ALDERSONIAN FUNCTIONALISM: AN ENDURING THEORY IN MARKETING

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In the thirty years since the publication of his two major works, Wroe Alderson’s writing has served as a durable theoretical resource for marketing practitioners and authors in marketing and other behavioral sciences. We contend that Alderson’s theory is the most comprehensive general theory that exists in the marketing literature. In this paper we offer a brief synopsis of some examples of Alderson’s major contributions to marketing theory, then present a list of recent articles that cite Alderson with a summary of the primary subject of each paper. Finally, we offer a formal examination of Alderson’s theory using well-known metatheoretical criteria.

This review of recent literature shows the breadth of Alderson’s influence in the behavioral sciences. The results of our study reinforce the significance of Alderson’s work and dispute the superficial stylistic criticisms often directed toward this seminal contribution to the literature. We conclude that a thorough understanding of Alderson’s contribution to marketing theory is a necessary element of social science scholarship and a useful element of knowledge for managers in business organizations.

The culmination of marketing theory is in demonstrating its value as perspective for marketing practice.

(Alderson 1957)

Wroe Alderson’s concept of marketing, casually referred to as functionalism, is explained in his two major works, Marketing Behavior and Executive Action: A Functionalist Approach to Marketing (1957) and his opus posthumous, Dynamic Marketing Behavior: A Functionalist Theory of Marketing (1965). These two books stand as landmarks in marketing theory because they codify the concepts of the functionalist methodology and offer its application to the solution of marketing problems. Since their publication, these books have guided the thinking of numerous scholars in marketing and other fields who have sought to explain the dynamics of interpersonal or intergroup relationships in operational, or functional, terms. While the greatest volume of related work is in Alderson’s own field of marketing, we will show examples of Alderson’s influence on scholars in other academic disciplines.

Alderson was interested in theory principally as it served practitioners. He used the disciplines of economics, anthropology, sociology, and psychology to form the explanatory bases of his concepts, but in the end, it was the solution of practical marketing problems that motivated Alderson in his work. This may be seen clearly in the subjects of his other published writings such as Men, Motives, and Markets (1968), Planning and Problem Solving in Marketing (1964), and Marketing and the Computer (1963). In each of these works, Alderson departed from the realm of theoretical writing to provide instruction in how managers should use marketing theory in their pursuit of business. In addition to didactic discussions of conceptual issues in marketing, Alderson provided instruction and examples to show how managers should use data in decision making, how managers should plan and
forecast, how key managers should evaluate strategic alternatives, and how the computer may be used as a tool of marketing management. Alderson's insistence on the practical relevance of marketing theory is the apparent source of its regular use by scholars and its continuing usefulness for marketing managers. In the Three Dichotomy classification scheme offered by Hunt (1976), Alderson's works fit in the profit-micro-normative and profit-macro-normative cells. Marketing scholars refer most frequently to the macro level aspects of his theory; the micro level aspects are more germane for marketing executives.

Alderson's literary style has been the subject of harsh criticism by marketing scholars who have endeavored to understand his theory. Hunt, Muncy, and Ray (1981) referred to his writings as "notoriously nonsystematic," yet it is significant to note that Alderson's colleagues, Green, Halbert, and Robinson (1965), who brought his final manuscript to publication, chose not to attempt major stylistic revisions but to allow the book to capture "the spontaneity and creativity that were hallmarks of Wroe's personality." In studying Alderson, one is repeatedly confronted with nuggets of knowledge that are presented in a tightly woven web of theory. Occasionally Alderson reached beyond what he considered the limitations of language to express a concept and introduced a new term such as transvection. But most of the time his statements were simple, direct, and easily understood.

Research confirms Alderson's stylistic reputation but also confirms the inherent value of his scholarly work. Despite his digressions, extensions, and philosophical ramblings, Alderson's approach to marketing theory is the most comprehensive general expression of the body of normative theory available in the marketing literature.

To support this statement, Alderson's theory is examined from several aspects. First we briefly review the major topics of Alderson's two principal books and the concepts of functionalism presented in them. Next, an examination and summary of the recent literature citing Alderson is presented. Finally an evaluation of Alderson's theory as a general theory of marketing and assessment of the likelihood of its continued use by marketing scholars and practitioners is made.

The following review of Alderson's theory serves two purposes. It introduces some of Alderson's key theoretical constructs to those who have not read his major works first hand, and it illustrates Alderson's approach to marketing theory at a conceptual level that is practically relevant for managers in business organizations. We hope that this introduction will pique the interest of some in the work of this venerable old master.

**REVIEW OF ALDERSON'S THEORY**

References to Alderson's work are common in the marketing literature. Authors frequently use concepts introduced by Alderson as the basis for their own theoretical developments. Often, though, the extent of those references is specific. For example, Bagozzi (1974) took one of Alderson's concepts, the "law of exchange," and used it as the theoretical foundation of his description of the essential process of marketing as a dyadic model. This review of Alderson's theory presents an introduction of the major elements of Alderson's theory. Readers who desire more elaborate expositions of these concepts may refer to Alderson's original work, but many will find this concise review to be sufficient to understand Alderson's significance in the history of the field and the persistent relevance of his work.

Alderson undertook to apply scientific techniques to the solution of marketing problems. The theoretical environment that he chose was that of functionalism. The functionalist approach to research is to define each entity under study as a system or a network of systems and describe the operational utility of each component part. According to Alderson, "the functionalist approach is concerned with the functioning of systems, and the study of structure is incidental to the analysis and interpretations of functions" (1957). Alderson sought to explain marketing as human behavior within the framework of an operating system (1957).

The operating system that Alderson (1957) offered as his basic unit of analysis is the organized behavior system. The organized behavior system is defined as "a group taken in conjunction with the environment in which it moves and has its being." The group consists only of the human beings present; all other objects are not considered to be in the system because they are possessed or controlled by the members of the group. Examples of organized behavior systems include households, firms, governments, and other entities such as labor unions.

Alderson (1957) devoted nearly two thirds of Marketing Behavior and Executive Action to the establishment of the foundations of marketing theory. He turned to the social science disciplines of economics, anthropology, psychology, and sociology for theoretical material and added to them elements of communications theory and physiology. Alderson used a functionalist approach to explain the concepts of power, negotiation, and differential advantage. For example, in referring to "the power principle," Alderson compared the acquisition of power as a result of growth in organizations and individuals.

An individual or an organization, in order to prevail in the struggle for survival, must act in such a way as to
promote the power to act. The power principle is especially important in relation to the expansion of a growing system. As a system grows, it is increasing its power or capacity to carry on its regular processes on a greater scale. The existence of power is a necessary condition for the continuance of many of these activities. Therefore the maintenance and the enhancement of power is an inherent goal for any organized behavior system (1957).

Both the processes of production and marketing are designated as input/output functions in the functional analysis of the organized behavior system. Alderson described the functioning of primitive cultures as they rationed food supplies among their members. He speculated upon the development of marketing and group defense as primitive functions of society through which power was exercised and the culture sustained (Alderson 1957).

**Basic Premises**

In his description of the marketing environment, Alderson (1957) began with the assertion that the environment is inherently unstable. Organized behavior systems represent centers of power, and negotiation consists of “a continuous adjustment among power centers.” Organized behavior systems use power and “plasticity” which Alderson defined as “the capacity for undergoing a reshaping of behavior patterns” to respond to changes in the environment.

Alderson extended his use of the biological metaphor by using the term homeostasis to describe the process of change in an organized behavior system. Homeostasis refers to the mechanisms within an organism that maintain its physiological stability in the presence of environmental (external) changes. Homeostasis is the result of the balance of functions and chemical compositions within the organism. To say that homeostasis can exist in an organized behavior system is not to say that the changes in the external environment are corrected, or restored to their original state, but that the organized behavior system makes changes within itself to accommodate its new environment.

Alderson's recognition of an inherently unstable environment and the need of organized behavior systems to change in response to their environment might be seen as an anticipation of the Total Quality Management (TQM) philosophy that is now practiced in many industrial organizations. To paraphrase Alderson, change in the environment is inevitable, and long term survival requires that households, firms, and other organized behavior systems respond to external changes with appropriate internal changes. This concept is consistent with the emphasis that is placed upon the need for continuous improvement that is a major component of Total Quality Management. The same sentiment is a consistent theme in the writing of Peters. For example, Peters (1987) says, “Today, loving change, tumult, even chaos is a prerequisite for survival, let alone success.” In other words, Alderson, Deming, and Peters recognized that the business environment is one of instability and change, and each advised managers in his own way that adaptability is a necessary condition for survival. Alderson saw the need to adapt as the natural function of homeostasis, Deming (1986) admonished managers to “[i]mprove constantly and forever the system of production and service, to improve quality and productivity,” and Peters succinctly advised managers to “love change.”

Of primary importance to marketing are Alderson's premises of exchange and competition. In a functionalist context, exchange consists of the interaction between two organized behavior systems. It is “the act of improving the assortments held by the two parties to the exchange” (Alderson 1957).

The simplest example of exchange described by Alderson is the process of making purchases for the household. In such an exchange, the buyer assesses the needs of the household, surveys the assortment of goods offered by the seller, and exchanges money for the desired goods. The result for the buyer is a more potent assortment of household goods. The result for the seller is a more potent assortment, one element of which is money which may be used to replenish the goods sold or retained as profit. This conceptualization of exchange can be easily extended to exchanges involving such intangibles as services and ideas and to exchanges involving other behavior systems such as the channel of distribution. But Alderson built his concept of exchange on the simplest model, the dyadic exchange of goods for money.

According to Alderson (1957), exchange takes place in an environment of heterogeneous supply and heterogeneous demand. It comprises the elements of matching and sorting (see Figure 1).

Alderson (1957) used unconventional terminology to describe the exchange relationship. For example he used the term assortment for what an economist might call a market basket. Likewise, Alderson introduced the term potency as a powerful representation of value. Exchange occurs between organized behavior systems which implies a bidirectional and balanced flow of values between participants. Key to Alderson’s concept of exchange is the idea that the potency of both participants’ assortments is increased as a result of the exchange. Alderson illustrated the exchange process with the example of a barter (goods for goods) economy.

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According to Alderson,

In marketing terms, it is somewhat more precise to say that exchange takes place in order to increase the utility of the assortments held by each party to the transaction...Exchange under this conception is a creative function. It creates value in the sense that there is greater value in use for all of the products involved after the exchange than before the exchange. This is directly contrary to the conception held by some that exchange can only represent a transfer of values and that any gain on one side must reflect a loss on the other (1957).

Alderson's "Law of Exchange" (1957) formed the theoretical basis of Bagozzi's dyadic model of marketing as an "organized behavioral system of exchange" offered nearly twenty years later (Bagozzi 1974). Bagozzi extended Alderson's conceptualization by introducing a number of potential variations in the nature of the rewards that flowed between the members of the dyad and showed that endogenous and exogenous factors may affect both the substance and the utility of the exchange.

In an environment consisting of heterogeneous supply and demand, Alderson asserted that marketing matches segments of supply with corresponding segments of demand through a series of sorts. The four types of sorts are accumulation, allocation, assorting, and sorting out. Accumulation is the building up of a homogeneous collection from a heterogeneous supply. Allocation is the breaking down of a homogeneous supply. Sorting out breaks a heterogeneous collection into its component parts. Assorting builds up a heterogeneous collection.

A flour mill, for example, purchases wheat as a raw material from many sources. In this way the flour mill sorts by accumulation. When the mill sells flour to grocers and bakers, it sorts by allocation. Grocers sort out the collection of groceries offered by food processors and manufacturers and make them easily available to households. And households assort by selectively choosing items from the grocers' shelves. The processes involved in accumulation and sorting out and in allocation and assorting are illustrated in Figures 2 and 3.

Of the four types of sorts described, assorting is the most significant. "Marketing theory necessarily places the greatest emphasis on assorting as the final step in meeting the needs of consumers, for which all the other types of sorting are merely preliminary. Economics, with its emphasis on scarcity rather than the unique character of individual needs, has paid most attention to allocation among the four types of sorting" (Alderson 1957).

While Alderson (1965) was able to describe the concept of the transaction, he was concerned also that marketing consider the entire process of production and sales. In order to discuss this view he coined the term transvection. In Alderson's lexicon, "a transvection is a unit of action of the marketing system resulting in placing a final product in the hands of the consumer but reaching all the way back to the raw materials entering into the product" (emphasis added). A transvection is illustrated in Figure 4.
in which each oval represents a step in the process. Each step is either a sort or a transformation. That is, manufacturers transform raw materials into products and channel members sort and build assortments. The entire process, from the raw materials used by the manufacturer to the use of the final product by the consumer, is what Alderson called a transvection. Later, Alderson used the concept of transvection to discuss cost and process optimization.
Each transaction in the market involves a single pair of participants with many possible pairs of buyers and sellers which forms the basis of the process called competition. The organization of the market is dynamic because of inherent factors quite aside from response to changes in supply and demand. The concept of a free market implies freedom to organize. Firms do not confine their competition to operations within the market but strive competitively to influence the organization of the market in their own interests (Alderson 1957).

Since exchange is bidirectional, the activities of both buyers and sellers are important in marketing. Buyers attempt to solve problems through the purchase of marketable goods and services (Alderson 1957, 1965). Selecting the source in the transaction is the process of shopping, and sellers seek to achieve a differential advantage in the market with which to attract buyers (Alderson 1957).

Alderson’s (1965) view of competition is rooted in the concept of marketing as a customer oriented process. “Product or quality competition tends to assure an adequate or expanding range of consumer choice. Price competition alone cannot accomplish this.” “In summary, there is only one kind of competition. That consists of changing the balance between price and product in a direction favorable to the consumer” (Alderson 1957). In both of these passages, Alderson asserts that the marketer’s concern for the customer must transcend the economic assumptions of price competition. Consumers consider the price of a product in a context of the product itself as an instrument of consumer satisfaction. In Alderson’s market of heterogeneous supply and demand, competition stimulates the proliferation of products. The range of products command a range of prices, and the need for competition on price alone is obviated. Alderson implied that this level of competition is beneficial for both consumers and suppliers.

Another premise in Alderson’s concept of marketing is the belief that the true source of power in the market is the consumer’s freedom to choose among competing suppliers. “The American market is characterized by freedom of choice for both the consumer and the supplier” (Alderson 1965 emphasis added). The marketer may strive for differential advantage; he may offer products with desirable attributes; he may create or stimulate demand through advertising; but it is the consumer’s selection that results in the consummation of exchange.

Finally, Alderson (1957) contended that one of the functions of marketing is to create demand. “The idea is generally accepted in the advertising fraternity that we live

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**FIGURE 4**

**ALDERSON’S CONCEPT OF TRANSVECTION**

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<table>
<thead>
<tr>
<th>Raw Materials</th>
<th>Manufacturer</th>
<th>Wholesaler</th>
<th>Retailer</th>
<th>Consumer</th>
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in a stimulated economy and that the present high level of production cannot be maintained without active promotion.” Some writers say that “the business of marketing is to sell wants rather than needs.” “In our modern American economy, we do not typically sell food to hungry people or clothing to those who literally have nothing to wear”.

In both of his major works Alderson carefully described and analyzed the marketing environment, its participants, their motivations, and their functions. He made use of an impressive assortment of intellectual approaches in his explanations. But for all of the richness of his descriptions and the pervasiveness of his analyses, they were provided only as a theoretical backdrop before which the true purpose of his work was displayed.

Functionalism’s Purpose

Alderson never lost sight of his primary objective of providing marketing and business managers with the analytical and methodological resources necessary to compete and win in the market. In more specific terms, “sales results are the function of organized marketing effort applied to market opportunity. Management of marketing operations should begin with this fundamental equation” (Alderson 1957). Planning and Problem Solving in Marketing (Alderson & Green 1964) offers a course of study that includes such minute details of marketing management as office layout. That course of study also includes chapters devoted to such subjects as determining an advertising budget, evaluating distribution alternatives, and new product development decision making. One of the specific techniques presented in Planning and Problem Solving in Marketing is Bayesian decision theory. Alderson emphasized the use of data in decision making and in Marketing and the Computer, Alderson included literature advocating the use of the computer for forecasting and decision support calculations. Alderson was devoted to the goal of improving the effectiveness of marketing managers and constantly directed his efforts toward giving them the tools and techniques with which to achieve that end.

To a certain extent Alderson maintained the belief of the commodity school theorists that generic solutions could be applied to specific marketing problems. He believed that if the circumstances and details of a problem could be sufficiently recognized, analyzed, and described, then a cookbook approach might be developed.

A marketing study undertaken from the viewpoint of pure science . . . might look at a single aspect of many concrete situations. The purpose might be to develop principles of action for such recurrent problems as the determination of an advertising budget. The general principles developed in this manner may then be made available as a guide to the decisions of marketing executives in many firms (Alderson 1957).

In examining Alderson’s theory, one will notice that most of his discussions, like those of marketing’s commodity theorists (e.g., Parlin, Copeland, and Aspinwall) concerned the manufacture and marketing of goods. Alderson made only occasional references to services and those were closely linked either to the process of bringing the product to market or the utility of the product itself. “Services related to the effective use of goods are mainly concerned with matching them more closely to the individual’s needs.” “In the last analysis, what the consumer is buying is not a product, but some anticipated level of product performance.” “Services related to the selection of goods include display of merchandise, service or counsel by salesclerks, advertising, and the distribution of catalogs” (Alderson 1957).

Perhaps one of the most interesting aspects of his writing is the conservative and ethical approach that Alderson brought to marketing. His advice to managers concerning many facets of consumer marketing was always to provide useful merchandise, competitively priced, and honestly represented. Evidence of his attitude may be seen in his advice to marketing managers concerning product claims in advertising. “Ideally, a claim should be meaningful, plausible, and verifiable.” He did not shrink from the objective of advertising to be persuasive, rather he noted that one purpose of advertising is to convince consumers that they have a problem and that the marketer’s product is the appropriate solution (Alderson 1957). Consequently, even in his development of the basic concepts of marketing, Alderson stressed and restressed the normative aspects of his theory.

**COMPARISONS OF FUNCTIONALISM WITH OTHER GENERAL THEORIES OF MARKETING**

The idea of a general theory of marketing has been both persistent and elusive. In a 1982 article, Chonko & Dunne surveyed a group of marketing academics concerning their nominations for the top ten marketing scholars and assessments of their contributions to the field. The results of this survey placed Alderson’s contribution at the top of the list, surpassing such other well-known theorists as Hunt, Howard, Bartels, Kotler, Sheth and Bagozzi (Chonko & Dunne 1982). Even though there was no explanation for the judgments of the scholars surveyed, the results indicate a strong expression of respect for Alderson’s work.
On the other hand, a later meta-theoretical work by Sheth, Gardner, and Garrett (1988) described twelve major schools of thought in marketing and evaluated each using the common criteria of structure, specification, testability, empirical support, richness, and simplicity. In this subjective evaluation, the managerial school of thought was rated first and functionalism was rated last.

Neither of these studies offer conclusive evidence of the universality of any theory of marketing. Indeed, Sheth, Gardner, and Garrett (1988) conclude that no current theory or school of thought qualifies as the or even a general theory marketing.

**ALDERSON IN THE RECENT SOCIAL SCIENCE LITERATURE**

In order to assess the kind of study that Alderson’s work supports, a survey of recent social science literature was conducted. Thirty-four articles that appeared in major domestic social science journals in the period of 1986-1992 made reference to Alderson’s major works. Those articles were examined and summarized (see Table 1). This body of literature represents nearly all of the references to Alderson that were listed in the Social Science Citation Index for that period. The variety of the subject matter addressed in the literature was surprising. Besides its importance in the mainstay of marketing theory, Alderson’s work has been cited by authors writing on such diverse subjects as mate seeking (Adelman & Ahuvia 1991), medical malpractice litigation (Singh 1989), gaming theory in marketing (Thomas & Soldow 1988), and exchange between inanimate objects (Kiel, Lusch, & Schumacher 1992).

Of the thirty-four articles reviewed, twenty-two appeared in marketing journals, three were found in strategic management journals, three appeared in business ethics journals, two were published in economics journals, and one each appeared in psychology, operations research, international business, and mass communications journals. It is important to note that none of the articles reviewed were purely theoretical pieces. These references to Alderson were made in a supporting or historical context. Yet each of these authors found some intellectual or scholarly connection to the work of Alderson. The thesis of this paper is that the very existence of Alderson’s work and the widespread effect of his teaching makes it of lasting importance in marketing and the social sciences. The fact that he is still cited so frequently in such a wide range of research testifies to the verity of our thesis. The usefulness of Alderson’s work is not limited to marketing but extends to many other social science disciplines as well.

**METATHEORETICAL CONSIDERATIONS**

In order for a school of thought to flourish, it must be firmly attached to a solid theoretical foundation. Hunt claims that Rodner’s definition of theory has achieved consensus (Hunt 1991). According to Rodner, “A theory is a systematically related set of statements, including some lawlike generalizations, that is empirically testable. The purpose of theory is to increase scientific understanding through a systematized structure capable of both explaining and predicting phenomena” (Rodner 1966, emphasis assses). In order to assess the rigor of Alderson’s theory it seems appropriate to use the criteria of Rodner’s definition. As analyzed, Alderson’s theory consists of a systematically related set of statements with the majority of the terms carefully defined. Much of Alderson’s theory is expressed as lawlike generalizations, including one statement which he called the “law of exchange.” In fact, Alderson’s final chapter of *Dynamic Marketing Behavior* contains one hundred fifty specific statements that he offered as falsifiable propositions. A theoretical weakness is in the area of testability. While Alderson doubtless believed that his theory would be testable, his own presentation is bereft of quantifiable information. Many of the charts and graphs presented in *Dynamic Marketing Behavior* do not specify values either for the data represented or the axes of the graphs. It would be logical to assume, however, that if he had lived to complete this work, the outlines would have been filled in and accompanied by more extensive explanations of the concepts that they represent.

Hunt, Muncy and Ray collected related concepts from both *Marketing Behavior and Executive Action* and *Dynamic Marketing Behavior* and attempted to formalize Alderson’s theory (Hunt et al 1981). The concepts were codified in a concise set of statements from which testable hypotheses were derived. Hunt, Muncy, and Ray did not operationalize and test any of the hypotheses that they developed. As demonstrated in this formalization, Alderson’s work was intended to represent scientific knowledge and undeniably increases one’s understanding of marketing as a discipline.

To the extent that his work applies scientific methods of expression it becomes a scientific theory. Alderson presented a wealth of knowledge concerning business and gathered it together under the banner of marketing. However, it is impossible for the reader to turn to his sources to examine the data or the context upon which his statements were based. Alderson expounded upon what he knew with little regard to our interest in how he knew it. For that reason, his theory cannot unequivocally be said to increase scientific understanding.
<table>
<thead>
<tr>
<th>Article</th>
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<th>Field</th>
<th>Summary</th>
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<tbody>
<tr>
<td>Armstrong</td>
<td>1992</td>
<td>Business Ethics</td>
<td>Bribery, commission fraud, &amp; improper pricing are most serious ethical problems reported by Australian firms.</td>
</tr>
<tr>
<td>Dickson</td>
<td>1992</td>
<td>Marketing</td>
<td>A firm’s competitive success depends on the imperfect procedural rationality of its marketing planners.</td>
</tr>
<tr>
<td>Kiel et al.</td>
<td>1992</td>
<td>Psychology</td>
<td>Extends exchange theory to include inanimate object and substances.</td>
</tr>
<tr>
<td>Rinehart &amp; Page</td>
<td>1992</td>
<td>Marketing</td>
<td>Developed and tested a model of the negotiation process. Shows managers how to assess the environment and select employees for negotiations.</td>
</tr>
<tr>
<td>Rosenbloom &amp; Larson</td>
<td>1992</td>
<td>Marketing</td>
<td>Survey of foreign manufacturers with direct investment in U.S.</td>
</tr>
<tr>
<td>Skinner et al.</td>
<td>1992</td>
<td>Retailing</td>
<td>Structural equation model of cooperation in a channel network. Suggests that use of non-coercive power reduces conflict.</td>
</tr>
<tr>
<td>Webster</td>
<td>1992</td>
<td>Marketing</td>
<td>Marketing as a social and economic process. Advises managers to adopt a new view of marketing.</td>
</tr>
<tr>
<td>Adelman &amp; Ahuvia</td>
<td>1991</td>
<td>Mass Communications</td>
<td>Concept of “disrepannt markets” to explain why some persons do not marry.</td>
</tr>
<tr>
<td>Hallén et al.</td>
<td>1991</td>
<td>Marketing</td>
<td>Structural equation model based on social exchange theory and resource dependence model.</td>
</tr>
<tr>
<td>Raneshwar &amp; Shocker</td>
<td>1991</td>
<td>Marketing</td>
<td>Used Substitution-In-Use approach to study consumers’ perceptions concerning an array of products. Suggested advertising strategy.</td>
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<td>Article</td>
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<tr>
<td>Seth &amp; Zinckhan</td>
<td>1991</td>
<td>Strategic Management</td>
<td>Discussion of theory development process. Advocates positive research as the basis for inductive research and empirical studies.</td>
</tr>
<tr>
<td>Betancourt &amp; Gautchi</td>
<td>1990</td>
<td>Marketing</td>
<td>Modeled retail demand. Compared market-basket pricing and non-price competition.</td>
</tr>
<tr>
<td>Mittelstaedt &amp; Staessen</td>
<td>1990</td>
<td>Business Research</td>
<td>Examines consumer shopping behavior including cross shopping. Shows implications for retail inventory decisions.</td>
</tr>
<tr>
<td>Narver &amp; Slater</td>
<td>1990</td>
<td>Marketing</td>
<td>Developed a valid measure of market orientation. Tested measure in a small sample of commodity-based businesses.</td>
</tr>
<tr>
<td>Colcutt</td>
<td>1989</td>
<td>Operations Research</td>
<td>Advises OR groups to design short-term projects because relationships are not lasting.</td>
</tr>
<tr>
<td>Lambkin &amp; Day</td>
<td>1989</td>
<td>Marketing</td>
<td>Refers to Alderson’s use of ecological concepts in marketing.</td>
</tr>
<tr>
<td>Oumilil &amp; Williams</td>
<td>1989</td>
<td>Marketing</td>
<td>Advises procurement managers to adopt fundamental principles of marketing in developing supplier relationships.</td>
</tr>
</tbody>
</table>

*Author misquotes Alderson (1965) as saying that *markets* are organized behavior systems.

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<tr>
<td>Scherr</td>
<td>1989</td>
<td>Economics</td>
<td>Empirical study of failed firms. Purpose was to develop predictive capability for lenders, investors, and regulators.</td>
</tr>
<tr>
<td>Singh</td>
<td>1989</td>
<td>Consumer Affairs</td>
<td>Used a latent variable structural equation model to predict medical malpractice lawsuits.</td>
</tr>
<tr>
<td>Tsaklikis &amp; Frizsche</td>
<td>1989</td>
<td>Business Ethics</td>
<td>Identifies weaknesses of “scientific studies” of marketing ethics.</td>
</tr>
<tr>
<td>Finn, Chonko, &amp; Hunt</td>
<td>1988</td>
<td>Business Ethics</td>
<td>Survey of CPAs and ethical problems. Lists frequently reported problems and suggests action by professionals and academics.</td>
</tr>
<tr>
<td>Frazier et al.</td>
<td>1988</td>
<td>Marketing</td>
<td>Changing relationships in channels.</td>
</tr>
<tr>
<td>Nielsen</td>
<td>1988</td>
<td>Strategic Management</td>
<td>Developed a classification scheme for mutual gain cooperative strategies.</td>
</tr>
<tr>
<td>Rassuli &amp; Rassuli</td>
<td>1988</td>
<td>Economics</td>
<td>Showed that post-Keynesian models are more amenable to marketing study than Keynesian.</td>
</tr>
<tr>
<td>Shooshtari et al.</td>
<td>1988</td>
<td>Retailing</td>
<td>Show that retail trade associations are a source of power in marketing channels.</td>
</tr>
<tr>
<td>Thomas &amp; Soldow</td>
<td>1988</td>
<td>Marketing</td>
<td>Interpretation and prediction of competitive actions based on a game theory approach.</td>
</tr>
<tr>
<td>Usey</td>
<td>1987</td>
<td>Business Research</td>
<td>Achievement of profit objectives by firms is stochastic. Equally likely to exceed goals as fall short.</td>
</tr>
<tr>
<td>Hutt, Makowa, &amp; Shapiro</td>
<td>1986</td>
<td>Marketing</td>
<td>Describes power negotiations as analogous to marketing in which commodity exchanged is political advantage. Advocates using marketing techniques in guiding public policy and law.</td>
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</table>
Alderson's work explains and predicts the behavior of people and organizations engaged in marketing, but his explanations are based on the work of economists, psychologists, and anthropologists. He did not gather and analyze data to support the explanations, and neither did he offer operationalized methods of prediction that others may test. What he did offer was anecdotal evidence in support of his theories. Because of this deficiency, the explanatory and predictive power of the theory must be regarded as poor.

**MANAGERIAL IMPLICATIONS**

Alderson's writing and teaching has importance beyond the classroom; it is relevant to managers working in contemporary organizations. While certain aspects of his work reflect his times, other aspects are unaffected by most of the cultural and societal changes of the last thirty years. *Dynamic Marketing Behavior and Marketing Behavior and Executive Action* are worthwhile reading for marketing managers who wish to understand the origins of their profession and use the management tools that Alderson and his colleagues developed nearly forty years ago.

The relevance of Alderson's practical interests may be seen in the descriptions of marketing management techniques that are thoroughly developed in Part III of *Marketing Behavior and Executive Action*. In this final section of the book, Alderson presented a management plan that stressed the fundamental elements of management tailored to the needs of a marketing organization. Chapters are devoted to marketing operations, problem solving, planning, and policy formulation. Managers are normally educated and trained in the rudiments of management, but Alderson's application of the techniques to the special problems of marketing are unique. For example, Alderson suggests that the terms opportunity and effort are more appropriate for describing a market from a manager's point of view than supply and demand, the traditional terms that are used in economic descriptions of markets. "These terms refer to the same thing as demand and supply, but they reflect a more dynamic view of the relationship as seen by the marketing organization itself. The term 'opportunity' is more specific and more narrowly defined than the broad concept of "demand"" (Alderson 1965).

When a marketing manager makes this mental substitution the practical connotations for the business involved are made more meaningful. We suspect that to most managers, the concept of supply is one of a static condition. That is, supply refers to goods in a warehouse, but the idea of effort connotes work. It suggests that firms must undertake purposeful activity in order to successfully respond to an opportunity. In our view, Alderson's terms fairly sparkle in their clarity when compared to their traditional counterparts.

Also in his discussion of marketing management, Alderson advises marketers to thoroughly and thoughtfully develop their projections and market estimates. He shows managers how to test their forecasts against such rational bases of judgment as economics, e.g., family income, and not on unfounded hopes or wishes for product sales.

Perhaps the greatest practical relevance of Alderson's work can be seen in comparing the substance of his teaching to the work of W. Edwards Deming and Joseph Juran, the pioneers of the management philosophy now known as Total Quality Management (TQM). One of the major premises of TQM is that the processes involved in an organization's work are of utmost importance, and the development and maintenance of the processes is the responsibility of management. Total Quality Management demands that each person in an organization become involved in identifying the inputs (raw materials, parts, components, information, etc.) the transformation (the work that is done in the process) and the needs of the customer (either the final consumer or the next stage in the flow of the organization). Critical parameters are measured and tracked using statistical analysis and everyone involved can know when normal limits of variation are exceeded and corrective action needed. TQM's attention to processes and Alderson's corresponding attention to the practicalities of management are cut of the same cloth. Much of Alderson's writing is devoted to the what and why of marketing theory, but Alderson never lost sight of the importance of the how of marketing practice. Alderson's view that marketing processes were in the executive domain is also consistent with the TQM model. In *Marketing Behavior and Executive Action*, Alderson addresses the concerns of executives who must establish and manage organizations to perform the function of marketing. He does so by introducing a theoretical perspective and suggesting broad organizational responses. He does not address the specific details of advertising, selling, or consumer research.

Another of TQM's basic principles is the primacy of the customer and the idea that customer satisfaction is the ultimate purpose of the business. Here again, we find Alderson and Deming in complete agreement. Alderson understood the potential impact of marketing on society and impressed the need for responsible behavior on his readers (Alderson 1957, 1965). Finally, the importance of statistical process control and the analysis of data in production processes cannot be overlooked as a hallmark of Total Quality Management. Alderson also recognized the usefulness of data in the establishment of control systems. Chapter 12 of Planning and Problem Solving in Marketing is concerned with control systems in marketing. Alderson and Deming used the same type of statistical approach to setting limits of control. But whereas Deming was
concerned with production processes such as machine manufacturing tolerances, Alderson was concerned with marketing variables such as salesmen’s expenses.

It is unlikely that Alderson was familiar with W. E. Deming and his work with Japanese manufacturers, but he shared Deming’s concern for thoroughness, detail, and management’s unwavering attention to the processes under their control. Both Alderson and Deming were aware of the scope of management’s responsibility in business. Deming’s efforts were more closely aligned with manufacturing and Alderson’s were more concerned with marketing, but both argued for rationality, attention to detail, application of appropriate techniques, and ethical integrity. Their lessons are as relevant in today’s organizations as at any time since their inception.

CONCLUSIONS

Authors in marketing often criticize Alderson’s work for its well-known shortcomings, but it continues to be a formidable resource even in the face of criticism. The aspect of his work that allows it to survive is its intrinsic value to marketing. There is no doubt that Alderson understood the complexities of marketing and that he had a genuine purpose in his writing and teaching: to help marketing managers and executives solve problems. That fact alone may explain the longevity of his scholarship for marketing. But we believe that there is more to Aldersonian Functionalism than practical relevance alone. Alderson’s presentation of marketing in the context of business and business in the context of society provides a durable framework within which to examine specific aspects of consumer behavior, marketing strategy, salesforce management and a plethora of other topics.

Beckmann described the contribution of Euclid’s Elements to the development of mathematics. According to Beckmann (1971),

the importance of Euclid’s work is not in what the theorems, as such, say. The great significance of the Elements lies in their method. The Elements are the first grandiose building of mathematical architecture. There are five foundation stones, or postulates, which (Euclid believed) are so simple and obvious that everyone can accept them. Onto these foundation stones Euclid lays brick after brick with iron logic, making sure that each new brick rests firmly supported by one previously laid, with not the tiniest gap a microbe can walk through, until the whole cathedral stands as firmly anchored as its foundations. Euclid is not the father of geometry; he is the father of mathematical rigor.

We do not mean to imply that Alderson’s contribution to marketing is the equivalent of Euclid’s contribution to mathematics, but Alderson did construct an intellectual cathedral of his own. The bricks in Alderson’s cathedral are derived from economics, anthropology, sociology, and psychology; the mortar that binds them all together is the paradigm of functionalism.

Even though his method was less rigorous than demanded in the discipline today, Alderson discovered, or at least described, some basic business concepts (common knowledge), that managers use every day. For example, it seems to us that there is not much difference between Alderson’s statement that “a transvection has the optimal number of steps if costs cannot be decreased, either by increasing or decreasing the number of steps” (Alderman 1965) and the process of a routine make/buy decision in industry or the principles that drive companies toward Just-In-Time supplier strategies. As an example, Peters offers the case of the Coatings and Resins Division of PPG and states that

PPG has built six satellite plants (with another four under construction) within three miles of auto assembly plants to which it is the sole supplier. Radical inventory reduction for the customer is ensured, though at least as important is the general level of responsiveness, enhanced by tight computer linkages and workers dedicated to a single customer (Peters 1987).

It is entirely possible that neither Peters nor the president of PPG has ever studied Alderson’s theory concerning transvections, but PPG’s actions are entirely consistent with Alderson’s theory. Their strategy reduces the number of steps in the transvection.

Alderson was born in 1898 and died in 1965. Most of his teaching and writing was done in the fifties and early sixties. The attitudes that pervade his work are a stark reflection of his times. For that reason, it would be easy to dismiss his work as pedantic or at least out dated. But the persistence of his influence on the discipline stands in contrast to such superficial observations. It begs the question of why marketing theorists of the past and present hail him as a leader in the field (Blair & Uhl 1976; Hunt 1983). We contend that the answer is because, criticisms notwith-
standing, Alderson has distilled the process of marketing as a general business activity into concepts and language that are intellectually stimulating, practically relevant, and didactically useful. He has constructed an elegant cathedral of theory. We have shown that his theory has survived to be used by contemporary researchers in a variety of fields of study. We expect that it will endure to be used by future generations of scholars as well.

ENDNOTES

1. The authors wish to thank the editor and three anonymous JMTB reviewers for their thoughtful input to earlier drafts of this paper.

2. Nearly eighteen pages of the Introduction to Dynamic Marketing Behavior are devoted to an explanation of the history of functionalism and its relationship to other theoretical traditions in the social sciences and the major contributors in those fields.

3. Organization in this sense refers to the formation of marketing channels and all activities of one participant to form an exchange relationship with another.

4. Hunt concluded that Alderson’s work would be regarded as naive in today’s research environment. But he did say that “Alderson’s efforts were extraordinary for his time” (Hunt 1983 p. 16).

REFERENCES


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