). Therefore, resource scarcity is the defining contextual characteristic of these marketplaces (Viswanathan, Seth et al. 2009). Resources that enable transactions of, for example, cash, knowledge, energy, and infrastructure cannot be taken for granted there, nor can basic resources such as medical care, food, and shelter (Chikwe and
Resource scarcity has an economic and emotional impact. Viswanathan, Rosa, and Ruth (2010) approach the adaptability customized in one-to-one relationships in which buyers and sellers come to oral agreements (Viswanathan et al. 2009). Transactions are typically customized in one-to-one relationships in which buyers and sellers come to oral agreements (Viswanathan et al. 2012). Viswanathan, Rosa, and Ruth (2010) approach the one-to-one relationships from commitment theory (Allen and Meyer 1990), which explicates the different types of commitment (affective, normative, and continuance) that play a role in these relationships. They find that families can act as buffers in the exchanges between buyers and sellers—for example, to absorb a customer’s immediate inability to pay or to satisfy a shortage of labor. In addition to commitment theory, they address this phenomenon from closed-loop systems theory (Forrester 1968), which argues that positive and negative feedback loops in a system jointly maintain an equilibrium (in which the feedback loops are shaped by sellers’ social relationships with their vendors, customers, and family).

Although one-to-one relationships can lead to trust and commitment as expressed in reciprocal practices such as borrowing and lending, many instances can induce a fear of being cheated. Viswanathan, Sridharan, and Ritchie’s (2010) empirical study in Chennai, India, shows, for example, that many actors believe that they do more favors to others than they receive in return. They also find that consumers are afraid of being cheated by sellers on price, quality, and agreed-on quantities. Actors adapt to this fear by strengthening their personal skills in reading, writing, and calculating, which they learn from participating in the marketplace (Viswanathan, Gau, and Chaturvedi 2008). They also form groups that protect them against malpractices in the market. Some studies report on, for example, self-help groups of women who join forces to overcome market barriers (Viswanathan, Sridharan, and Ritchie 2010), while others explore spontaneous formations of groups of primary producers to secure natural resources (Kambewa, Ingenbleek, and van Tilburg 2008). Misbehavior in the marketplace may lead to exclusion from the group and, thus, less access to vital resources. Within these social structures, power imbalances may emerge; people who control relatively more resources may obtain central positions and achieve titles such as ‘‘market

Table 1. Subsistence Market Phenomena and Examples of Midrange Theories.

<table>
<thead>
<tr>
<th>Subsistence Market Phenomena</th>
<th>Description</th>
<th>Examples of Midrange Theoretical Approaches</th>
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<tbody>
<tr>
<td>Adaptation through networking</td>
<td>Marketing is characterized by one-to-one relationships, customization, oral agreements, reciprocity and fear of being cheated. Actors adapt through networking and the formation and organization of groups.</td>
<td>Industry clusters theory (Arnould and Mohr 2005) Social identity complexity theory (Ingenbleek, Tessema, and van Trijp 2013)</td>
</tr>
<tr>
<td>Specialization in social structures</td>
<td>Specialization and development of skills is under pressure due to migration.</td>
<td>Agency theory (Toledo, de la Paz Hernández, and Griffin 2010) Social categorization (Galak, Small, and Stephen 2010) Technology adoption and diffusion theories (Nakata and Weidner 2012) Institutional theories (Burgess and Steenkamp 2006)</td>
</tr>
<tr>
<td>External interventions</td>
<td>External interventions by governments and NGOs to relief resource scarcity.</td>
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Adaptation through networking. In conditions in which many people live from relatively few resources, social mechanisms can help market actors efficiently use the resources available (Chikwe and Fletcher 2010; Viswanathan, Sridharan, and Ritchie 2010). Exchange is a common phenomenon in subsistence contexts, and entrepreneurs in subsistence marketplaces engage in marketing activities that suit the conditions in which they live (Viswanathan, Seth et al. 2009). Transactions are typically customized in one-to-one relationships in which buyers and sellers come to oral agreements (Viswanathan et al. 2012). Viswanathan, Rosa, and Ruth (2010) approach the one-to-one relationships from commitment theory (Allen and Meyer 1990), which explicates the different types of commitment (affective, normative, and continuance) that play a role in these relationships. They find that families can act as buffers in the exchanges between buyers and sellers—for example, to absorb a customer’s immediate inability to pay or to satisfy a shortage of labor. In addition to commitment theory, they address this phenomenon from closed-loop systems theory (Forrester 1968), which argues that positive and negative feedback loops in a system jointly maintain an equilibrium (in which the feedback loops are shaped by sellers’ social relationships with their vendors, customers, and family).

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queen” that emphasize their role in overseeing the fairness of practices in the marketplace and settling disputes. Over time, such practices may become part of “the way we do things around here” and thus get grounded in the culture of a subsistence marketplace community (Burgess and Steenkamp 2006).

To theoretically approach the social networks shaped by these relationships, researchers have drawn on social capital theory (Viswanathan, Sridharan and Ritchie 2010; Viswanathan et al. 2012) and social resource theory (Ingenbleek, Tessema, and van Trijp 2013). Social capital theory posits that social networks contain economic value, in the form of information and the repayment of social obligation (Coleman 1988; Herreros 2004). Social resource theory argues further that networks possess reputational value-like status, which allows access to economic resources such as credit (Khaire 2010; Lin 1999). Such theories may explain why some actors are better at obtaining access to resources than others. In this respect, cultural theories help explain acculturated behaviors in networks that describe how things are done. Embeddedness and hierarchy (Licht, Goldschmidt, and Schwartz 2005; Schwartz 2006) are cultural characteristics typical in subsistence contexts (Burgess and Steenkamp 2006). Analogous to social capital theory, Shultz et al. (2012) refer to the economic value of such cultural institutions as “cultural capital.”

Specialization in social structures. In subsistence marketplaces, the passing of knowledge and skills from one generation to another may also lead to specialization in specific economic activities, such as artisanal handicrafts (e.g., leather making) and the growing of specific agricultural crops. Communities then exchange these products for other products at central markets, where they also share information (Arnould and Mohr 2005). Arnould and Mohr (2005) approach the development of specialized economic activities within networks from Porter’s (1998) theory of industry clusters, to understand the evolutionary paths of clusters in subsistence contexts. Clusters are historically shaped enterprises and institutions that are economically and socially linked.

Traditional economic activities, however, are now under pressure from the move of large numbers of members from the younger generation, which make up the larger share of subsistence populations, to cities in search for a better life (Burgess and Steenkamp 2006). In urban areas, new social structures are built while traditional structures may continue to be maintained (e.g., when people from the same region get together). As such, the old structures may still influence how and with whom transactions take place in the new environment. Ingenbleek, Tessema, and van Trijp (2013) draw on social identity complexity theory to address the complex social structure in urban and peri-urban environments. According to this theory, people in complex societies may belong to an in-group on one dimension (e.g., region of origin) but belong to different categories on another (e.g., economic sector) (e.g., Brewer and Chen 2007).

External interventions. To alleviate resource scarcity in subsistence marketplaces, external parties, such as development workers of governmental and nongovernmental organizations, may implement interventions (Burgess and Steenkamp 2006) that approach subsistence actors as producers by giving them access to new markets (Ingenbleek, Tessema, and van Trijp 2013) or by protecting their interests through, for example, Fair Trade certification (Arnould, Plastina and Ball 2009). Theorizing on this phenomenon, Toledo, de la Paz Hernández, and Griffin (2010) use agency theory to better understand the potential mismatch between the incentives for growth provided by the government (principals) and subsistence entrepreneurs (agents). Galak, Small, and Stephen (2011) draw from research on intergroup relations and social categorization (Dovidio et al. 1997) to determine the degree to which subsistence entrepreneurs receive microcredits from financial institutions.

Interventions may also approach subsistence actors as consumers. Businesses may develop products with attributes that meet specific needs of the poor and offer them at affordable price levels (Weidner, Rosa, and Viswanathan 2010). These interventions may introduce new technologies (e.g., mobile phones) to subsistence marketplaces that enable actors to become more effective sellers (Nakata and Weidner 2010; Trujillo et al. 2010). To better understand the introduction of new technologies in subsistence marketplaces, several authors have applied innovation theories to help understand the diffusion and adoption of technologies. Nakata and Weidner (2012) combine Sen’s (1999) theory of poverty with theory on the diffusion and adoption of innovation (e.g., Rogers 2003). The contributions of Arnould (1989) and Trujillo et al. (2010) also employ the latter theory to analyze the drivers of perceived technological complexity among subsistence actors and on innovation in subsistence contexts.

External interventions may benefit from existing social structures and culture, for example, by using the networks of traders as distribution systems. However, when these structures and cultures are insufficiently understood, they may also become barriers to interventions (Rivera-Santos and Rufin 2010; Van den Wayenberg and Hens 2012), or interventions may have unintended side effects, such as encouraging corruption (Toledo, de la Paz Hernández, and Griffin 2010). Because the institutional characteristics of subsistence marketplaces differ from those of high-income markets in which most businesses reside, some studies adopted the concept of institutional distance from institutional theory (Rivera-Santos and Rufin 2010; Van den Wayenberg and Hens 2012). In particular, the absence of regulative institutions in subsistence marketplaces led some authors to conjecture that institutional gaps hinder the enforcement of formal rules and the governance of transactions (Rivera-Santos, Rufin, and Kolk 2012). Drawing from the works of Scott (2001), North (1990), and Etzioni and Lawrence (1991), Burgess and Steenkamp (2006) distinguish among regulative, socioeconomic, and cultural subsystems in the institutional environment. They developed a framework that highlights the key differences between high-income and emerging markets with subsistence marketplaces taking precedence in the latter, as further explicated by Ingenbleek, Tessema, and van Trijp (2013).
From the Macro Level to the Theoretical Midrange

As the previous section indicates, research on the micro-level behavior in subsistence marketplaces has accumulated a wide range of midrange theories that bring the empirical insights to a higher level of abstraction. In line with the micro–midrange process, use of these theories is primarily motivated by their ability to explain the specific phenomena encountered in such markets. In a macro–midrange process, researchers begin from the other end—that is, from general theories that are even more abstract than midrange theories. According to Brodie, Saren, and Pels (2011), general theory highlights the basic premises that underlie a body of research. In many cases, researchers may not be aware of such premises because they are taken for granted and change only gradually (Vargo and Morgan 2005). They are then remembered during periods of paradigm shifts, in which the basic premises are then questioned in scientific contributions to the general theory of a discipline.

The marketing discipline also went through a period of change, and in particular, two contributions have helped reformulate general marketing theory in the past decades. In the mid-1990s, Hunt and Morgan (1995) introduced resource-advantage (R-A) theory as a more general theory of competition that draws on more realistic assumptions than the available explicated alternative at the time—the neoclassical theory of competition. About a decade later, Vargo and Lusch (2004) identified the service-dominant (S-D) logic as, what they call, a “pretheoretical approach” to marketing. Both R-A theory and S-D logic posit that marketing contributes to development. Both sets of authors draw on a long tradition of contributors who have examined the role of marketing in development, often in macromarketing, since the 1950s (Drucker 1958). The next subsections summarize the key ideas from these studies in seven premises about marketing’s contribution to development. The premises provide insight into (1) the domain of development-oriented research in marketing, (2) the means by which marketing contributes to development, and (3) the intended effects of the theory (see Figure 2).

**Domain of development-oriented research in marketing**

**Premise 1.** Marketing’s contribution to development is based on responsiveness to a heterogeneous demand and the mobilization of a latent demand.

**Means**

- Choice-set extensions/type of advantage
- Resources that enable the advantage
- Competitive process
- Interactions with institutions/technology

**Intended effects**

- What kind of development effects should the theory bring?
  - Active or passive
  - Positive or reduction of negative side-effects?

Figure 2. Premises on marketing’s contribution to development and their guidance in a top-down process.
which is also part of the development domain (World Bank 2001). In these areas, actors trade off their short-term self-interests (overexploiting natural resources and maximizing value appropriation) against long-term social interests (protecting natural resources, allowing others to appropriate a fair share of the value) (Shultz 2007; Shultz and Holbrook 1999). Research in psychology has shown that people differ in such social dilemmas (Joireman, Strathman, and Balliet 2006). Shultz (2007) calls this “constructive engagement,” where social attribute wants are also principally heterogeneous and possibly latent and where well-developed choice sets may exploit the demand stemming from these wants.

A better understanding of the marketing domain in development helps sharpen marketing’s distinctive contribution to the development debate. Marketing is still a relative newcomer to this debate, while the contributions of development economists, technologists, and anthropologists, among others, are well established (Wilkie 2005). Researchers can therefore use this premise to assess whether the (combination of) theories of their choice describe, explain, predict, or have implications for responding to a heterogeneous demand and/or mobilization of a latent demand. If this is not the case, the theory probably does not fit with marketing’s distinctive contribution to development, and researchers may run the risk of entering a domain already well covered by others. Another implication is that development organizations can use the domain description to assess whether marketing expertise will be beneficial in their projects and in the design of development interventions. Interventions that require responsiveness to a heterogeneous demand and/or the mobilization of a latent demand may particularly benefit from marketing expertise in their design.

The means by which marketing contributes to development

Premise 2. Marketing satisfies heterogeneous and latent demands by extending choice sets with value propositions that have an aggregational or differential advantage. If marketing is to satisfy a heterogeneous demand by extending choice sets of products and services, it must extend choice sets with product value propositions that have either an aggregational or a differential advantage (Sheth 2011). Aggregational advantage, also called “market unification” (Tedlow 1994) and “standardization” (Drucker 1958), refers to an efficiency advantage that stems from bringing fragmented markets together through the development and distribution of standardized products and services to all markets. Differential advantage refers to an advantage in terms of preference over competing value propositions that stems from the development of specialized value propositions targeted at specific market segments that reward the advantage through loyalty and/or willingness to pay. Although the distinction between differential and aggregational advantages is not made explicit in R-A theory, S-D logic, or most macromarketing contributions to development, the two types of marketing advantages make their own specific contribution to development.

In his study on the role of marketing in U.S. history, Tedlow (1994) recognizes three phases (see Figure 3). The initially fragmented U.S. market, consisting of markets of different sizes (indicated by blocks of different sizes in the figure) and different preference ranges (indicated by the height of the blocks), was unified into mass markets when companies began recognizing the opportunities that emerged when the infrastructure was extended and mass media were established. Typical examples of companies that obtained an aggregational advantage are Ford (the Model T Ford was the first car designed for “every purse and purpose”) and Coca-Cola. With the help of their aggregational advantages, these companies dominated the market until their competitors began targeting specific mass market segments with specialized value propositions. General Motors developed a product line for “different purposes and purses,” and Pepsi was among the first companies to recognize the market value of the generation born shortly after World War II. Tedlow’s study perfectly illustrates how aggregational (later applied in global branding strategies) and differential (later extended to mass customization strategies) advantages contributed to the growth of the United States as the world’s largest economy.
During theory selection, researchers examining development problems caused by market fragmentation will need to apply theories of aggregation, whereas researchers investigating development problems pertaining to underused differences in wants will need to apply theories of differentiation. The latter theories, however, have received more attention in marketing literature than the former. Researchers interested in market aggregation might explore the international marketing literature for suitable midrange theories (Viswanathan and Dickson 2007) or develop their own. For example, Dadzie et al. (2013) formulate several basic hypotheses that bring the general theoretical idea of market aggregation down to the midrange, and they test them in the context of microlending to Ghanaian smallholders.

**Premise 3.** Aggregational and differential advantages require the development of a resource base. A basic premise in general marketing theory is that the creation of customer value, either aggregational or differential, requires an appropriate resource base (Hunt and Morgan 1995; Vargo and Lusch 2004). The term “resources” refers to both tangible and intangible entities that actors integrate to create value propositions (Madhavaram and Hunt 2008). To obtain aggregational advantages, businesses develop, for example, competences to open up new markets by adapting and expanding their distribution systems. Businesses that develop differential advantages gain competences in creating specific value propositions for predefined market segments with untapped willingness to pay. Attempts to connect with markets without appropriate resources are doomed to fail, because actors are unable to create the desired value for their customers (Hunt and Morgan 1995; Vargo and Lusch 2004). For example, companies may enter subsistence marketplaces without a clear understanding of the specific market conditions and habits (Weidner, Rosa, and Viswanathan 2010). Likewise, developing country firms that try to enter export markets require specific competences to obtain a foothold in those markets (Adegbrefi et al. in press; Arnould and Mohr 2005).

Because the term “resources” is broadly defined, not all resource theories may fit the domain of marketing’s contribution to development, as premise 1 states. Resources that allow actors to respond to a heterogeneous demand are typically knowledge related because they pertain to insights into customer preferences or they are means for transferring and responding to such knowledge (e.g., market relationships). Viswanathan, Sridharan et al. (2009) draw attention to basic and conceptual market knowledge, describing the former as an understanding of the who and what (in terms of sellers, buyers, and value propositions) and the latter in terms of the how and why (the mechanisms and habits within marketing systems).

**Premise 4.** The process of competition speeds up development. R-A theory articulates that the continuous process of competition triggers economic growth (Hunt 2000, 2011). Therefore, the theory implies that to develop impoverished areas, R-A competition should be accelerated. Businesses strive to achieve superior financial performance by attaining an advantageous market position. To do so, they search for and develop resources that enable them to obtain such advantages through innovation. Businesses that strive more for advantages in resources and innovation, thus encouraging their competitors to do the same, speed up the competitive process and, as a result, economic growth (Hunt 2000). To capture differential advantages, businesses might identify more fine-grained segments, or they could seek aggregational advantages through scale effects of market development. Although R-A theory focuses on economic growth, businesses might achieve other development goals sooner if the process of R-A competition speeds up in the right direction—for example, by making environmentalism an element of competition (Ingenbleek 2011).

In subsistence marketplaces, high levels of embeddedness, in which competitive rivalry is less likely to occur, may hinder the process of competition (Ingenbleek, Tessema, and van Trijp 2013). Therefore, fully understanding the competitive process in subsistence contexts is particularly important. Researchers could use, for example, competitor identification theories to understand how subsistence entrepreneurs stimulate each other and identify other entrepreneurs as references to determine their own actions and innovations (Clark and Montgomery 1999). Social comparisons theories, such as those Hill, Martin, and Chaplin (2012) employ, may be helpful in comparing entrepreneurs with wealthier or more skilled counterparts in competitive processes, such as ambition and innovativeness.

**Premise 5.** Development of a resource base for aggregational and differential advantage through interactions with institutions and technology. The development of a resource base as described in general marketing theory is a process of specialization (Vargo and Lusch 2004). Layton (2009) argues that specialization in development economics provides the engine of development. He connects key ideas from development economics with marketing’s contribution to development by positioning specialization as the basis for the formation of marketing systems and the extension of choice sets of products and services that cater to heterogeneous wants. In his model, marketing systems channel specialization en route to economic growth and quality of life and in interaction with knowledge/technology and institutions. These latter two factors are generally accepted by development economists as key drivers of economic growth; they set the environment within which marketing systems develop. Technology is an important factor in the development of new value propositions and, thus, in the extension of choice sets, while institutions set the rules for the actors within marketing systems.

To bring the interconnections of institutions and technology to the theoretical midrange, marketing researchers could draw from a wide range of theories in the domains of institutions and innovation. A rich set of innovation theories in marketing could be used, for example, to examine further how subsistence marketplaces adopt technologies with substantial development potential (Nakata and Weidner 2012). With regard to institutional theories, researchers should note, however, that most of these theories have appeared in domains other than marketing, such as institutional economics and organizational...
sociology (Grewal and Dharwadkar 2002) and therefore may need to be combined with other theories to contribute to the domain of development-oriented research in marketing. Marketing researchers could employ institutional theories to understand, for example, the conditions under which competences and other resources are developed or successfully employed and how these theories respond to customer wants in subsistence marketplaces.

**Intended effects of midrange theories**

Premises 6 and 7 pertain to intended development effects to give guidance on the type of implications that can be expected from midrange theories. This is important because midrange theories can be employed not only for the sake of research per se but also as a basis for interventions that may help solve specific development problems.

**Premise 6.** Marketing contributes to development in active and passive ways.

Marketing contributes to development in part by doing what it is supposed to do—that is, seeking and seizing new market opportunities (Hosley and Wee 1988). This goal is marketing’s passive contribution to development; as such, virtually any marketing theory is suitable if it helps explain how businesses can employ marketing strategies in subsistence contexts, thus attracting new economic energy and investment capital to these marketplaces. However, marketing can also contribute actively, by explicitly linking the marketing process to development goals (Cundiff 1982). Slater (1974) and other development planners at the macro level have argued that marketing institutions, such as cooperatives and marketing boards, can actively contribute to economic growth. Likewise, they can contribute to social goals by influencing the behavior of actors in existing marketing channels and institutions by means of incentives (Hosley and Wee 1988). Other authors have extended this idea by acknowledging that in addition to macro-level policies, entrepreneurs or companies can actively contribute by seeking win-win solutions among their business objectives and development goals, because individual actors’ accumulation of decisions eventually shapes complex marketing systems (for reviews, see Layton 2009; Shultz 2007; Wood and Vittell 1986). Marketing’s active contribution to development may be further understood by both theories on social entrepreneurship (Bloom 2009) and theories that give guidance on the design or evaluation of market interventions. For example, Viswanathan, Sridharan et al. (2009) draw on educational literature and market knowledge theories.

**Premise 7.** Marketing can be supportive of and detrimental to development goals.

General marketing theory holds that marketing integrates resources to create value propositions that can be exchanged with buyers. While this process may lead to specialization and improved quality of life for many actors in a marketing system (Vargo and Lusch 2004; Wilkie and Moore 1999), it may also lead to negative effects. Critics have accused marketing of undermining local cultures in developing countries, contributing to food safety crises, obesity, and other unhealthful dietary patterns, and promoting unsustainable consumption (Witkowski 2005). What is a positive effect for one actor may be a negative effect, sometimes even unintended by the seller, for another. For example, Elaydi and Harrison (2010) compare two financial institutions in which one clearly makes a positive contribution to development while the other, probably unintended, makes a negative contribution. Likewise, speeding up the process of competition ensures more rapid development but does not guarantee that such development goes in a direction that is economically, socially, and ecologically sustainable.

Marketing researchers might use the macro–midrange process of theory selection to explicate whether their studies should create such interventions for positive development effects or whether they merely intend to reduce or detect negative side effects. With respect to the latter, stakeholder marketing theories may provide a suitable starting point because they help identify the interests, claims, and power of stakeholders (Hult et al. 2011). Other midrange theories that help assess and incorporate negative effects could stem from ecological economics who have examined the economic consequences of transaction externalities (e.g., Hawken 1994). Explanations for why sellers pursue activities with negative development effects (or why all sellers do not do so to generate short-term performance) could be approached from an ethical decision-making standpoint (e.g., Hunt and Vittell 2006).

**Application to Market Orientation**

The previous sections summarized the micro–midrange findings in the development-oriented literature in marketing and outlined the complementary macro–midrange process. This section applies the macro–midrange process to one of marketing’s most studied midrange theories—namely, market orientation. Kohli and Jaworski (1990) define market orientation as the organizationwide acquisition of, dissemination of, and responsiveness to market intelligence about current and potential customers and competitors. Market orientation helps sellers understand and respond to customers and discern the competitive context, thus leading to superior business performance (Narver and Slater 1990). Kirca, Jayachandran, and Bearden’s (2005) meta-analysis convincingly shows a positively correlation between market orientation and superior business performance. Market orientation has been introduced to the development-oriented marketing literature in micro–midrange processes. Viswanathan, Seth et al. (2009) develop the concept of sustainable market orientation from a bottom-up investigation of Indian subsistence marketplaces. In an ethnographic prestudy, Ingenbleek, Tessema, and van Trijp (2013) find that market orientation helps illuminate the market behaviors of Ethiopian pastoralists. I refer to these previous works to discuss how market orientation theory fits the typical characteristics of subsistence marketplaces and how it is applied in a quantitative theory–testing study. Next, I evaluate the theory on its linkages with the premises on marketing’s contribution to development.

Market orientation equips sellers with an understanding of heterogeneous demand and strengthens their ability to respond...
to that demand (Kohli and Jaworski 1990). It therefore fits the domain of marketing’s contribution to development. With respect to the means by which market orientation theory can contribute to development, research has shown that market orientation contributes to differential advantage, such as the creation of a relative product advantage (Kirca, Jayachandran, and Bearden 2005) and price settings that aim to tap greater willingness to pay (Ingenbleek, Frambach, and Verhallen 2010). The effect of market orientation on aggregational advantage is, however, less studied and not undisputed. Sheth (2011, p. 173) argues “in emerging markets, markets are created by shaping customer expectations, not by assessing them.” In other words, market orientation may not be necessary when companies cater to the needs of emerging but well-known middle classes, which tend to adopt Western lifestyles and demand Western products and services. However, for the majority of consumers who live at or near subsistence levels, the situation is dramatically different. Procter & Gamble’s water purifier failed to become a commercial success, presumably because of the company’s lack of understanding about how the new device fit into people’s daily lives and expenditures (Simanis 2012). To obtain aggregational advantages in subsistence contexts, actors must be well informed about the conditions in which people live and that give rise to specific wants. Market orientation therefore also helps envision aggregated markets because it provides a superior understanding of the similarities and differences in preferences between markets that have historically been separated. Thus, although additional empirical research would be beneficial, a positive effect of market orientation on aggregation is likely. Furthermore, because market orientation has been identified as a resource that integrates other resources and offers a superior understanding of the market (Day 1994; Hunt and Morgan 1995), it can serve as the basis of both differential and aggregational advantages. If multiple market-oriented actors compete in one market, market orientation speeds up the process of competition and, as a result, economic growth (Hunt 2000).

Market orientation is also related to technology and institutions. Gatignon and Xuereb (1997) initially offered technological orientation as a strategic focus that rivals strategic orientations in the market, but Han, Kim, and Kim (2001) show that a technological orientation can also be strengthened by market orientation, in that market-oriented actors search for technological solutions to satisfy customer wants. Following a comparable logic, Chandy and Tellis (1998) find a positive effect of future market focus on technologically driven, radical innovations. Thus, market-oriented actors in subsistence marketplaces likely form different perceptions of the opportunities in new technologies introduced in their markets than their non-market-oriented counterparts.

Various types of institutions exist (North 1990). Because a market orientation is rooted in the values, norms, and symbols of an organizational culture (Deshpandé and Webster 1989; Homburg and Pflesser 2000), it logically extends from market actors to the institutional environment (or, more specifically, the cultural institutional subsystem). Institutions can also take the form of organizations that design rules and policies. Talukdar, Gulyani, and Salmen (2005) describe lessons learned at the World Bank that led to an increased customer focus in development projects, as manifested in contextual feasibility analyses, consultations with and direct involvement of intended project beneficiaries, and the creation of an enabling environment with beneficiaries. In this respect, market orientation applies not only to businesses but also to supporting and intervening organizations. Market orientation theory, therefore, predicts that the more market-oriented institutions are, the more likely they are to achieve their goals.

With regard to intended effects, market orientation logically captures the idea that actors follow opportunities, thus making a passive contribution to development. Market orientation theory makes an active contribution if it can guide the development of interventions. Because studies have shown how market orientation develops over time (Gebhardt, Carpenter, and Sherry 2006), it may guide the design of interventions that foster development by strengthening market orientation. Such interventions might focus on businesses as well as on organizations in the institutional environment. Whether market orientation has negative side effects on, for example, ecological sustainability is less clear. Several authors have recently begun exploring conceptual connections between the two concepts (Hult 2011; Viswanathan, Seth et al. 2009). Viswanathan et al. (2009) distinguish in that respect individual from community goods, which in turn links to the common resource dilemma approach advocated by Shultz and Holbrook (1999). Note that a long-term focus on value creation is inherent to market orientation (Narver and Slater 1990), which suggests that market-oriented actors are constructively engaged (Shultz 2007) and thus are less likely to overexploit natural resources in the short run.

In summary, market orientation is a midrange theory that fits the domain of marketing’s contribution to development, and thus it constitutes a contribution because it is a resource that can be strengthened to obtain desired development effects, connects with technologies and institutions, and may speed up the competitive process because multiple actors are market oriented. While the passive contribution of marketing to development is given in market orientation theory, this theory also offers an active contribution because it may function as a basis for interventions that strengthen the level of market orientation of businesses and institutional organizations. Such interventions are likely to positively affect economic growth; positive effects on other development goals that require a long-term focus, such as sustainability and the fair distribution of wealth, cannot be excluded but require further research.

### Discussion and Conclusions

The micro–midrange approach connects development-oriented research in marketing with the relatively new context of subsistence marketplaces. The approach has generated many new studies that have development relevance. In turn, a macro–midrange approach in development-oriented research in marketing may anchor marketing’s general contribution to development...
in the midrange theories used in empirical studies. In doing so, it will strengthen the development relevance of studies even further and ensure a stronger connection with research in contexts other than subsistence marketplaces. A more specific macro–midrange approach will provide new insights into the generalizability of theories and their boundary conditions. Such an approach is not only theoretically but also practically relevant because policy makers, business people, and development workers can better predict the effect of their market interventions. Thus, the macro–midrange process increases the transformative power of marketing research in subsistence marketplaces.

This article draws attention to the macro–midrange approach for selecting theories for the theoretical midrange in marketing development, but it also warns that too much emphasis on this type of approach may lead to overly abstract theories that lack predictive and explanatory power for empirical phenomena (Brodie, Saren, and Pels 2011). Thus, the top-down approach is complementary to the micro–midrange approach; it is not an alternative. Also note that authors who emphasized the use of a micro–midrange approach may have been inspired by general theory or checked their choice of theory against a top-down approach without explicitly mentioning it. Making the macro–midrange process a more explicit line of reasoning in development-oriented research in marketing would help complement the micro–midrange of theory selection.

This article also formulates seven general premises on marketing’s contribution to development. The formulation of such premises has, however, not yet reached its final stage. As Figure 1 shows, the advancement of development-oriented research in marketing may further sharpen insights into marketing’s contribution to development at a general theoretical level. The increasing amount of research in this area promises a more fine-grained set of premises in the future.

If development is to be achieved through markets, no other discipline than marketing has more knowledge on how heterogeneous demand generates market opportunities and how these opportunities can be seized. Marketing should therefore join the debates on inclusive value chains, ecological sustainability, poverty reduction, and other development issues and leverage its unique development contribution. This means that marketing scholars should not only publish in their own area but also invite others to join and leverage with as well as publishing in interdisciplinary journals. They should also engage in interdisciplinary development projects with, for example, ecologists, development economists, and specialists in nutrition and food security. Transformative marketing research in development will achieve the greatest influence if it recognizes its unique strengths and connects with other disciplines with complementary strengths.

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