Exchange Types and the Nature of Marketing

Isabelle Maignan, The University of Memphis

Marketing scholars have widely acknowledged exchange as the subject matter of marketing; however, they still disagree as to the nature of the exchanges that are part of the marketing discipline. The examination of the resources at stake and of the parties involved in an exchange process shows that no exchange may a priori, by nature, be excluded from the domain of marketing. However, not all exchanges are marketing exchanges. Criteria are proposed that characterize the latter. A definition of the domain of marketing results from this analysis.

Introduction

Over the years, most marketers seemed to have acknowledged exchange as the subject matter of marketing (Table 1). This consensus around the exchange concept has also been found among marketing educators as indicated in an empirical survey conducted by Ferrell and Lucas (1987). However, marketers still disagree as to the types of exchanges that are or are not part of the marketing realm. On the one hand, some authors such as Bagozzi (1979) claim that virtually all social exchanges are marketing exchanges, on the other hand, other scholars like Fine (1994) basically restrain marketing exchanges to reciprocal transfers of goods or services for the monetary profit of the seller. This debate leaves marketing with no clear delimitation of its subject matter.

This paper assesses the array of exchanges that may potentially be of interest to the marketer both in terms of the parties involved and of the resources at stake in an exchange process. This analysis leads to the development of propositions highlighting the differences between marketing exchanges and other social exchanges. An evaluation of the marketing discipline and directions for future research result from our discussion.

Parties Involved in an Exchange

The identification of the parties involved in an exchange process will aid marketers in their understanding of the nature of exchanges processes.

Exchange Between Social Units

It is usually acknowledged that exchanges involve at least two parties (Figure 1). For example, Alderson (1957) defines marketing as the exchange taking place between a consuming group and a supplying group. Kotler (1972) also admits that two parties are present in an exchange process: "Marketing involves two or more social units, each consisting of one or more social actors" (p. 49). Houston (1994) confirms this position: "Exchange assumes a bilateral or multilateral process in which each of the parties expects to receive and give value" (p. 1). However, this view may be too narrow to include the variety of possible exchanges.

Exchange With Oneself

Brunswick and Lusch (1994) claim that exchanges do not need to include two entities to be of interest to marketers. Exchanges of a given entity with itself, such as self-production activities should also be considered (Figure 2). This position is supported by Gould (1994) who describes self-production as a "self-exchange in which an individual allocates resources away from external exchanges and toward internal self-markets" (p. 51). This statement implies that self-production is an alternative to external market exchanges, and thus an hindrance for marketers who mainly attempt to foster the latter type of exchanges. However, transfers conducted by one entity with itself may also offer opportunities for marketers who are aware of them. The "do-it-yourself" adeps are an example of such marketing potentials.

Overall, it appears that the reliance on external markets is not a prerequisite for exchange to occur. This contradicts the accepted view of marketing exchanges, such as presented by Kotler (1984) : "The focus of attention is on those exchanges where supply is limited and where there is a potential for a market or market place".

Exchange With Things

Gould (1994) suggests that consumers may engage in exchanges with objects (Figure 3) and refers to individuals treating their pets as human beings as an example. This type of exchange also includes individuals who react actively to television programs. In these situations, the person considered may have the feeling that his/her pet, plant, or television provides him/her with something of value (e.g. affection, beauty, fun), while he/she returns a resource he/she considers valuable (e.g. love, care, attention, time,...). To recognize the existence of such exchanges in which a person is literally substituted by a thing may help the marketer develop an accurate image of the "thing" considered and of its role. Insofar as marketers facilitate exchanges with things or offer alternatives to them, these types of transfers are marketing exchanges.

Unintended Exchange

There may be situations in which entities become part of an exchange, even though they have no intention to become involved in that phenomenon. They may be forced into the context of an exchange by the occurrence of externalities (Figure 4). According to Mundy and Garret (1994) externalities "arise whenever positive or negative outcomes that were not calculated into the exchange
A person whose pond is polluted as a result of agricultural pesticides comes indirectly in contact with the farmers concerned: he/she receives a side-effect of their activities, and invests in return in cleaning expenses, personal feelings, or even in direct actions against the responsible parties. The acknowledgement of the existence of externalities leads Mundi and Garret (1994) to identify three types of potential actors in marketing exchanges: buyers, sellers, and society.

The occurrence of externalities causes entities external to the initial exchange to enter that process without intention. This contradicts the usual view of exchange as a voluntary act (Houston and Gassenheimer 1987). It also implies that marketers should cautiously identify all the parties that may be affected by and thus potentially involved in an attempted exchange relationship, whatever its outcome may be.

Overall, the analysis of the parties involved in different exchanges leads to the following propositions:

**Proposition 1:** Social actors are not the only entities that are involved in an exchange process; things and animals may be integral parts of an exchange.

**Proposition 2:** Exchanges may occur not only between entities but also within one given entity.

**Proposition 3:** An entity may be involved in an exchange unintentionally.

### Resources at Stake in an Exchange

#### Exchange of Tangibles

Some authors claim that marketing is concerned only with the exchange of products or services that are palpable or measurable. For example, Alderson (1957) defines exchange as a process through which two parties attempt to increase the utility of their respective assortment, which is defined as "a collection of two or more types of goods which either complement each other directly or in total possess some degree of potency for meeting future contingencies" (p. 199). Nine (1994) also clearly defines the nature of the resources that may be at stake during a marketing exchange: "Marketing's domain should include quid pro quo exchanges of tangibles and should not include the exchange of intangibles unless the intangible in question has assumed a "thing-like" property due to a well-grounded relationship with empirical observation" (p. 17).

Nine (1994) bases his exclusion of intangibles (not "thing-like") from the realm of marketing on the criterion of intersubjective certification. In other words, according to Nine's (1994) view, the resources exchanged need to be measurable in order to be of interest to marketers. However, the difficulty of measuring a phenomenon does not mean that this phenomenon does not occur or that it should not be surveyed. Accordingly, there seems to be no reason to reject, a priori, the exchange of intangibles from the realm of marketing.

#### Exchange of Intangibles

In his "Generic Concept of Marketing", Kotler (1972, p.46) proposes the exchange of value between two parties as the central theme of marketing. Kotler (1972) underlines that "things of value are not limited to goods, services, and money; they include other resources such as time, energy, and feelings" (p.48). Accordingly, the resources at stake in an exchange are assessed in terms of both observable and subjective value.

Bagozzi (1979) overtly acknowledges the role of intangibles in marketing: he defines exchange as "a transfer of something tangible or intangible, actual or symbolic, between two or more social actors" (p. 92). The promotion of beliefs and ideas conducted by churches and politicians is an example of a transfer of intangibles. It is also an activity that certainly belongs to the marketing field. For example, Cary (1983) reports how nondenominational churches resort to marketing techniques such as direct mailings to reach their target group (baby boomers). Some researchers have enlarged the domain of marketing exchanges still further by pointing out the importance of the resources that could have been exchanged, but failed to be transferred due to unsuccessful or limited exchange processes.

**Exchange Failure**

Houston (1994) suggests: "If a person fails to enhance his/her potency, this does not exclude the behavior from being marketing behavior" (p. 8). Thus, it is simply the attempt to conduct an exchange, whether successful or not, that is of interest to marketing researchers.

Even when an exchange takes place, the resources potentially available but not exchanged may be as valuable for marketers to identify as those actually exchanged. This idea is implied in the theory of "Keeping-While-Giving" developed by Weiner (1992). Weiner shows how "surface reciprocal exchanges are really manifestations of attempts to avoid exchanges of certain valued items while under social pressure to engage in exchanges" (James and James 1994, p.35).

An example of these incomplete exchanges may be illustrated by the relationship between an elected representative and one of its electorate group. When a politician increases welfare benefits, it seems that he/she is willing to upgrade his/her relationship with the welfare recipients. However, it is most likely that this willingness to give more is actually motivated by the desire on the part of the politician to keep the votes of the population receiving these benefits.

The range of the resources at stake in an exchange process is now clarified. These resources may be observable if they take the form of tangible products and services. They may also be difficult to assess if they are not tangible or if they are not exchanged. Therefore, it appears that marketers should not concentrate only on the study of exchanges per se. They should investigate a phenomenon as long as an intention to exchange is expressed. Failure to exchange or to transfer resources during an exchange may be of extreme importance to marketers because it illustrates that an exchange or a more extensive transfer could have occurred. Our investigation of the resources at stake in an exchange thus leads to the following propositions:

**Proposition 4:** The value transferred during an exchange may be observable directly or indirectly; it may be intrinsic to the actor(s) of the exchange.
Proposition 5: Achieved, aborted and unintended exchanges may potentially be of interest to marketers.

Assessment of Marketing As a Discipline

Is Any Exchange Marketing?

As previously mentioned, there is a wide range of exchange types that can potentially be of interest to marketers. The nature of the resources that may be exchanged, the diversity of the entities that may be involved in an exchange, the degree of completion of an exchange, and the circumstances leading an entity to enter an exchange process can all be highly differentiated.

We may then wonder whether any type of exchange is potentially of interest to marketers. For example, let us consider two neighbors exchanging a few words in the morning before going to work. Since words are transferred, we could assume that this conversation should be studied by marketers. Here appears the desirability of defining a borderline between any exchange and a marketing exchange (Figure 5).

It may be suggested that a criterion for discerning marketing exchanges may be the direct or indirect relevance of the exchange for marketing practitioners and academicians. These two groups are considered here as the two main users and developers of marketing practices and knowledge. Marketing practitioners are those individuals involved in the management of exchange relationships between their organization and its different publics: for example, customers, suppliers, employees, investors, and general public. Marketing practitioners may act within a profit or a non-profit oriented organization. They may be leaders of a church, of a cultural group, or administrators of an educational institution. It may then be proposed that an exchange is a marketing exchange when it applies to a marketing practitioner in one of the following two manners: (a) it typifies some aspect of the relationship between the organization and its publics, or (b) it typifies some aspect of the interactions its publics may be conducting within themselves. All the stages of such interactions are potentially of interest to marketers, starting with the intention to exchange and ending with the outcomes of the termination or failure of a desired exchange. The exchanges meeting the two requirements presented above are also relevant to marketing scholars insofar as the latter attempt to assist managers as well as to generalize and theorize their practices.

Therefore, the simple conversation between two neighbors described earlier may become a marketing relevant exchange if, for example, a scholar is interested in studying how information gets passed on by word of mouth. This analysis may then be useful for a marketing practitioner who attempts to understand (and thus possibly influence) the process through which the reputation of a product (such as a movie) is built.

Overall, it appears that no exchange may a priori, by nature, be rejected from the field of marketing. Nevertheless, it has to be of interest to either marketing practitioners or scholars to be a marketing phenomenon.

The Domain of Marketing: The Context of Exchanges

An analysis of the resources at stake and of the parties involved in exchange processes shows that marketing is concerned not only with the exchange process in itself, but also with the context of exchange. This notion enables the inclusion of phenomena such as externalities, internal market exchanges, or exchange failures in the domain of marketing. Accordingly, the following proposition is suggested:

Proposition 6: The subject matter of marketing is the context of exchanges. An exchange is an interaction has the following characteristics:

a. It may be intended, or unintended; it may be achieved, desired, or aborted.

b. It occurs within one entity or between several entities that may be social actors, or things.

c. It involves the transfer of some value from one or several entities to one or several entities. This value can either be observable directly or indirectly, and/or it can be intrinsic to the entities at stake.

d. It is of interest to marketing scholars and practitioners in that it typifies certain aspects of the potential or existing relationships that organizations maintain with their various or the organization’s publics maintain among each other.

Directions for Future Research and Conclusions

The criteria listed above entail that marketing has a definite subject matter: the context of exchange. This subject matter seems to be broad enough to include all the marketing phenomena relevant to marketing practitioners and scholars, while distinct enough to discern marketing from other disciplines. As mentioned by Bagozzi (1979): "It should be noted that no discipline in the behavioral sciences claims exchange as its fundamental subject matter" (p. 92). Some scholars such as Hunt (1991) even qualify marketing as a science, whereas others may view marketing as aiming toward the status of a science.

The scope of marketing defined above may be deemed as too broad and not restrictive enough. However, it may be argued that most of marketing research areas are still evolving in the context of discovery. The setting of definite frontiers delimiting marketing activities may not only be premature but may also endanger the full development of the discipline. Accordingly, it is hoped that the boundaries suggested in this paper are clear and flexible enough to guide future research endeavors.

Further research could test empirically the propositions advanced throughout our paper. Following the methodology adopted by Ferrell and Lucas (1987), our propositions could be tested among marketing scholars and practitioners. Such a survey would enable to determine whether our conceptualization of
marketing exchanges matches the scope of marketing professionals' activities.

Table 1. Views Of the Proponents Of Marketing As Exchange

Figure 1. Exchange Between Social Units

Figure 2. Exchange With Oneself

Figure 3. Exchange With a Thing

Figure 4. Unintended Exchange

Figure 5. Social Exchanges and Marketing Exchanges

(The Table and Figures may be requested from author)

References


