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European
Journal of
Marketing
36,5/6

706

Elegy on the death of marketing

Never send to know why we have come to bury marketing but ask what you can do for your country churchyard

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Keywords *Marketing concept, Academic staff, Internet*

Abstract *Considers the past, present and future of marketing. Whimsically but not without seriousness, concludes that marketing faces something of a Y2K problem. Indeed, as the next millennium begins, concludes that, though the marketing concept may survive, the marketing function itself is dead. Nonetheless, cautions against the concomitant extermination of marketing scholars.*

Never send to know for whom the bell tolls; it tolls for thee (John Donne, *Devotions*, 1624).

I come to bury Caesar, not to praise him (William Shakespeare, *Julius Caesar*, III, 2, 1599,).

Ask not what your country can do for you, but what you can do for your country (John F. Kennedy, Inaugural Address, 1960).

Preview

The Curfew tolls the knell of parting day,
The lowing herd winds slowly o'er the lea,
The plowman homeward plods his weary way,
And leaves the world to darkness and to me
(Thomas Gray, *Elegy Written in a Country Churchyard*, ll. 1-4, 1751).

Marketing has been around for a long time – at least since Satan waged a promotional selling campaign to persuade Eve to eat the apple in the Garden of Eden. Hence, marketing is as old as original sin itself – indeed, a little bit older.

Not surprisingly, given such associations, marketing has often been viewed as a potential social problem – a threat of concern to society by virtue of its possible contribution to evil, a force working toward the production and distribution of “bads” as well as “goods.” By analogy with those who argue that “guns don't kill, people do,” we would tend to side with the claim that marketing is a neutral force that can be used beneficently (e.g. to promote a worthwhile cause such as trash recycling, saving the whales and jazz recordings) or malevolently (e.g. to sell cigarettes to children, diet pills to anorexics, and Kenny G. albums to music listeners). What matters to the present essay, however, is not



European Journal of Marketing,
Vol. 36 No. 5/6, 2002, pp. 706-732.
© MCB UP Limited, 0309-0566
DOI 10.1108/03090560210422970

The first author gratefully acknowledges the support of the Columbia Business School's Faculty Research Fund.

the debate concerning the goodness or badness of marketing *per se* – but rather the need for recognizing that such a debate becomes irrelevant in view of the fact that, as we enter the next millennium, we find to our regret that marketing faces a rather formidable Y2K problem (Brown *et al.*, 1996; Hulbert and Pitt, 1996; McDonagh and Prothero, 1996; Piercy, 1997). Specifically, the marketing function is dead (FitzRoy, 1998; Lehmann and Jocz, 1997). As Layton (1998, p. 31) puts it, “Marketing as a discipline [is] in crisis”, because “the marketing function in business enterprise . . . appear[s] to have had little input to many of the new ideas now concerning management in areas such as information technology, supply chain management and the search for strategy”. So – taking our cues from such millenarians – we have come to bury marketing, not to blame or praise it.

Ontology: what is or was marketing?

Beneath those rugged elms, that yew-tree's shade,
Where heaves the turf in many a mould'ring heap,
Each in his narrow cell for ever laid,
The rude Forefathers of the hamlet sleep
(Thomas Gray, *Elegy Written in a Country Churchyard*, 1751, ll. 13-16).

Let us begin by presenting our view of ontological issues concerning the nature of marketing – in short, our answer to the question of “What is or was marketing?” Here, we find it useful to combine two perspectives – the first widely recognized, the second rather obscure – that have more or less frequently been brought to bear on the problem.

Philip Kotler

First, quite famously and consistent with concepts developed by Alderson (1965), Kotler (1972, 1991) has defined marketing as those managerial activities that tend to facilitate and consummate exchanges – that is transactions between two parties, in which each gives up something of value to the other in return for something of greater value to the self (Kotler and Levy, 1969):

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others (Kotler, 1991, p. 4).

Kotler's view has proven extremely influential (Bagozzi, 1974, 1975) and indeed – after two years of lengthy study by a special committee appointed by the American Marketing Association – was adopted virtually verbatim in 1985 as the official definition of marketing for AMA purposes:

Marketing (management) is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives (quoted by Kotler, 1991, p. 11).

This view of marketing as being rooted in exchange continues to dominate to the present day (Day and Montgomery, 1999).

William McInnes

But second and far more obscurely, a Jesuit priest named William McInnes (1964, p. 52) once developed his metaphysical reflections to their most abstruse reaches in proposing a different approach to the conceptualization of marketing. Toward that end, McInnes began with the phenomenon of the market, arguing that this should serve as the foundation for the development of marketing theory. Unfortunately, however, McInnes expressed his insightful vision in prose that tends to resist easy interpretation:

In a social economy, where the maker of economic goods does not use them and the provider of economic services does not benefit from them, there is a real separation between producers and consumers. But while they are separated, they are also necessarily related. Hence, the separation is accompanied by an interdependence which is very real . . . There is a natural, necessary attraction between the parties. Another name for this real, interdependent relationship between producer and consumer is a market. *The market is the gap which separates producer and consumer. As the separation of producer and consumer grows greater under an expanding division of labor and increasingly differentiated consumer wants, the relationship becomes no less real but only more complex* (p. 56, italics added).

Paraphrasing this perplexing passage, we read McInnes as suggesting that – once upon a time, in the ancient days of the old barter economies – no separation or gap existed between producers and consumers. Rather, to pick an example based on shoes for one's feet, you went to the cobbler and specified all relevant details concerning the exact type of footwear you wanted – the size, the shape, the color, the style, the material, and so forth. The cobbler then constructed a pair of shoes exactly to your specifications. In return for this offering, you exchanged something of value to the cobbler – say, one of your prized goats – presumably the one that best matched the cobbler's own ideals concerning the nature of caprine excellence. In this manner, every exchange occurred between two parties offering their counterparts exactly the product most desired by the reciprocal participant in the transaction. There was no need for marketing at all. Rather, parties to every exchange were in direct contact, with no use for any mediation whatsoever. Further, this situation applied to all producers and all consumers, so that – when represented spatially – the resulting positions of producers (P) and consumers (C) could be diagrammed, as shown in Figure 1.

Contrast the situation depicted in Figure 1 – that is, the smoothly functioning barter economy, in which there was no need for marketing of any kind – with that which characterizes a modern economy based on large-scale business involving the mass production of various manufactured goods (i.e. the sort of economy that prevailed at the time when McInnes (1964) wrote his much-neglected philosophical tract). Vestiges of this economy geared toward mass production remain today (Ritzer, 1996, 1998) – even in such service industries as fast-food restaurants or (heaven help us) education (Holbrook, 1995). For example, imagine that you seek to buy a pair of shoes at Florsheim's. It would be a miracle if you were able to find a style that you like with a pattern that suits your taste in the right color and the appropriate leather with the sort

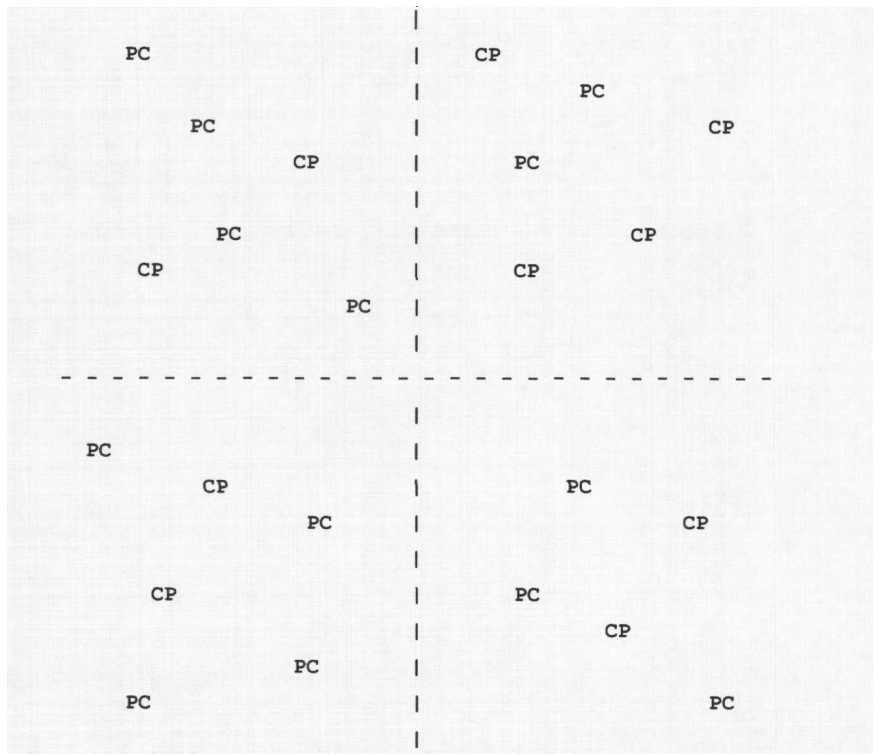


Figure 1.
The barter economy

of soles that you prefer, all in a size that happens to fit your (embarrassingly large) feet. Rather, in quiet desperation, you sit on an uncomfortable chair in a corner of the showroom, while a sincere but inept salesperson endlessly but futilely rummages around in the back room for a suitable pair of clod-hoppers that you know in your heart does not exist in the store's paltry inventory. Clearly, you feel an immense gap, separation, chasm or void between you the consumer (C) and Florsheim the producer (P) of the shoes you seek. This separation or gap – this yawning gulf – might be pictured in the manner shown in Figure 2.

The separation or gap shown in Figure 2 exists along many relevant dimensions beyond the two shown diagrammatically. At a minimum, still referring to our Florsheim example, these include:

- *Place* – the geographical distance between you the consumer (C) and Florsheim the producer (P).
- *Product design* – the difference in tastes between the type, pattern and style of shoe sought by you (C) and those offered by Florsheim (P).
- *Promotional communication* – the hiatus in persuasion that permits C's chausseurean ideal to depart from anything perceived to be available from P.

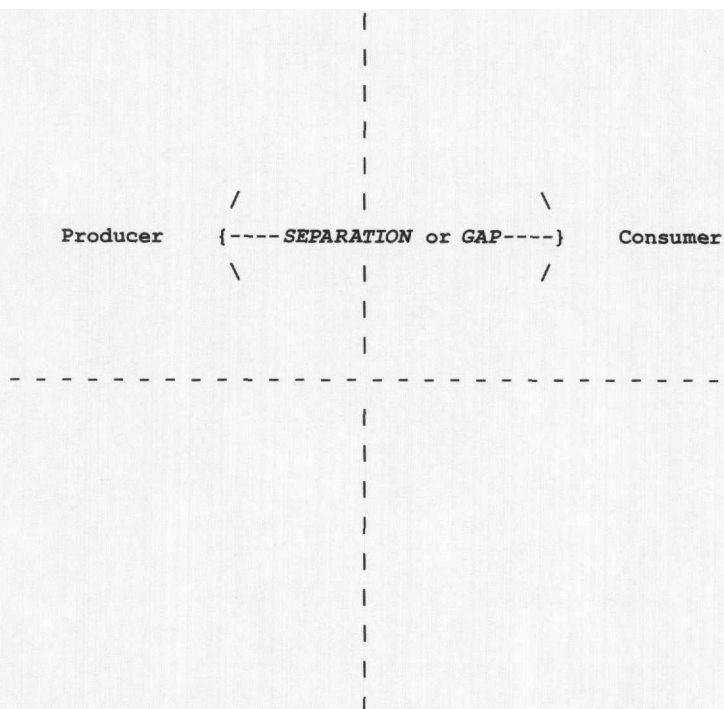


Figure 2.
The separation or gap
between producer and
consumer in a mass-
production economy

- *Price* – the cleft between what C would be willing to pay and what P's retailer wants to charge for the merchandise on hand.

Notice that, when combined, the various fissures along these several dimensions constitute a gaping chasm – a boundless rift between you (C) and Florsheim (P). Notice also that these dimensions happen to parallel the four key functions – that is, the four Ps of place, product, promotion, and price – often viewed as composing the main elements of the marketing mix. Specifically, from the present viewpoint, the marketing manager manipulates the mix to close the P-to-C gap(s) in one or more of the ways just identified.

Thus, returning to McInnes (1964, p. 57), we might conceive of marketing as that force which “makes contact from separation and bridges the gap between producer and consumer”:

Marketing is the creative force which . . . actualizes the potentialities of the market relation. It is *the motion which closes the gap caused by the separation of makers and users in a social economy* (p. 61, italics added).

In this McInnesian conceptualization, as shown in Figure 3, marketing comprises all those managerial activities that can combine to work toward the reduction of the separation or gap between producer and consumer. Indeed, Kotler (1991, p. 7) appears to accommodate this viewpoint when he amplifies his concept of the exchange:

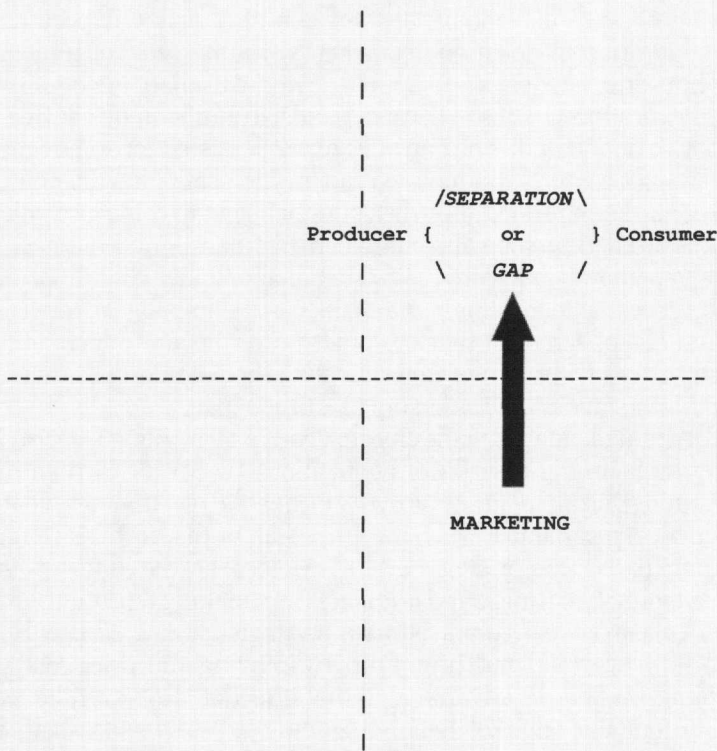


Figure 3.
 Marketing and a reduction in the separation or gap between producer and consumer in a mass-production economy

Exchange must be seen as a process rather than an event. Two parties are said to be engaged in exchange, if they are negotiating and *moving toward* an agreement. If an agreement is reached, we say that a transaction takes place (*italics added*).

Illustration: Ford and General Motors

The gap in Figure 2 is a consequence of the manner in which the industrial revolution led to vast improvements in production efficiency. The techniques of mass production succeeded by substituting capital for human and animal inputs and by relying on standardization to permit significant increases in the scale of operation. Henry Ford & Co. transformed the manufacture and marketing of the automobile via the design of the Model "T" and the innovation of the moving assembly line. Ford recognized that, at low enough selling prices, he could sell huge numbers of cars. Thus, he worked his way backwards from a target selling price to a simple but strong standardized vehicle that sold in the millions. Colloquially, in describing the Model T, you could have any color you wanted as long as it was black.

Such Fordism transformed the predominantly local transactions of pre-industrial times into regional and eventually national economies. This geographic change entailed a physical separation of P and C with, of course, money rather than barter as the medium of exchange. The resulting development of markets and the innovation sparked by the ongoing economic

revolution produced an imbalance between the rising expectations of a previously agrarian population (consumers waiting to consume) and the growing but still inadequate supply of industrialized goods (producers struggling to produce). Thus – because, under conditions of relative scarcity, supplier power dominated – the gap of Figure 2 persisted for some time.

However – as Keith (1960) pointed out in his seminal article on the early evolution of marketing thought – when supply began to come into balance with demand, the need first for sales and then for marketing emerged. In other words, the gap shown in Figure 2 was sustainable under conditions of relative scarcity, but became increasingly untenable, as the imbalance between supply and demand disappeared, so that customer power began to increase. There is perhaps no better illustration of this shift than the post-Fordist transformation of General Motors under the leadership of Alfred Sloan.

In 1923, Alfred Sloan was made chief executive of an ailing General Motors – a company built up via a series of acquisitions by a wayward entrepreneur, William Crapo Durant. Durant proved incapable of running what he had bought – indeed, incapable to such a degree that, of the “formless aggregate of diverse companies” comprising General Motors at the time of the Sloan appointment, only two (Buick and Cadillac) were making a profit (Bardou *et al.*, 1982, p. 97). Sloan revealed himself as a strategist *par excellence*. He quickly concluded that he could not beat Ford by playing the price-cost game, so overwhelming was Ford’s advantage in that direction. However, he recognized that the automobile market was beginning to segment itself in some fundamental ways. First, whereas Ford had sold primarily to first-time car buyers (whose typical prior modes of travel would have been on foot or by horse), an increasing number of car buyers were making a replacement rather than a first-time purchasing decision. Sloan therefore established a trade-in system for GM dealers. Second, it appeared to Sloan that an increasing proportion of buyers would be prepared to spend more money to buy a car more closely tailored to their individual preferences. So he introduced the first deliberate segmentation strategy in the automobile business (different styles, colors and makes for different tastes). In addition, whereas Ford opposed the use of credit, General Motors established GMAC to provide the requisite financing for prospective purchasers. In short, Alfred Sloan appreciated how customer needs had evolved and began to modify GM’s offerings to take these shifts into account. This marked an important transition, not only for the auto industry, where Sloan was illustrating marketing in action, but also for other industries susceptible to similar economic logic (appliances, cameras, clothing, cigarettes, and so forth). In the drive to compete, Sloan had modified GM’s offerings, albeit in rather basic ways, to reduce the gap created by the industrial revolution, as portrayed in Figure 3.

Summary

In sum, we may now combine the perspectives of Kotler (1972, 1991), Kotler and Levy (1969) and McInnes (1964) to argue that the traditional conceptualization

of marketing might usefully be extended, expanded, revised and reworded somewhat – as follows:

The death of
marketing

Marketing comprises managerial activities – such as those associated with channels of distribution, product design, promotional communication and pricing – that facilitate and/or consummate exchanges by closing the gap or removing the separation between two parties such as a producer and a consumer.

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Axiology: what is or was marketing well?

Offt did the harvest to their sickle yield,
Their furrow oft the stubborn glebe has broke;
How jocund did they drive their team afield!
How bow'd the woods beneath their sturdy stroke!
(Thomas Gray, *Elegy Written in a Country Churchyard*, 1751, ll. 25-29).

Differential advantage

Everything we have said so far, by focusing on just one producer and one consumer, has more or less ignored the basic principle of all successful marketing – namely, recognition of the fundamental proposition that customers differ. In other words – quite obviously and as anticipated by our comments on General Motors – different people have different needs, wants, wishes, desires, tastes and values. It follows that a major source of marketing opportunities lies in segmenting the market and in differentiating the firm's offerings accordingly – that is, in grouping consumers together into segments that respond similarly to the various elements of the marketing mix and then designing a separate market offering targeted at each segment.

Figure 4 portrays this strategy of differentiated segmentation for the case of a producer aiming several different offerings (p_1, p_2, \dots, p_5) at a variety of different customer segments of smaller (cc) and larger ($ccccc$) sizes ($cc1, cc2, \dots, ccccc5$). Notice that, here, we focus on just one producer. A real-world marketplace would, of course, typically include multiple producers and would activate the second great principle of all successful marketing – namely, the mandate to avoid competition like the plague. To the extent that a particular producer succeeds in positioning a particular offering (p_i) closer than competing offerings (not shown in Figure 4) to a particular customer segment ($cc \dots c_i$), it might be said to enjoy a differential advantage.

Potentially, then, this strategy of differentiated segmentation creates differential advantages for the firm at the expense of those competitors (omitted from the diagram), whose offerings are not matched as successfully with the differing ideals of the various market segments. Prescriptively, as a basis for attaining differential advantage(s), differentiated segmentation thus provides the fundamental key to marketing well – that is, marketing successfully in a manner that maximizes profits.

General Motors again

To revisit our earlier example, this was exactly the strategy that Alfred Sloan used to move General Motors to its position of dominance in the auto industry.

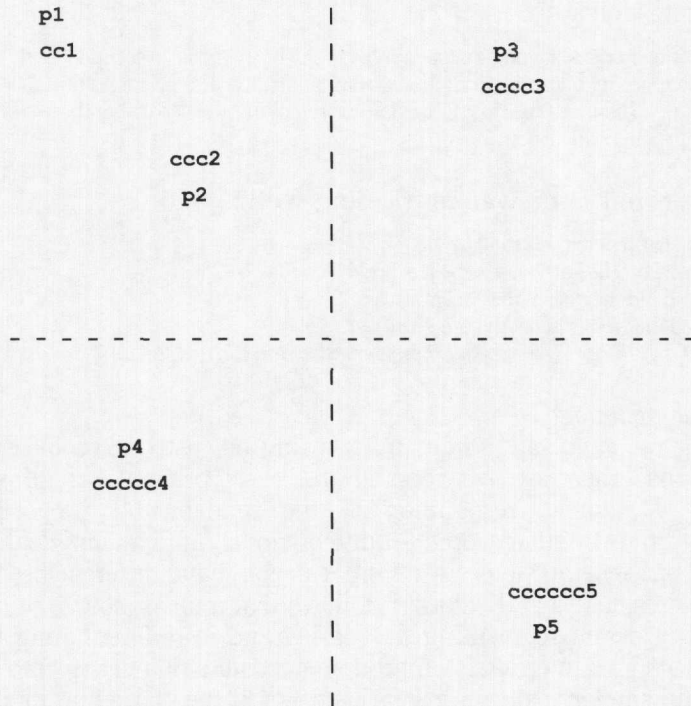


Figure 4.
Differentiated
segmentation

With the slogan of a car for every purse and pocket, Sloan segmented the US market on the basis of price, as indicated in Figure 5. This hypothetical demand curve shows the relative positions of the different GM brands at mid-century. Sloan ensured that the price of the least expensive up-market brand always began a little below the most expensive of the more down-market brands to encourage trading up. The exception was Cadillac, the most aspirational of GM's cars, where Sloan mandated a clear price break from Buick to support Caddy's "standard of excellence" positioning strategy.

Today, Sloan's achievement might appear somewhat obvious or quaint. But that is precisely the point. In this connection, it seems fair to suggest that, during the last half of the twentieth century, most of what we have done as marketers has hinged on our ability to provide greater rigor, enhanced precision and increased effectiveness in implementing the sort of marketing strategy depicted in Figures 4 (abstractly) and 5 (concretely). Toward that end, we have developed approaches for segmenting markets into customer groups likely to respond differently in measurable ways to relevant elements of the marketing mix (Bucklin *et al.*, 1998; Jedidi *et al.*, 1997). We have devised more finely tuned ways of finding addressable differences among segments in terms of their demographic profiles, their socio-economic compositions and their psychographic values (Solomon, 1999). To return to our example in Figure 5,

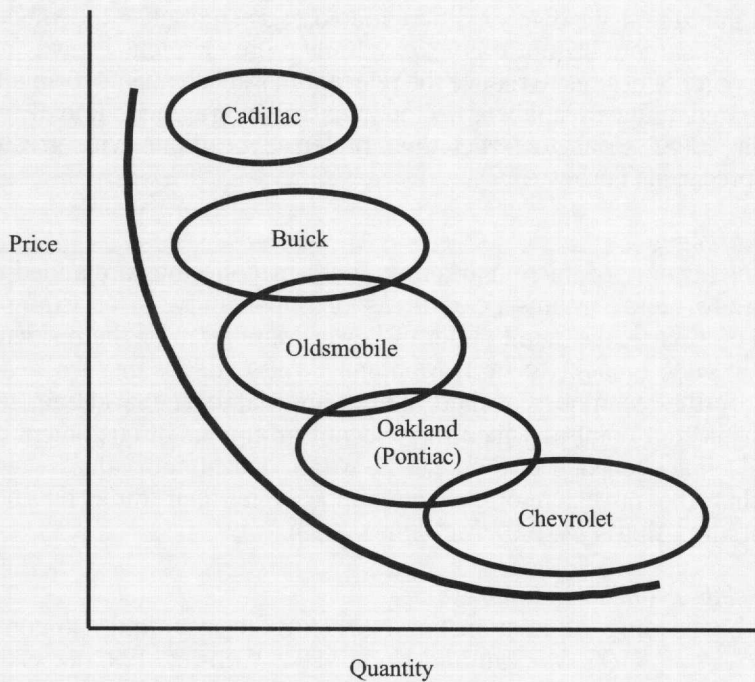


Figure 5.
Alfred Sloan's
segmentation of the US
automobile market

whereas price was a sufficient variable to segment the US automobile market in the 1940s and 1950s, it would be far from sufficient today. Currently, within a given price bracket, we find an enormous variety of makes and a broad array of distinct designs, with firms like General Motors crafting all aspects of the marketing mix to give each offering a finely-tuned segment-targeted brand image. In focusing on the ever-finer segment distinctions that have accompanied the rise of customer rather than supplier power (Dickson, 1992), marketing made a significant contribution to closing the separation between the producer and the consumer that had been opened into a gaping chasm by the industrial revolution. As we have developed techniques for mapping the ideal-point locations of these precisely defined consumer segments as well as the product positions of the relevant competitors in the marketplace, we have increasingly tweaked the firm's offerings in the direction of greater optimality. All this (and more) constitutes the intellectual basis and pragmatic consequence of marketing, as it has come to be conceived and practiced in the last 50 years.

The new business revolution

The boast of heraldry, the pomp of pow'r,
And all that beauty, all that wealth e'er gave,
Awaits alike th' inevitable hour.
The paths of glory lead but to the grave
(Thomas Gray, *Elegy Written in a Country Churchyard*, 1751, ll. 33-36).

But the marketing wisdom of differentiated segmentation – as embodied in Figure 4 – has now begun to give way to new prescriptions drawn from the vantage point of desires to reduce the relevant market segments to smaller and smaller-sized units of analysis, sometimes called fragmentation (Firat and Dholakia, 1998), so as to target their preferred positions with greater and greater precision (Turow, 1997).

Micro-marketing

Under the heading of micro-marketing, the firm's offerings are aimed toward increasingly more circumscribed areas of opportunity – for example, the patrons of a particular retail outlet in Lower Manhattan or the residents of a small Zip code area in Eastern Montana (Weiss, 1989). In such a scheme, abetted by the techniques of data mining and database marketing, segment sizes shrink to a point at which the relevant groupings of customers become extremely homogeneous in their needs, wants, tastes and values – with the result that the precision of focusing appeals in their direction increases substantially (Alba *et al.*, 1997; McNamee, 1999).

Relationship or one-to-one marketing

Under the heading of relationship marketing (Doney and Cannon, 1997; Gundlach *et al.*, 1995; Morgan and Hunt, 1994; Webster, 1992) or one-to-one marketing (Peppers and Rogers, 1993), companies engaged in marketing big-ticket products such as computer systems or fleets of cars to large customers can and do treat each individual customer as an entity to be cultivated in depth (Day and Montgomery, 1999). The firm orients itself toward the long-term value of each customer and, focusing on those for which this potential long-term value exceeds some cut-off, targets its efforts accordingly. Pursuing this logic, for example, United Airlines hosts wine-tasting parties for its best customers, at which guests are welcomed by name, entertained by a brief speech describing up-coming service improvements, and rewarded for attending by means of ice-cold champagne and hot hors-d'oeuvres.

Mass customization

Most important to our present argument, under the heading of mass customization (Davis, 1987; Pine, 1993), the producer views each customer as a separate market, invites that customer to play a role in the design of the appropriate offering, and produces a customized product package to satisfy all pertinent aspects of the customer's demand – including delivery date, relevant information, product features and price restrictions. In moving from differentiated segmentation to mass customization, the proverbial "rifle shot" (aiming accurately at each relevant target segment) has become the high-tech "laser beam" (concentrating a huge amount of marketing energy with pin-point accuracy on a single recipient).

Examples of mass customization have begun to multiply and include such well-known brands as Toyota personalized cars, Levi-Strauss individually-

fitted jeans, Dell customer-specified computers, Callaway golfer-matched clubs and driving irons, or Panasonic rider-optimized bicycles. One of the more ambitious efforts in this direction is the joint venture between the by-now much-updated Ford Motor Company and Microsoft, announced in the fall of 1999, whereby consumers will be able to custom-design their own cars through interactive access on the World Wide Web.

More generally, mass customization is most easily and powerfully achieved by communication-oriented, information-sensitive, computer-(hyper)mediated businesses distributing their offerings over the WWW (Cognitavive, 1998; Guttman *et al.*, 1998; Henry *et al.*, 1999; Hoffman and Novak, 1996, 1998; Hoffman *et al.*, 1995; Varian, 1997; West *et al.*, 1999). As noted by Day and Montgomery (1999, p. 9):

The rapid rise of the Internet has changed the rules of interactive marketing by enabling addressability and two-way interactions. It is a uniquely responsive and interactive medium. There is also an affinity between the Internet and mass customization strategies that use dialogue to help customers articulate their needs, find the option that best fits those needs, and then make an order.

Here, as originally developed by visionary computer scientists (Goldberg *et al.*, 1992; Hill *et al.*, 1995; Maes, 1994; Resnick *et al.*, 1994; Shardanand and Maes, 1995), burgeoning examples abound and testify to the customer-specific tailoring made possible by online Web-based interactivity (Alba *et al.*, 1997; Cognitavive 1999; Lynch and Ariely, 1999; Maes, 1998; Maes *et al.*, 1999; Pazzani and Billsus, 1999; Schafer *et al.*, 1999; Sarker *et al.*, 1995; Steinfield *et al.*, 1995; Turnbull, n.d.; Varian, 1999).

Such tailoring reduces information overload, while matching product offerings to individual consumer tastes. At the simplest level, we find store-front e-tailers that sell everything from books (bestbuy.com, borders.com) to music (columbiaclassics.com, towerrecords.com) to movie videos (bestvideo.com, buyvideos.com, cinemaclassics.com, netflix.com, videoflicks.com) to clothing (catalogcity.com, catalogsite.com, fashionmall.com, skymall.com, eddiebauer.com, llbean.com, orvis.com, spiegel.com, fredericks.com, victoriassecret.com) and that perform e-commerce services otherwise associated with their catalog or bricks-and-mortar *alter egos*. However, many WWW agents capitalize more powerfully on the information-handling capabilities of the Internet. For example, my.yahoo.com and my.zdnet.com enable users to personalize these search engines for service as intelligent agents devoted to a vigilant quest for relevant news items, wherever they might be found throughout cyberspace, as do the so-called "push" technologies offered by pointcast.com or mycnn.com in providing customer-specified personalized news services. Shopping robots or "shopbots" – listed exhaustively at consumerworld.org and botspot.com – crawl the Web to look for best-price deals or to make price comparisons on books-music-movies-and-entertainment products (musicfile.com, dealpilot.com), computer-and-electronics offerings (cnet.com, shopper.com), airline tickets (travelocity.com), real estate (realtor.com), or multiple categories of goods and services (bizrate.com, bottomdollar.com, dealtime.com, jango.com, mysimon.com,

pricescan.com, shopfido.com, shopfind.com, webmarket.com). Shoppers can bargain for a better price at hagglezone.com or negotiate special deals at priceline.com, where, as recently touted by Gristede's in New York City, Web surfers are invited to "name your price for the grocery items you want":

For each product, tell us the names of your two favorite brands we can choose from . . . In just 60 seconds you'll get a "yes" or "no" answer on each price request. Then, print out your priceline Grocery List to lock-in your price. It's like printing your own price-tags!

Also in New York, kozmo.com and urbanfetch.com offer Web-based ordering services that will home-deliver videotapes, music recordings, Ben & Jerry's ice-cream, or – in short – "everything from Diet Coke to diapers in an effort to make your weekly trips to the supermarket a thing of the past" (Maneker, 1999, p. 32). Meanwhile, online auctions via ebay.com (everything under the sun), ubid.com (new merchandise in a variety of categories), onsale.com (computer-related offerings), icollector.com (collectibles), sothebys.amazon.com (low-end art objects), and auction.eecs.umich.edu (a test version) automate the process of buyer-seller negotiations. As described later in more detail, some sellers of books (amazon.com), recordings (cdnow.com), movies (reel.com), Web sites (phoaks.com), wine (wine.com), or multiple product categories (frictionless.com) make user-specific recommendations contingent on the taste patterns, product features, or expert judgments deemed relevant to the preferences of each individual buyer. Ultimately, a few fledgling Web sites have begun to offer custom-designed products geared to individual differences among consumers and matched to each customer profile on the basis of the unique information provided in such areas as personalized wardrobes (landsend.com), cosmetics (reflect.com), fashion (emakeover.com, indulge.com) and even plastic surgery (bh4faces.com, glassmanmd.com).

Diagram

As the most extreme form of the "New business revolution", mass customization might be depicted in the manner shown in Figure 6, in which (again, neglecting competitors) each of the firm's various offerings (p1, p2, p3, . . .) is uniquely tailored to satisfy the requirements stated by each of its customers (c1, c2, c3, . . .) – precisely because each customer is invited to play a role in the specification of each offering's design.

Observation

Notice that – except for the substitution of small numbered ps and cs for capital Ps and Cs – Figure 6 ("The mass-customization economy") is exactly the same as Figure 1 ("The barter economy"). In other words, in the extreme form of mass-customization increasingly advocated by the business press (Anderson, 1997; Davis, 1987; Oleson, 1998; Pine, 1993) and thanks very often to the intervention of the Internet via customer-producer interactivity in the Web-based sharing of information (Day and Montgomery, 1999; Gladwell, 1999), we shall once again return to the blissful situation in which no separation or gap

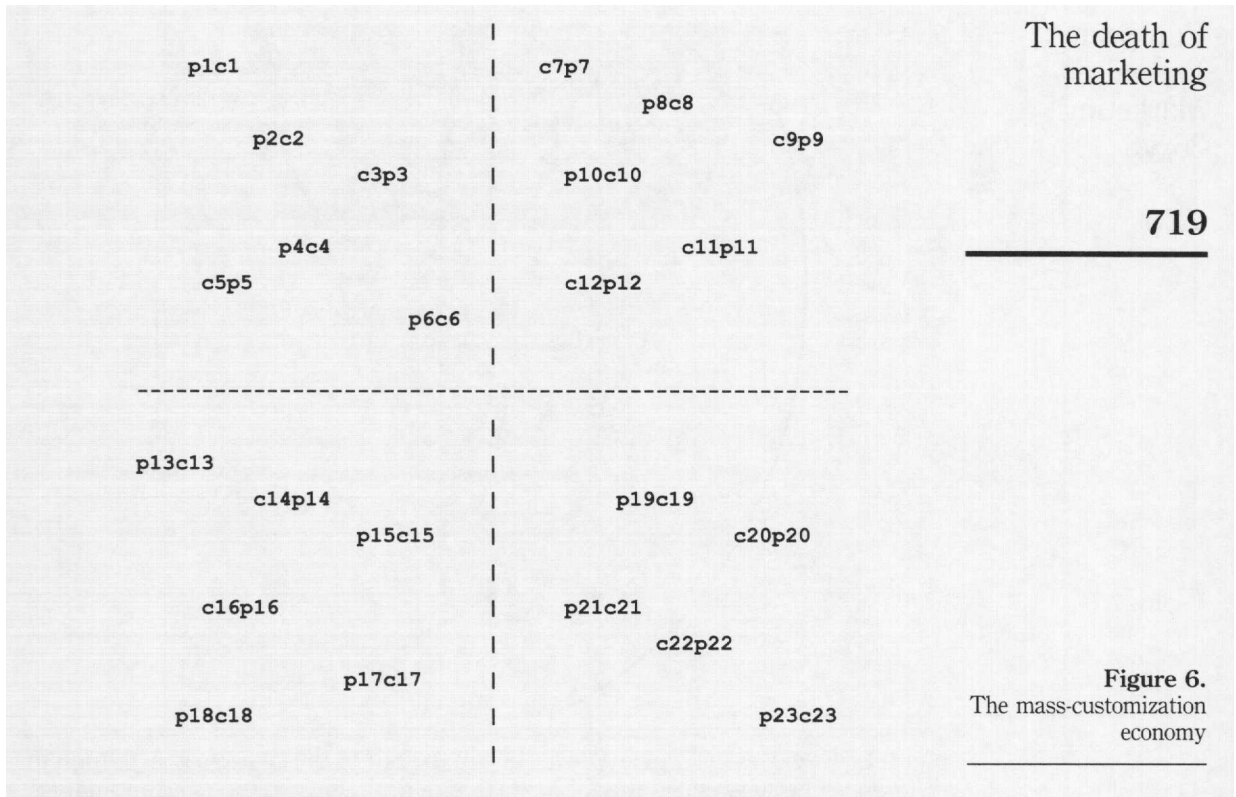


Figure 6.
The mass-customization economy

exists between producer(s) (p1, p2, p3, ...) and consumer(s) (c1, c2, c3, ...). However, as we shall see, this absence of a separation or gap raises doubts about the future need for marketing itself.

The information revolution

Perhaps in this neglected spot is laid
 Some heart once pregnant with celestial fire;
 Hands, that the rod of empire might have sway'd,
 Or wak'd to ecstasy the living lyre
 (Thomas Gray, *Elegy Written in a Country Churchyard*, 1751, ll. 45-48).

We can therefore summarize marketing's rise and fall in the context of the two great revolutions of the nineteenth and twentieth centuries – the industrial and information revolutions, respectively.

The industrial revolution revisited

As shown in Figure 7, the industrial revolution transformed an economy of customized artisanal production into one of mass production, which for economic success demanded the development of mass markets. Early in the emergence of the markets for mass-produced goods, these conditions existed, for relative scarcity meant that market power resided with the suppliers. As

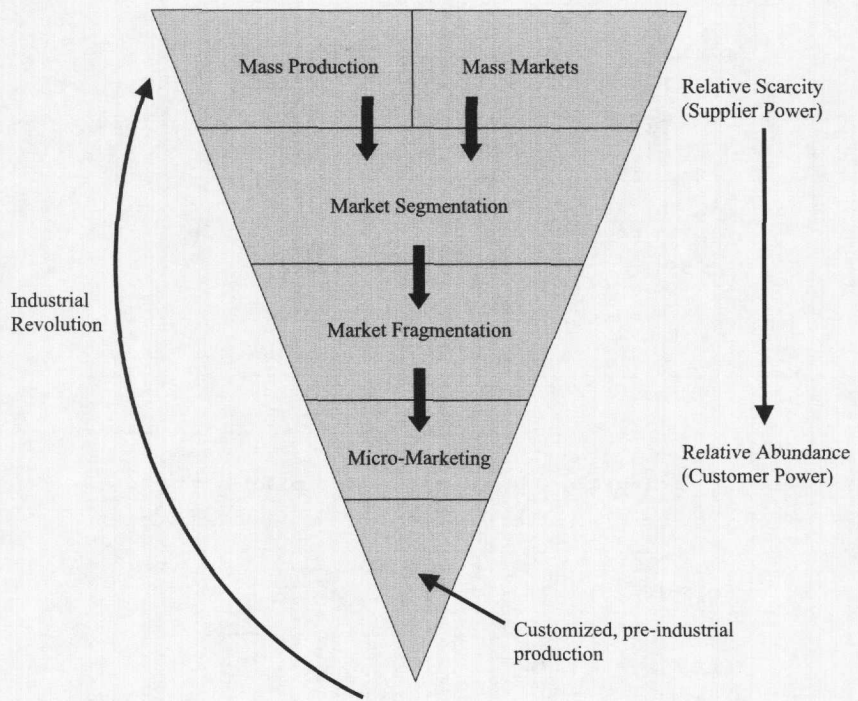


Figure 7.
The industrial
revolution and its
aftermath

markets developed, however, power began to shift to the customer. Attention to differences between customers began to rise and, with it, the need to analyze sample data and to deploy the paraphernalia of model-building and multivariate analysis that characterize modern-day marketing. The ability to analyze increasingly vast amounts of data gave rise to the term “data mining”, as marketers sought to understand a world that was becoming increasingly complicated. Thus, segmentation gave way to ever-finer gradations, eventually earning the labels “fragmentation” and then “micro-marketing”, as the myth of so-called mass markets was exploded under pressure from customer power associated with relative abundance.

The information revolution

As the engine driving the next level of progress, and as shown in Figure 8, the information revolution lies at the heart of this paradigm shift (Blattberg and Deighton, 1991; Blattberg *et al.*, 1994; Drucker, 1999; Glazer, 1991; Hoffman and Novak, 1997). Its fully-fledged realization moves toward the emergence of the mass-customization economy depicted in Figure 6. However, there is a delightful if perverse symmetry in this process, tending to return us to the days of consumer-producer propinquity, as is found in the barter economies of yesteryear represented by Figure 1. Thus, as presaged by Glazer (1991, p. 13):

The more information-intensive the firm, the greater the degree to which its customers *participate* in product design/creation, resulting in the breakdown in the formal distinctions between “producer” and “consumer”.

Based on this insight and rather prophetically, considering the time at which he was writing, Glazer (1991, p. 13) anticipated the major conclusion toward which we are heading:

The boundary between the firm and the outside world is dissolving ... leading to the possibility that the traditional notion of marketing as a distinct functional area within the firm is being rendered obsolete.

Or – as noted by Achrol and Kotler (1999, pp. 146-62) in their recent comments on the “Network economy” with its implications for the development of personalized shopping agents, recommendation systems and the like – “The most radical implication for marketing is the shift from being an agent of the seller to being an agent of the buyer, from being a marketer of goods and services to being a customer consultant”:

In network organizations, marketing is pushed closer to being an agent of the customer as opposed to an agent of the firm or seller ... Several scholars have noted that ... marketing ... is confronted with the possibility of losing its functional identity ... A major question for the discipline in the twenty-first century is whether marketing will cease to be an identifiable functional area and disappear into general management ... Marketing will be more a consumer-consulting function than a marketer of goods and services ... The very nature of

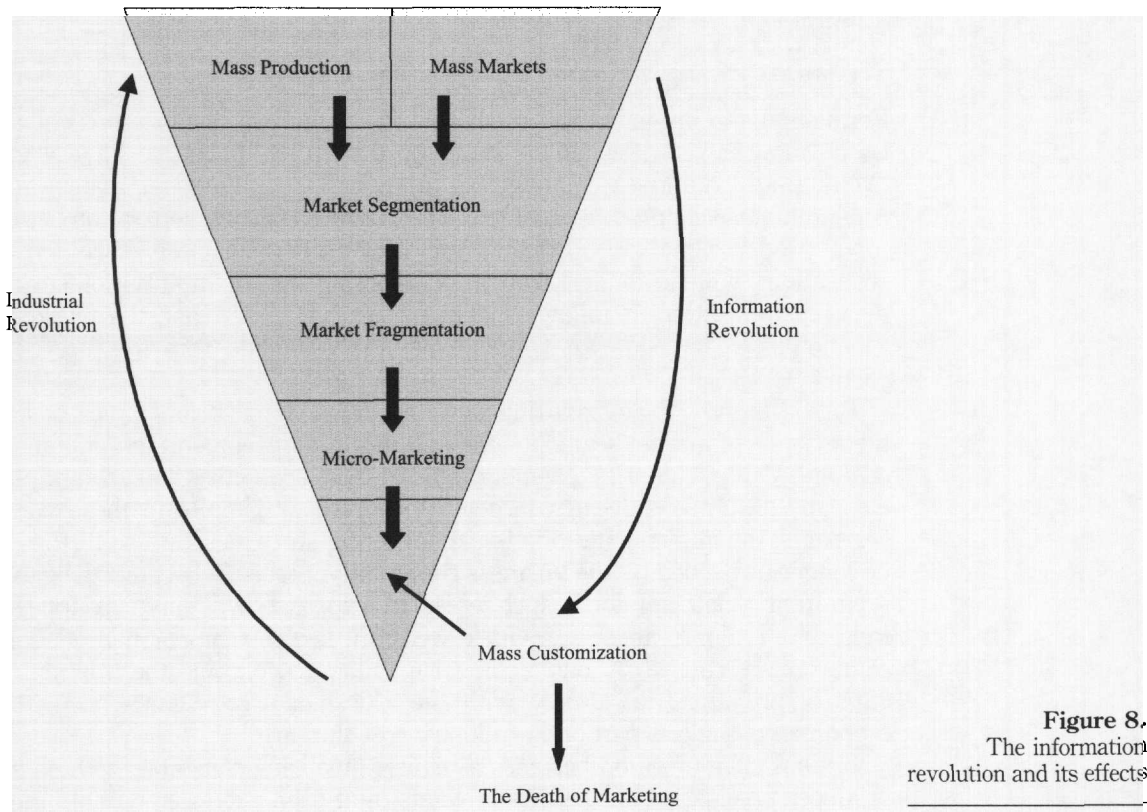


Figure 8. The information revolution and its effects

network organization ... suggests that a paradigm shift for marketing may not be far over the horizon.

If this sounds extreme, just listen to what the computer scientists have been saying:

As better mechanisms for product recommendations appear, we may see brand advertising drift towards obsolescence, as products will be judged and recommended based on their actual values and costs (Chislenko, 1997).

More specifically, in our terms, just as the industrial revolution was the defining moment that preceded the emergence of marketing as we know it today (Figure 7), so does the information revolution presage the death of marketing as we have known it until now. Colloquially, what telephones did to the telegraph, what ball-points did to the fountain-pen, what CD players did to the 33rpm turntable, what laptops did to the typewriter, the new information technologies will do to marketing. We depict this change in Figure 8, which prepares the way for our closing lament.

Lament: the death of marketing

Full many a gem of purest ray serene,
The dark unfathom'd caves of ocean bear:
Full many a flower is born to blush unseen,
And waste its sweetness on the desert air
(Thomas Gray, *Elegy Written in a Country Churchyard*, 1751, ll. 52-56).

Recall that the pre-industrial scenario with which we began represented an epoch in which society felt no need for marketing. If, as we have argued, "Marketing comprises managerial activities ... that facilitate and/or consummate exchanges by closing the gap or removing the separation between ... a producer and a consumer" and if, as others propose, such gaps or separations will no longer exist in the coming age of information-enriched mass-customization, it follows that marketing – or, at least, the marketing-function-as-we-have-known-it – will inevitably vanish from the face of the earth.

Put differently, the gap-closing activities in which marketers have excelled – the analysis of market segments; the specification of segment-defining general customer characteristics (demographics, socio-economics, psychographics, etc.); the design of offerings targeted to appeal maximally to these various segments; the implementation of such targeting strategies; and so forth – will no longer be needed by the business community, precisely because the gaps or separations that call forth such areas of expertise will have disappeared. Indeed, all along, these activities were in fact no more than elaborate compromises caused by our technical inability to combine the minimal P-C gaps of pre-industrial society with the efficiency-driven gains brought by economies of scale as part of the industrial revolution.

If mass customization becomes a reality, then each consumer will tell each producer precisely what he or she wants, and each producer will obligingly

deliver the specified offering. Via the mediation of Web-based interactivity, this matching process will likely often occur between the consumer's and producer's computers. But whether the relevant information flows back and forth via interpersonal communication or via digital signals in cyberspace, the implications for marketing are the same. In the prophetic words of Pine and Gilmore (1999, p. 76), "Fundamentally, customers do not want choice; they just want exactly what they want".

This mantra may overstate the case a bit, given the implicit but debatable assumption that only one producer will be seeking each customer's order. Rather, if there is competition among potential suppliers to satisfy individual customers, then persuasive efforts may be necessary. And where there is persuasion, there is selling. Thus, any surviving aspects of our profession will have more of the characteristics of sales (narrowly viewed) than of marketing (broadly conceived). After all, by aggregating customers into smaller or larger groups, marketing is essentially about compromise. Its expertise lies in the creation of these mid-range *ad hoc* aggregations and in the strategic targeting and positioning of offerings toward them. By contrast, the area of one-to-one persuasion has long been recognized as the special province of sales – which, in the present scenario, might survive, even when its often-loftier association with marketing might not.

That said – assuming that producer and consumer can find each other in the new age of business and that customers have the capacities to anticipate and to articulate their preferences in some clear and often computer-mediated form (but cf. Berthon *et al.*, 1999; Carpenter *et al.*, 1997), instead of an emphasis on marketing, a premium will be placed on engineering skills, on manufacturing flexibility and on logistic efficiency. The job of running the company will fall to those expert in operations management, inventory control and transportation logistics. No more studying consumer perceptions, preference functions and ideal-point models in an effort more effectively to position brands in a product space. Nothing so imaginative or complex will be needed in the new era of mass-customization. Rather, salesmen will become floggers or order takers; product designers will become production engineers or factory supervisors; and advertising executives will become unemployed.

To see this future writ large, one need look no further than the advent of collaborative filtering, content-based filtering, and the other recommendation systems under development by various Web-based e-marketers (Hoffman and Novak, 1998; Maes, 1997; Patton, 1999; Resnick and Varian, 1997; West *et al.*, 1999; Widing and Talarzyk, 1993). The simplest of such agents offer recommendations of the form "those who bought this item also bought ..." (barnesandnoble.com) or "if you like this item, you might also like ..." (cdworld.com, checkout.com, dvdexpress.com). Other systems rely on advice from expert judges (allmusic.com, imdb.com, reel.com). Content-based filtering asks questions about the product features desired by the target user and then finds offerings that match these specifications (alwaysinstyle.com, eddiebauer.com, frictionless.com, personallogic.com, wine.com). Collaborative

filtering relies on the presence of affective homogeneity among subsets of consumers in such areas as Web sites (phoaks.com), books or recordings (amazon.com, cdnow.com), movies (moviecritic.com, movielens.com), or jokes (shadow.ieor.berkeley.edu/humor).

In the case of collaborative filtering, a central concept is that a target user's preferences toward or purchases of a new object can be predicted via the tastes of other like-minded "nearest neighbors", whose preferences or past purchases correspond closely to those of the target user in question (Billsus and Pazzani, 1998; Breese *et al.*, 1998; Chislenko, 1997; Freund *et al.*, 1998/1999; Herlocker *et al.*, 1999; Konstan *et al.*, 1997; Maltz, 1994; Pennock and Horvitz, 1999a). Reactions to a new item by others with overall taste patterns similar to yours will accurately predict your own future preferences toward or purchases of that item. No need to study demographic profiles in connection with preference patterns. No need to relate socioeconomic variables to purchase choices. No need to link psychographics with preference functions. Just ask the consumer to tell the Web site what offerings he or she prefers or has bought in the past – or keep a record of such purchase histories – and future choices can be predicted and/or recommended with a high degree of accuracy and/or hit rate:

The central claim of the collaborative-filtering movement is that, head to head, the old demographic and "psychographic" data cannot compete with preference data. This is a potentially revolutionary argument. Traditionally, there has been almost no limit to the amount of information marketers have wanted about their customers: academic records, work experience, marital status, age, sex, race, Zip code, credit records, focus-group sessions – everything has been relevant, because, in trying to answer the question of what we want, marketers have taken the long way round and tried to find out first who we are. Collaborative filtering shows that, in predicting consumer preferences, none of this information is all that important. In order to know what someone wants, what you really need to know is what they've wanted (Gladwell, 1999, p. 54; cf. the sales pitch posted at likeminds.com/technology).

A few perfectionists have argued for the combination of collaborative with content-based filtering that makes use of information about product features (Basu *et al.*, 1998; Gershoff and West, 1998; Good *et al.*, 1999); with demographic, psychographic, or other classificatory data (McJones and De Treville, 1997; Pennock and Horvitz, 1999b); or with both (Ansari *et al.*, 2000; Pazzani, 1999; Ungar and Foster, 1998). A rare voice has indignantly denounced the inherently anti-individualistic premise that my or your tastes are "just like" those of one or more others (Dowd, 1999). And scattered evidence suggests that (over)use of the Internet can adversely affect one's social involvement and psychological wellbeing (Kraut *et al.*, 1998). But anybody who has surfed the Net or shopped the Web lately will immediately recognize that the tsunami of recommendation systems and personalized shopping agents has now irrevocably flooded the information superhighway. There is simply no escaping the insistently helpful intrusion of shopping bots, personalized agents, electronic word-of-mouth, and other kinds of automated filters into the world of e-commerce.

Conclusion: two scenarios on the need for marketing scholars

The death of
marketing

Far from the madding crowd's ignoble strife,
Their sober wishes never learn'd to stray;
Along the cool sequester'd vale of life
They kept the noiseless tenor of their way
(Thomas Gray, *Elegy Written in a Country Churchyard*, 1751, ll. 73-76).

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And what will become of marketing scholars? One might superficially suppose that – because marketing academics are parasitic on the activities of the professional marketing community – the death of the marketing function might also spell the end of any need for marketing scholarship. But we would argue against such a facile, fatuous and futile conclusion.

Here, we might entertain two plausible and not-necessarily-incompatible scenarios – the first bright and optimistic, the second dark and pessimistic – both of which offer comfort to marketing academics by arguing for the likely existence of a role to be played by marketing scholarship in the dawning millennium that lies ahead.

The bright and optimistic scenario

From the upbeat perspective of cheerfulness, an optimistic scenario might entertain hopes that the disembodied spirit of marketing might transcend the dross of worldly functional concerns and permeate the ethos of the contemporary business organization. This bright prospect echoes the view of marketing as a business philosophy rather than a narrow functional specialization and corresponds to the perspective of marketing academicians who, during the last half of the twentieth century, worked toward expanding the marketing concept beyond the confines of a narrow specialization (Bagozzi, 1975; Drucker, 1954; Kotler, 1972; Kotler and Levy, 1969). Faced with the possibility of their demise, it is likely that marketers will return enthusiastically to Drucker's original conception of marketing as an overarching strategic concept rather than as a more modest endeavor – whether that endeavor be as encompassing as “exchange” or as humdrum as activities involved in “personal selling” and “physical distribution.” After all, Drucker (1954, pp. 37-8) defined marketing as “the distinguishing, the unique function of the business”:

Marketing . . . is not only much broader than selling, it is not a specialized activity at all. It is the whole business seen from the point of view of the final result, that is from the customer's point of view.

There is already some evidence that this perspective on marketing writ large as an overarching business philosophy has begun to prevail. For example, Haeckel (1997, p. ix) has recently proclaimed that marketing's future is “not as a function of business, but as *the* function of business”. Further, marketers have shown little compunction in adducing the concepts of other disciplines in order to broaden their own province. Thus, we have work stressing linkages to finance and accounting (Best, 1997; Shapiro and Kirpalani, 1984), while

“marketing engineers” have already appeared on the scene (Lilien and Rangaswamy, 1998).

For those who find marketers and marketing capable of almost infinite chameleon-like changes of color or of astonishing butterfly-like metamorphosis or of an ethereal phoenix-like ability to rise from its own ashes, the possibility of its unearthly transubstantiation into a new prominence as the guiding light of business enterprise remains a devoutly cherished article of faith. At optimistic moments, we cling to this catechism and pray that, as marketing scholars, we may yet escape Armageddon!

The dark and pessimistic scenario

But, given our earlier conclusions on the death of the marketing function, a darker and more pessimistic scenario also demands consideration. Here, recalling our initial comments on original sin, we must acknowledge the primordial capacity of marketing for mischief and the inextinguishable pervasiveness of evil in the world. Face it! Give the devil a chance and he or she will rear his or her ugly head.

By way of analogy, from the viewpoint of the darkly pessimistic scenario, think of the most maleficent thing you can imagine – for example, smallpox. Over the past few decades – by virtue of various immunization programs and so forth – the incidence of smallpox on the planet has reached a vanishingly small level. Politicians have therefore begun to debate the merits of destroying the remaining smallpox viruses that have been stored away for purposes of medical research and other scientific projects. However, some pessimists have cautioned that these lethal inventories should be maintained in case of a need to produce more vaccines due to an unexpected outbreak or an onslaught of germ warfare launched by terrorists.

Clearly, the case of marketing proceeds in close parallel with that of the dread disease just described. Marketing-as-we-have-known-it may indeed be on the verge of disappearing from our world. But the danger still remains that, in the pursuit of selfish gain, some unscrupulous or foolish entrepreneur might someday reintroduce the marketing virus to a by-then defenseless population. For example, some recalcitrant social misfit who has chosen not to cooperate with the blissful system of interactivity-based mass customization might notice the economic efficiencies to be gained from clustering certain customers with similar needs, wants, tastes or values into small market segments. Gathering force, such isolated instances might precipitate a swing back to differentiated segmentation of epidemic proportions. Only if society has preserved its store of marketing knowledge can it hope to respond in a manner that might save it from a disastrous devolution back toward Fordism and McDonaldization (Ritzer, 1996, 1998).

In other words, recognizing that marketing is as old as original sin and fearing that (like other forms of ineradicable evil) it will never be completely extirpated, humankind would be well-advised to maintain its inventory of marketing wisdom as a precaution against the sudden outbreaks that we have

envisioned as a potential danger to the interactivity-oriented, mass-customized society of the future. But where, one might wonder, can such vestigial marketing specialists be housed? Obviously, they cannot be kept in consumer-products companies, retail chains, or advertising agencies, because all such marketing positions will soon have become extinct. The only hope is to preserve a small storehouse of marketing thought at the heart of our universities among those few remaining academicians who dimly recall what the profession was like before it was eliminated. Even if no students take their increasingly worthless courses and even if no businesspeople read their increasingly irrelevant research, such increasingly anachronistic marketing professors should be treasured as a possible antidote to the virulent threat that, one day, the marketing function might once again rear its ugly head.

If Harvard, Stanford, Wharton, the London Business School, INSEAD, and the others heed our advice, marketing scholars will stand together with cockroaches among the last species left alive on the planet earth when the final apocalyptic trump has sounded. Like those unsung heroes in Gray's country churchyard, the teachings of the great marketing masters will survive long after the Library of Congress and the British Museum – faced with the replacement of reading and writing by pointing and clicking – have closed their doors, gone online, and eventually evaporated into cyberspace. In short, tempting though it might be, we dare not exterminate our marketing scholars, because we know not whether – sometime in the future – the late-lamented phenomenon of marketing management, viewed as the activity of closing gaps between producers and consumers, might live again.

Dignified burial

Let us therefore give marketing the dignified burial it deserves. Let us inscribe upon its gravestone the optimistic hope that its soul has permeated the business world that the marketing function itself has left behind. And – if we have a dark cast to our thought – let us imagine the possibility that marketing might someday rise from the dead to walk among us once again.

Epitaph

Yet ev'n these bones from insult to protect
Some frail memorial still erected nigh,
With uncouth rhymes and shapeless sculpture deck'd,
Implores the passing tribute of a sigh
(Thomas Gray, *Elegy Written in a Country Churchyard*, 1751, ll. 77-80).

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