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How Modern is Modern Marketing? Marketing's Evolution and the Myth of the "Production Era"

The widely accepted belief in a Production Era implies that serious and sophisticated marketing is a recent phenomenon. Analyzing conditions in Britain, Germany, and the United States, the author shows that the Production Era concept obscures the extent and level of development of earlier marketing practice, as do the Sales Era and Marketing Era concepts. A new model of marketing's evolution is used to propose a more accurate periodization of modern marketing's development.

> It is one thing to make goods and another to manufacture a market for them. This is the theory of modern business (Jackman and Russell 1910, p. 121).

FOR more than a generation the concept of the Production Era has dominated the understanding of marketing's past held by students and scholars alike. Elegant in its formulation and categorical in its implications, it has fostered the widespread belief that rational, purposeful, and sophisticated marketing practice is a fairly recent development. Serious marketing is believed to have been unnecessary under the simple economic conditions that supposedly prevailed until well into the twentieth century.

The Production Era commonly is dated from about 1870 until 1930. Its characterizing features are said to have been that:

- firms focused their attention largely on physical production, straining to overcome age-old constraints on supply with new technologies and more efficient management techniques, and distribution was a secondary concern, left to independent wholesalers and retailers;
- output consisted of limited product lines whose conception and design reflected production requirements more than research into customer needs; insight into customer needs was not crucial because
- demand exceeded supply; disposable income and desire for any available products grew rapidly and without pause among the broad populace and
- there was little competition in each product market; hence,
- wholesalers and retailers did not have to develop sophisticated methods because products "sold themselves;" wholesalers and especially retailers were peripheral to business enterprise, whose locus was manufacturing firms.

In sum, "firms gave little thought to marketing" (Bagozzi 1986, p. 16), and little in the way of sophisticated or purposeful marketing practice developed until much more recently.

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Marketing scholars have made the Production Era a major component of the minimal marketing history taught to marketing students in the United States and Britain. In a judgment sample of 11 recent U.S. texts, nine have explicit descriptions of it (Assael 1985; Berkowitz, Kerin, and Rudelius 1986; Evans and Berman 1985; Kinnear and Bernhardt 1986; Mandell 1985; Mentzer and Schwartz 1985; Rachman 1985; Schoell 1985; Stanton 1984). The other two are less explicit but convey a similar message (Bagozzi 1986; Cravens and Woodruff 1986). In Britain, Oliver (1980) explicitly and Jefkins (1983) and Smallbone (1972) implicitly present the concept.

The inspiration for these textbook depictions of the Production Era is Keith's (1960) widely cited article on the evolution of marketing at the Pillsbury Company. According to Keith, the Production Era at Pillsbury extended from the firm's beginning in the late 1860s into the 1930s; it was characterized by management emphasis on production rather than distribution. The Production Era was followed in the 1930s by the Sales Era, in which energetic personal selling was backed by research and advertising, and in 1950 by the Marketing Era of sophisticated customer orientation. Somewhat cryptically, Keith termed Pillsbury's experience "typical" (p. 36). He did not say of what it was typical and gave no evidence that other firms had undergone similar periods of development. Nonetheless, Pillsbury's experience often is presented as typifying that of most companies. Keith did not mention external economic and social conditions; most later writers have decided that the Great Depression of the 1930s brought the favorable conditions of the Production Era to an end and forced desperate businesspeople into the hard-sell orientation of the Sales Era.

How generalizable is the Pillsbury experience? No alternative formulations have been proposed in the marketing literature to date, yet the well-known work of Bucklin (1972) and Hollander (1960) on evolution in distribution systems suggests a richer and longer gestational period for modern marketing institutions. Dixon (1981) found sophisticated thinking about marketing to have gone on several centuries ago. Because the discipline's growing maturity has stimulated a desire for a more thorough understanding of marketing's past, work on marketing history has surged in the last few years. Contributors have included marketers (e.g., Chin and Sheth 1985; Fullerton and Nevett 1986; Hollander 1986; Pollay 1985), historians (e.g., Baudet and van der Meulen 1982; Braudel 1982; Fox 1984; Fraser 1981; McKendrick, Brewer, and Plumb 1982), and sociologists (e.g., Schudson 1984). It is time to reevaluate the Production Era concept.

The purpose of this article is to provide such a reevaluation by:

- presenting the case for the concept's validity in three advanced Western economies (Britain, Germany, and the United States),
- revealing the much stronger case against its validity,
- showing how the case against the Production Era weakens the accepted view of the Sales Era and Marketing Era that have been said to follow it, and
- presenting a model of historical evolution and from it constructing a new periodization scheme for modern marketing's historical development in the three countries.

Method

The method of investigation follows the approach of mainstream American and Western European historical research. Full treatments of the approach are given by McCullagh (1984) and Iggers and Parker (1979). Savitt (1980) contrasts it to that used in marketing. The historical approach has three facets. One is a philosophical belief that historical phenomena such as markets are intrinsically rich and complex; efforts to simplify or to assume away aspects of such phenomena are deeply distrusted. A second facet is a research tradition emphasizing systematic and critical evaluation of historical evidence for accuracy, bias, implicit messages, and now-extinct meanings. The third facet is the process of synthesis through which the researcher interprets the evidence to provide a coherent re-creation of what actually happened in the past. The synthesis also should explain why things happened and their significance for the time and later. In the historical philosopher Collingwood's classical description (1956, p. 242), historical synthesis is "a web of imaginative construction stretched between certain fixed points provided by" critically evaluated source material. The process is creative but also critical; the coherence imposed must be consistent with the preponderance of available evidence. The more evidence subsumed under an historical synthesis the better; the underlying logic is analogous to that of regression.

The Production Era is an historical synthesis. It certainly provides a clear and coherent interpretation of past events. The question, however, is whether it subsumes enough evidence. An answer can be obtained by evaluating the evidence now available on the period's business life.

The study follows the preference of many contemporary historical researchers for cross-national investigations. The rationale for this approach is that major developments in economic life such as those discussed here are seldom confined to just one country. They spill over national borders. During the period studied, there was an enormous and continual interplay of influence and interaction among businesspeople in Britain, Germany, and the United States. The countries traded heavily and competed vigorously. Successful innovations were adopted quickly. British and, later in the period, American advertising technique had great influence in Germany. Americans got their first vending machines from England. Early American marketing education drew upon German precedents and literature. Such examples can be multiplied. Trends in business practice were cross-national among the three countries, though certainly colored to some extent by indigenous culture. If there was a Production Era, it would have occurred in all three countries. American and British texts posit such an era in those two countries and the German historian Kocka (1980, p. 107) implies one for Germany at about the same time.

Sources

Source material is plentiful. That used here is a large judgment sample of the total. Whenever possible, findings from one source are replicated by those from one or more others. Three major categories of sources were employed. Samples of the numerous trade manuals and handbooks used at the time were consulted for their fine portrayal of what were seen then to be pressing business concerns (e.g., Beable 1925; Cronau 1887; Goddard 1889; Phillips 1905). An important subcategory is manuals issued by individual firms for their employees (e.g., *Branch Standard Practice* 1917). Works produced by early academic marketers are a second major source category (e.g., Converse 1930; Hirsch 1925; Ivey 1921; Mataja 1916; Simons 1924). Such works are of high intellectual caliber and based on careful analysis of then-current business practice. The very "descriptiveness" for which they later were reproached makes them excellent historical records. The third category of sources is historical studies. They range from firm (e.g., Barker 1960) and industry (e.g., Rae 1984) histories to large-scale syntheses (e.g., Braudel 1982; Cochran 1977). Most were not written explicitly as marketing histories, but contain much information on past marketing, some of it obtained from firm archives and trade papers. In addition, they provide the analytical judgments of trained professional historians.

The Case for the Production Era

If the case for the Production Era depended only on Keith's Pillsbury example, it would be suspect by virtue of small sample size alone. Pillsbury was only one of thousands of companies active from 1870 to 1930 and may not have been "typical" of the others. Still, the traditional picture of the Industrial Revolution painted by economic historians tends to substantiate a Production Era. They stress technological advances in production and transportation. Following classical economic theory, they assume demand to have increased automatically as real income rose, which it did for a growing number of people as a result of industrialization. The real—and only—challenge is believed to have been production. Landes' (1969) influential history of the Industrial Revolution, for example, asserts that the technological increases in production associated with the Industrial Revolution were "at the heart of a larger, more complex process often designated as modernization" (p. 5–6). Landes describes how the application of water, then steam, then electric power to increasingly complex machinery, combined with new discipline and training of factory workers, made possible "an enormous increase in the output and variety of goods" (p. 5).

This increase was not achieved easily and the revolution in production was by no means completed by 1870 or even by 1930. Only after decades of effort by skilled people did the idea of interchangeable parts become a functioning reality in large-scale production (Hounshell 1984). The mass mechanical production of cloth was one of the earliest achievements of the Industrial Revolution, but the manufacture of most finished clothing requires extensive hand labor to this day. In Britain and Germany, production increases often were the result of concentrating enormous numbers of laborers in factories, whereas labor shortages in the United States encouraged the substitution of machines for hand labor (Heskett 1980, Ch. 3).

Within some industries, major production breakthroughs were made relatively rapidly and only evolutionary adjustments were made thereafter. By the 1860s the breakthroughs had occurred in the United States in watchmaking, pinmaking, barrelmaking, and the manufacture of pressed glass, small firearms, and sewing machines; chairs were produced in large volume in both the United States and Germany. Inspired by these examples, businesspeople tended to confront and even seek out production problems with feelings of confidence that they could solve them.

Some firms *were* oriented heavily toward production and engineering and were indifferent toward marketing, according to both marketing writers of the time (e.g., Sheldon and Arens 1932, Ch. 3) and later historians (e.g., Meikle 1979, p. 16). Cochran (1977, p. 192) observes that as late as the 1920s "the language of factory productivity continued to dominate business speeches and popular articles," a long-term consequence of the fact that "improved technology . . . had led businessmen and scholars all over the world to glorify production" (p. 21). By the 1920s the "ethos of mass production" (Hounshell 1984, p. 329) had spread to the public at large. Mass production was seen as the key to abundance and the master of mass production, Henry Ford, was admired at home and abroad as no other businessman before or since.

The feats of productivity were real, as was the prominent place production occupied in the consciousness of many business leaders. Nonetheless, these facts are insufficient to prove a Production Era in business history. At the same time production was being revolutionized, so too was marketing.

The Case Against the Production Era

Recent historical research on both sides of the Atlantic has cast doubt on the traditional supply-oriented interpretation of the Industrial Revolution that supports the Production Era concept (see Baudet and van der Meulen 1982; McKendrick, Brewer, and Plumb 1982). Four strong arguments now can be marshalled against the notion of such an era.

1. It ignores well-established historical facts about business conditions—competition was intense in most businesses, overproduction common, and demand frequently uncertain.
2. It totally misses the presence and vital importance of conscious demand stimulation in developing the advanced modern economies. Without such stimulation the revolution in production would have been stillborn.
3. It does not account for the varied and vigorous marketing efforts made by numerous manufacturers and other producers.
4. It ignores the dynamic growth of new marketing institutions outside the manufacturing firm.

Let us examine each of these arguments in some detail.

The Concept Misconstrues Business Conditions

The Production Era was supposedly a time when steady growth in disposable income caused demand to increase faster than supply. If we could somehow send this description back through time to contemporary business people, they would find it absolutely ludicrous in light of their own trying experiences with the business cycle, overproduction, deadly serious competition, and a social and demographic environment that was changing bewilderingly and rapidly. The business world then was often as tough, and sometimes tougher, than today's.

Changes in the social and demographic environment were truly revolutionary. A massive migration brought more and more of the once self-sufficient and tradition-bound rural population to urban areas where, unsettled in attitudes and no longer self-sufficient, they were a potential market. However, it was a market for which there were no guiding precedents and which would not absorb everything available; to tap it effectively required marketing acumen (Fullerton 1979). Initially gullible, the new urban masses—and other consumers—quickly became more savvy and critical (Shaw 1916, p. 201). Consumer tastes changed ever more rapidly, most beyond the control of businesspeople. Women began for the first time to be the primary buyers of consumer products; businesspeople had to learn to understand them.

Uncertain in the best of times, *demand* for most products plummeted during the frequent yet rather unpredictable downturns in the business cycle. In the U.S., economic depressions occurred in the early 1870s, the early 1890s, and again in the early 1920s—with recessions and "panics" between. Similar conditions prevailed in Britain and Germany, where the First World War (1914–1918) and its aftermath made the 1920s less prosperous than in the U.S.

Overproduction, a problem in the U.S. even before the Industrial Revolution (Shapiro and Doody 1968, p. 78, 186, 424ff), plagued all three countries during most of the alleged Production Era. Mass production technology increased the pressure to produce "in good or bad times, . . . because closing down involves the loss of interest and capital," according to Professor Tosdal of Harvard (1925, p. 18). If Pillsbury did not face such a problem, it was one of a fortunate minority of firms. The majority had to heed Goddard's (1889, p. 5) manual: ". . . the three leading interests of all civilized countries are producing, manufacturing, and selling, and the first two are largely dependent upon the last."

Competition, severe before 1870, intensified thereafter. "Competition is in the field of distribution almost ever-present and frequently acute," wrote a contemporary (Shaw 1916, p. 6). Nearly every other American, British, and German writer from 1870 to 1930 concurred (see, e.g., Allen 1885, p. 10, 101; van der Borght 1912, p. 38; Brisco 1916, p. 8, 11; Comyns and Jones 1927, p. 3–4; Tosdal 1925, p. 18, 24). Professional historians have agreed consistently (e.g., Chapman 1979; Cochran 1977, p. 89; Heuer 1937, p. 3ff; Porter and Livesay 1971, p. 10ff, 192ff). In Germany, new entrants charged into every possibly viable business after the removal of old restrictions on entry into trades in the early 1870s; competition increased. In the U.S. and Britain, where open entry had long been the norm, any hint of success brought many entrants and more competition; speculative investment capital to finance new entrants was plentiful. Literally hundreds of companies competed with one another at any time during the first two decades of the auto manufacturing business in the United States, for example. Their collective productive capacity was far beyond even the ability of the exploding automobile market to absorb.

The Production Era was during the climax of what historians (e.g., Puhle 1984; Sombart 1928, vol. III) have called the Age of High Capitalism—a period characterized by unrestrained *ambition and aggressiveness* in business conduct. Famous exemplars include James B. Duke and John D. Rockefeller. No matter how well they did, businesspeople felt they had to increase sales. In the U.S., for example, even the managers of protected monopolies like the Bell companies and utilities were marketing energetically to increase sales during the prosperous 1920s (Breyer 1931, Ch. 26; Converse 1930, Ch. 14).

Obviously, then, the business conditions depicted in the Production Era scenario did not exist.

The Concept Misstates the Nature and Role of Demand

The Production Era concept presupposes strong demand from buyers for whatever was put on the market. People are considered to have been engines of aggressive consumption whose demand rose automatically with the supply of affordable products. Such products are believed to have sold themselves. The underlying theoretical assumption here is Say's Law—an eighteenth century theory that production produces its own demand. Say's Law, however, has long been questioned by economists and historians alike (Pribram 1983, p. 168). It is a questionable underpinning for an interpretation of business history.

A much better guide is provided by the American economist Gilboy's (1932) classic theoretical work. Gilboy argued that, historically, the creation of increased demand by conscious efforts (i.e., by marketing efforts) counted equally with the technological revolution in production in developing the modern industrialized economies. Neither alone nor in conjunction with improved transportation could greater production have increased demand very much, because demand was held in check by powerful forces of traditionalism that were impervious to it. Making more products available would have had no effect on people who did not want them. However, in societies where there was mobility within and between classes, energetic, rational, and purposeful activity by merchants and entrepreneurs could stimulate demand, which in turn stimulated production. Production and marketing activities worked in tandem. They achieved results together that neither could have achieved alone, according to Gilboy.

In the cases of Britain, Germany, and the United States, considerable historical evidence supports Gilboy's theory. Before the Industrial Revolution, for example, there were businesspeople with genuine marketing acumen and ambition (Braudel 1982), but hand production and poor transportation severely constrained the size of their markets. So, too, did the powerful forces of consumption-inhibiting tradition that governed the large rural majority of society (DeVries 1976, p. 14). The businesspeople had the skills to overcome at least some of the traditional inhibitions, but had nothing affordable to sell to the peasantry and no means of transporting it anyway.

The breakthrough came with the start of the Industrial Revolution in Britain in the 1770s. In a recent landmark book in marketing history, McKendrick, Brewer, and Plumb (1982) show that the Revolution succeeded because production and marketing worked in tandem. Some of the famous pioneers of production such as Mathew Boulton and Josiah Wedgewood were also pioneers of modern marketing, cultivating large-scale demand for their revolutionary inexpensive products with techniques usually considered to have been post-1950 American innovations: market segmentation, product differentiation, prestige pricing, style obsolescence, saturation advertising, direct mail campaigns, reference group appeals, and testimonials, among others.

From Britain, demand-enhancing marketing spread. Ambitious businesspeople in Germany and the United States adopted aggressive British marketing practices just as they did British production technology. This process was underway before 1870 and accelerated thereafter (Fullerton 1975; Ch. 2, 3; Hounshell 1984). To American marketing teachers in the early 1900's, "demand creation" was one of the fundamental business tasks (e.g., Converse 1930, p. 35ff; Shaw 1916, p. 99ff, 246ff; Tosdal 1925, p. 18). Demand for innovations like the automobile, the cigarette, and the typewriter was consciously stimulated by a full range of marketing efforts including price and distribution as well as advertising and personal selling appeals. Some of the pioneering automobile advertising in the U.S. puts to shame that done in our time for the personal computer. During the whole period of the alleged Production Era, American businesspeople were considered by Western Europeans to be the supreme masters of aggressive demand stimulation (see Cronau 1887; Marahrens 1875; Sombart 1967). Mass production, wrote the U.S. advertising executive Harry Tipper in 1914, required that consumers "be taught to use more than they formerly had used" (quoted by Pope 1983, p. 33–4). His words were heeded. As Cochran (1977, p. 192) wrote of the American businessmen of the 1920s, even as they used the rhetoric of production in discussing their actions, the actions themselves were more often marketing actions.

German businesspeople liked to think of themselves as less aggressive and flamboyant than their Anglo-American counterparts, but they too worked with increasing vigor and sophistication to stimulate demand. As printing technology improved rapidly after 1800, for example, publishers found that even rapid increases in population, income levels, and literacy did not guarantee demand commensurate with their productive capability. Demand had to be and was consciously studied and stimulated (Fullerton 1975). Such practice was not confined to the book trade. Design schools were established to train designers who could make more appealing products (Heskett 1980, p. 23; Pulos 1983, p. 119).

Old inhibitions about using advertising disappeared rapidly during the second half of the 1800s and by 1914 Germany's per capita expenditures on advertising were equal to those of Great Britain (Fullerton and Nevett 1986). Looking back in 1936, the marketing scholar Eliasberg (p. 11, translation by the author) found that: "During the past hundred years the entire market, all of consumption, has been totally transformed and enlarged through the stimulation, intensification, diversion, and awakening of needs." Contemporaneously, Germany's greatest economist (Schumpeter 1936, p. 65) theorized that creative demand stimulation was basic to entrepreneurial success in any business; the effective entrepreneur actively sought to create new consumer demand. In Germany as in Britain and the United States, many businesspeople did exactly that—during the alleged Production Era.

In all three countries the incessant demand stimulation had its effect: consumption rose and "aggressive consumption" (McKendrick, Brewer, and Plumb 1982, p. 316) spread to much of the population. Conservatism, asceticism, and sumptuary laws were not eliminated, however, and though less powerful than they once were continued to restrain demand at times, especially demand for new and/or showy products (see Hollander 1984; Mataja 1926, especially Ch. 4). Moreover, as production technologies continued to improve and as more new products entered the market, the need for "demand creation" remained crucial to business success.

The Concept Ignores the Marketing Activities of Manufacturers and Other Producers

The lead in stimulating demand often was taken by producers, contrary to the passive role ascribed to them by the Production Era scenario. Moreover, they assumed the leadership role in nearly all other marketing functions during the decades after 1870. The producers involved included manufacturers of industrial as well as consumer products and agricultural cooperatives as well as food processors. The trend toward producer-dominated marketing went farthest in the United States but was important in Britain and Germany also.

It was motivated largely by producers' growing dissatisfaction with the merchant wholesalers who previously had dominated marketing. Producers felt that merchant wholesalers paid no special attention to their newly branded goods, were negative toward innovative products, and could no longer supply market intelligence to meet producers' increased needs. Consequently, more producers began to take charge of their own distribution efforts, from market analysis and product design through distribution, promotion, and pricing. By the 1920s wholesalers had been relegated to a subservient (though still useful) position all three countries (Chapman 1979; Ivey 1921, Ch. 1, 2; Triebenstein 1966).

Table 1 shows the extent of producers' marketing activities and initiatives during the years 1870 to 1930. It reveals very clearly that many producers were not only proactive in their marketing stance, but also progressive, adopting better methods as they were developed. For example, formal training for salespeople swept U.S. manufacturing firms about 1900; it had proven effective in Germany before that time. Previously the prevailing belief had been that salespeople were born and not made. Extensive support services for salespeople were established by some firms—the American Radiator Company had 67 different form letters to aid salespeople in various lead-gathering and followup situations (*Branch Standard Practice* 1917). Like other companies, American Radiator had adopted call report requirements as their value became established. Similar practices developed in Britain (Simons 1924).

Attention to buyer needs was a major element in successful producers' marketing efforts. During the 1880s, for example, increased competition had impelled the Waltham Watch Co. to abandon the practice of having agents sell whatever the factory decided to produce in favor of producing "exactly the kinds of goods required by the market in exactly the amounts that could be sold to advantage" (Moore 1945, p. 76). Similar cases are easily found in Germany (see Sombart 1967, p. 143) and Britain (see Barker 1960, p. 196). Ivey's 1921 U.S. text reports as widespread "the production of goods made primarily to render satisfaction rather than [just] to sell" (p. 10).

Producers knew very well that a single product did not satisfy everyone. They practiced segmentation. Often presented today as the quintessence of ultramodern marketing (e.g., Kotler 1984, p. 250), segmentation was employed widely before 1930. "Innumerable businesses recognize the existence of market contours [i.e., segments] by putting out their products in two or more grades," wrote Shaw in 1916. He continued, "This is accepted practice among manufacturers of clothing for both men and women, watches, talking machines, cameras, hand tools, *and a long list*

TABLE 1
Producers' Involvement in the Marketing Mix, 1870–1930

Marketing Function	Producer Activities and Initiatives	Examples	References
Product planning, development, management	*Branding,* use of *trademarks*—some use before 1870, increasingly greater use after.	• Pear's Soap (U.K.)—1860s on; much imitated. • Sapolio cleanser (U.S.A.)—from 1869, showed power of branding. • Henkel's Bleich Soda (Germany)—1876. • Prudential Insurance Co. "Rock"—from 1890s.	Redlich (1935) Wilson (1954)
	Packaging—to identify brand and enhance its appeal as well as to protect. Paper, board, pottery, glass, metal (cans), and foil in use by 1900. Cellophane introduced in 1912.	• Dr. Lyon's Tooth Powder (U.S.A.)—1874 • Lever introduced first laundry soap carton in 1880s (U.K.). • Canned asparagus—several popular brands in Germany.	Davis (1967) Minchinton (1982) Wilson (1954)
	Grading and standardization of agricultural products—enhanced demand by allowing consumer to judge quality from grade, allowed futures trading to improve supply-demand balance. Biggest strides in U.S.A.	• California Fruit Growers' Board took much initiative.	Converse (1930, Ch. 7–12) Ivey (1921, Ch. 19)
	Segmentation—widely practiced by producers, including mass producers. Many products intended for specific segments.	• General Motors' "a car for every purse and purpose." • Parker Pen Co.—40 pens from $1.50 to $20.00 in 1899 catalog, longest and fattest said ideal for doctors.	Lawrence (1977) Fullerton (1985) Sloan (1965)
	Market analysis—ongoing study of competition, market potential, customer needs; increasingly considered basic to any well-run business. Many large U.S. firms had own departments by 1920s. Major methods in use by 1920s: • Study of government, trade association, university reports, whose quality improved continually. • Analysis of firm sales records. • Development of market index numbers. • Test markets ("try-out," "trial" markets). • Surveying jobbers, retailers, consumers; some surveys used pretested questionnaires and hypothesis testing. U.S. and German questionnaire quality often superb. • Statistical analysis of firm and industry performance, demand forecasts.	• Bibliographisches Institut publishing firm (Germany) used geneological and nobility directories to compile mailing and call lists for lifestyle-defined market—1870s. • Velhagen and Klasing publishing firm (Germany) analyzed demographics of customer lists—1880s. • Market research departments established by U.S. Rubber Co., Swift & Co., Curtis Publishing Co., 1910–1920. • General Motors tied production to good short-run sales forecasts—1920s.	Bartels (1976, Ch. 7) Converse (1930, Ch. 33) Egbert, Holbrook, and Aldrich (1931, Part 6) *Distribution in the United States* (1930) Fullerton (1985) Shaw (1916, Ch. 14) Sloan (1965, p. 128–39) Simons (1924, p. 9ff)
	Product design by skilled stylists—use of shape, color, and texture to enhance appeal.	• AEG Electrical Co. (Germany) hired famed artist P. Behrens to oversee product design—1907.	Pulos (1983)

TABLE 1 (continued)

Marketing Function	Producer Activities and Initiatives	Examples	References
Distribution	*Producer-owned "branch houses"* took over wholesale functions in some industries in U.S.A., allowed direct distribution to retailers.	• Major users included farm implement manufacturers, big meat packers (Armour, Cudahy, Swift, and Wilson each had 400–500), National Biscuit Co.	Breyer (1931) Ivey (1921, Ch. 1)
	Producer-owned retail stores, producer-franchised retail stores allowed direct sale to consumers.	• Pioneered by Singer in mid-1800s. Specialty clothing manufacturers, some shoe firms, A. G. Spalding sporting goods firm used by 1920s. Gates Rubber Co. franchised tire stores.	Egbert, Holbrook, and Aldrich (1931, p. 509–31) Gates Rubber Co. (1918)
	Producer-owned freight cars—lessened reliance on sometimes-haughty U.S. railroads.	• Armour, Swift, Wilson, Cudahy (U.S.A.)	Breyer (1931)
	Producer-dominated cartels, especially in Germany, established to ensure channel domination.	• Exchange Union of German Booksellers tightened publisher control over distribution, even over powerful department stores—1880s and 1890s.	Hirsch (1925)
	Producer-operated direct sale to consumers, mainly by door-to-door sales, also some mail order—used widely to sell innovative products.	• Used to open U.S. market for typewriters, cooking stoves, sewing machines, electric irons, aluminum cooking utensils, washing machines, kitchen cabinets. Same for German market for wine, cigars, bicycles, books, cigars, honey, butter; also mail order items.	Converse (1930, p. 419–25) Nieschlag (1939, p. 23–37)
	Careful *inventory analysis and management*—use of historical inventory trends to guide ordering; tie-ins between inventory and market analysis.	• American Radiator Co. based ordering for branch houses on past seasonal patterns in inventory—ca. 1917.	*Branch Standard Practice* (1917) Sloan (1965)
	Increased contact with independent retailers and chain stores—increased cooperation including use of stores' market research to strengthen producers' efforts. Also included helping retailers with sales training, window displays, literature, advertising, and demonstrations for customers.		Converse (1930)
Price	*Vertical price maintenance* became widespread. Established by law in Germany and Britain, much used in U.S. despite growing conflict with federal law—informal boycotts used to force noncomplying middlemen into line. Producers felt that price was too important to marketing to be under others' control.	• Kroener "Reform" of 1888 reaffirmed and strengthened publishers' power to determine price of books in Germany.	Hirsch (1925, p. 12–13)
	Manufacturer-supported consumer credit for costly items (cars, appliances, etc.) spread in U.S.A. to circumvent banks' conservatism.	• Pioneered by Singer in 1850s. • Willys-Overland and other auto firms established an automobile-financing institution in 1915. • General Motors set up GMAC in 1919.	Hounshell (1984) Sloan (1965, p.150–1, 302–12)

TABLE 1 (continued)

Marketing Function	Producer Activities and Initiatives	Examples	References
	"Market-plus" pricing became common—pricing that reflected the psychic value of branding and promotion, pricing above the commodity level.	• Almost any branded product, especially nationally and regionally advertised products. True in all three countries.	Shaw (1916, p. 246–53)
Promotion	*Company salesforces*—many trained in the best available methods (methods themselves improved markedly during the period). Many salespeople carefully supervised, supported with displays, advertising, direct mail followups, advertising specialties to bestow upon prospects. Some did missionary selling. Technical firms used sales engineers. Nearly all medium and large firms had own salesforces by 1920 in all three countries.	• German firms known for training salespeople to work effectively in overseas markets. • Hampshire Paper Co., American Radiator Co., Goodyear Tire Co., and Delco had substantial sales manuals (some in looseleaf for easy updating) and direct-mail support organizations. Hampshire Paper stressed that salespeople were "advisors" who helped solve prospects' problems.	*Branch Standard Practice* (1917) *A Course in Salesmanship* (ca. 1915) Goddard (1889, p. 48–9) *Manual of Sales Promotion* (1920) Redlich (1935) *Selling Delco Light* (ca. 1925) Simons (1924)
	Advertising by producers expanded enormously—producers assumed role of communicating with end users, building awareness and appeal for their products. Advertising expansion included direct mail and cooperative advertising.	• McCormick built part of success on heavy advertising of its farm implements—from mid-1800s. • Soap firms heavily into advertising from 1870s—Lever and Pears in U.K., Procter & Gamble in U.S.A., Henkel in Germany. • U.S. automobile industry heaviest advertising spender of any industry by 1915—people attributed much of its rapid growth to advertising.	Fullerton and Nevett (1986) Presbrey (1929) Redlich (1935)

of other products having general appeal" (p. 225, italics added). Where were the severely limited product lines that the Production Era interpretation insists were the only items on the market then?

Certainly not all producers were or became active marketers; perhaps even a numerical majority did not. However, the pace of growth and the favored style of enterprise were increasingly set by those who did, by firms that could apply focus, intelligence, and drive to both production *and* marketing. The credo of such firms was expressed by Shaw in 1916 (p. 104).

> Today the progressive business man makes careful, intensive studies not merely of the consumer's recognized wants but of his tastes, his habits, his tendencies in all the common activities and relations of life. This he does in order to track down unconscious needs, to manufacture goods to satisfy them, to bring these products to the attention of the consumer in the most appealing ways, and finally to complete the cycle by transporting the goods to him in response to an expressed demand.

These firms realized that production was an element of marketing and marketing an element of production. They were enormously successful firms like Unilever in Britain, General Electric and Singer in the U.S., and Henkel in Germany.

Some of the successful firms that traditionally have been typecast as production-oriented turn out to have been active in marketing as well. The great example is Ford, the most renowned of all mass producers. Henry Ford began with the vision of a car that would meet the needs of the broad, still substantially rural, populace, then figured out a way to produce it (Rae 1984, p. 32). Based on personal observation and creative insight—then as now basic marketing tools—Ford's vision was an accurate reflection of a widely held and deeply felt need. Nothing else can explain the heartfelt adulation of the man by tens of millions of people for decades. Ford's insistence on offering cars only in black, often cited as indifference to market needs, actually was intended to keep down production costs to meet his market's *strongest* need—a truly affordable, reliably working, automobile (Converse 1930, p. 1006). Ford knew there were other tastes; he purchased the Lincoln Motor Company around 1920 to meet one of them. Ford advertised aggressively, cultivated publicity with enormous skill and success, and at the height of his domination of the auto market had a six-volume sales manual prepared to help his dealers cope with "competition from the outside" (Prentiss 1923, vol. 1, p. 1).

The Concept Slights the Growth of Important Marketing Institutions

By the assertion that the only demanding task of business before 1930 was physical production, the Production Era notion not only undervalues producers' marketing efforts, but also slights the development of several major institutions of modern marketing. Table 2 enumerates and describes these institutions, which revolutionized the structure of marketing life. Most of the institutions of marketing in use in 1870 seem remote to us now; those that had developed by 1930 do not—much of today's marketing practice is conducted through them.

The new institutions enabled producers to carry out their ambitious marketing programs. Advertising agencies helped generate awareness and desire for products. Better physical distribution and more responsive wholesaling helped circulate products quickly and extensively. New retail institutions made the products readily available and enticing to buyers.

The new institutions also had a reforming effect on older ones. One of Germany's premier marketing scholars, Robert Nieschlag (1959), has shown how the advent of new distributive institutions forced existing ones to become more efficiently managed and responsive to customer needs to defend themselves against the newcomers. The same effect occurred on both sides of the Atlantic. In Britain, for example, competition from department stores forced other retailers to curtail the once-pervasive misrepresentation of goods (Beable 1925, Ch. 7).

Rational and efficient management was a hallmark of the new marketing institutions. Formal planning and training, use of cost accounting, and careful attention to sales and inventory figures became common. The many large, well-run department stores, noted a trade writer of the time (Phillips 1905, p. 12), "are not the result of chance, but [rather] there is a vast machinery behind it which directs and controls." The "machinery" behind the fast-spreading chain stores of those decades was even vaster. Understanding and satisfying customers were emphasized by managers of the new retail institutions. For example, the goal of the period's most influential and prestigious retail institution—the department store—was to be:

> The system that dresses the windows with attractive goods, that provides the special bargains, that furnishes such a variety of goods comprising nearly everything that people wear or use, that gives a courteous and agreeable service under all conditions, that provides a place to rest when fatigued, . . . that delivers all purchases promptly, and if a mistake has been made in the selection, or for any reason goods bought are not satisfactory, presents no difficulty in their being exchanged or the money refunded (Phillips 1905, p. 12).

The president of the Woolworth chain intoned, "Every move on our part is determined by what the customer wants. We let the consumer do our buying and selling" (quoted by Sheldon and Arens 1932, p. 114).

Such striking advances in retailing were matched by those in other areas of marketing. Contemporaries were especially impressed by the progress of advertising (see Paneth 1926; Presbrey 1929). It is easy to understand why. There is a vast difference between the crude-looking magazine ads of the 1870s and the visually and verbally stunning ones of the 1920s. Fox (1984) argues that American advertising had more influence over people in the 1920s than it has had before or since. No political propaganda has ever equalled the effectiveness of the World War I propaganda, to which the British advertising industry contributed heavily.

American advertising agencies, from humble origins in media brokering in the mid-nineteenth century, had by 1910 become leaders in devising and encouraging the use of market research, customer-oriented product design, and enticing packaging. Some conducted experimental research into the "psychology" of advertising—topics such as recall, recognition, comprehension, repetition, ad location, and the effects of different type styles and colors (Poffenberger 1925). These topics and the methods of precise measurement and experimentation that were developed to investigate them remain basic to advertising research today. British advertising people were aware of the American advances, though not all used them (Nevett 1982, Ch. 8). In the German-speaking world, the astonishingly sophisticated work of the Austrian professor Mataja (1916, 1926) spread and built upon the best American work.

Summary: There Was No Production Era

The Production Era concept is clearly untenable. No such era existed. An "era" should capture the primary trends of a period of time. The Production Era notion not only ignores well-documented demand trends, but also the supply trends that resulted in a wide variety of items in most product classes. It obscures the trend toward proactive marketing by producers and the trend toward the establishment of significant new marketing institutions. In sum, it does not subsume nearly enough of the available evidence. Its widespread acceptance has cut us off from our rich marketing heritage.

Were There Sales and Marketing Eras?

The evidence arrayed against the Production Era concept also weakens the conventional belief that there

TABLE 2
Development of Institutions and Methods of Modern Marketing, 1870–1930

Institution/ Method, Date of Origin	Characteristics and Impact on Marketing	Changes During Period	References
	Physical Distribution		
Air freight, 1920s	Mainly in U.S.A. Used to ship repair parts, rush orders of valuables, some apparel.	Just getting underway in 1920s.	Converse (1930, p. 63)
Container (for freight), 1920s	Mainly in U.S.A. Like present-day container, a large steel bin whose use eliminated much loading and unloading. Shipped by truck and rail.	Just getting underway in 1920s.	Converse (1930, p. 79)
Parcel post, 1870s	Reliable shipping of small packages. Allowed large-scale development of mail order business in all three countries.	Incremental improvements in speed in U.S. and U.K. German Postal Service introduced refrigerator cars for mail-order butter in 1927.	*Distribution in the United States* (1930, p. 56) Nieschlag (1939) Nystrom (1930)
Pipelines, ca. 1920	Cheapest way to transport oil, natural gas.	Rapid growth in U.S.A.—100,000 miles of oil lines by 1930.	*Distribution in the United States* (1930, p. 56)
Refrigerated rail car, late 1860s, wide use from 1890s	Revolutionary impact on food marketing. Permitted fresh vegetables, fruit, meat to be raised in specialized areas, shipped great distances to market.	Use of refrigerated ships vastly widened international food trade. Refrigerated trucks introduced.	Breyer (1931, Ch. 13) Teuteberg (1982)
Truck freight service, 1900–1910	Used mainly for short hauls, especially LCL hauls, for store deliveries, to complement rail. Biggest use in U.S.A. Much more flexible than railroads, better than horse-drawn carts.	Very rapid growth during 1920s in U.S.—3 million trucks in service by 1928. Some intercity use by 1930.	Converse (1930, Ch. 3)
	Distributive Institutions and Methods		
Cash-and-carry sales, 1908	Sales for cash only. Cut cumbersome and costly retail credit granting, allowing lower prices and faster service. Used mainly by grocery stores in U.S.	Adopted by most chain stores in U.S.	Converse (1930)
One-price selling, mid-1800s (even earlier in U.K.)	Item sold to all at same price. Ended inveterate higgling of old-style retailing; transformed shopping from a contest of will and wit among quasi-antagonists to a potentially pleasurable experience. Made retailing faster, more efficient, more predictable.	Spread widely by chain stores and department stores, also adopted in defense by many independent retailers.	Beable (1925) Ivey (1921, p. 59)
Self-service, 1916 (possibly some earlier)	Customer served self, no counter salespeople needed. A revolution—cut retailer costs in many cases, enabled shoppers to go faster. Allowed low price appeals. Vastly increased importance of advertising, packaging, store display.	Widely adopted by U.S. grocery chains and independents. Some stores adopted then dropped it—found better for convenience than shopping goods.	Converse (1930, Ch. 16)

TABLE 2 (continued)

Institution/ Method, Date of Origin	Characteristics and Impact on Marketing	Changes During Period	References
Vending machines, 1880s	Coin-operated robots, invented in Europe. Opened new source of convenience goods for consumers. Used to sell gum, candy, cigarettes, even books (in Germany). Refrigerated and "talking" machines in use in 1920s.	Several hundred thousand in use in U.S. by late 1920s, proportionately extensive use in Britain and Germany.	Nystrom (1930, p. 343–4)
Mail order retailing, pre-1800 but modern begins with 1870s parcel post	Major agent of demand stimulation for innovations. Enabled entrepreneurs to bypass passive retailers. Important to rural market in U.S., where Sears and Ward dominated on strength of immense selection and low prices. Much narrower product lines in U.K. and Germany, but also low price appeals.	Some decline in U.S. by 1920s as rural population declined and reached stores by car. Continued to grow in Europe.	Ivey (1921, p. 100ff.) Nieschlag (1939) Worthy (1984)
Chain stores, mid-1800s but main growth post-1900.	Standardized operations. Used specialists in location, inventory control, displays, employee training; rational inventory and ordering policies; careful analysis of sales records, use of volume buying. Often attracted more able and ambitious people into retail management than was common then. Powerful use of low price appeal, display. Forced all retailers to manage better.	Biggest expansion in U.S.A. but grew in number in U.K. and Germany also. From 4% of retail sales in U.S. in 1921 to 17.6% in 1928. Generated organized political opposition from numerous small independent merchants.	Converse (1930) Nieschlag (1959, p. 198–210) Worthy (1984)
Department store, ca. 1850	Pioneer institution of modern retailing. Dominant store of the time. Tight internal management, systematic purchasing, rational inventory management, much direct buying from manufacturers. Frequently took "the lead in feeling and meeting public wants" (Converse 1930, p. 610) through observation and formal research, encouraged novelty-seeking behavior. Catered especially to women, created modern "shopping" behavior norms. Great attention to display, layout, overall atmosphere, employed specialists in such areas. Purchasing, pricing, and managerial policies had great influence on other retail institutions. Popularized "customer is always right" philosophy.	Grew in number and importance in all three countries. Built magnificent downtown palaces rivaling the largest public buildings by 1910; some joined in chains by 1920s. Upgraded decor, services, and assortments from low-price origins, yet strove through "basements" (U.S.A.) and big sales (U.S. and Europe) to maintain high-value image. Caliber of managers and selling staff improved by 1920s; said to have been spotty earlier, especially in U.S.	Beable (1925) Converse (1930) Goddard (1889, p. 105) Lux (1910) Nieschlag (1959, p. 169–97)
Modern wholesalers, 1880s	Included drop shippers, cash-and-carry wholesalers, cooperative wholesalers—new institutions developed to service manufacturers and retailers who were striving to circumvent traditional merchant wholesalers. New-style wholesalers concentrated on assembling and dispersing goods.	Enormous decline of merchant wholesalers. Some merchants survived by developing jobber brands, others by adopting trained salesforces to aid retailers.	Chapman (1979) Ivey (1921, Ch. 2–4) Nieschlag (1959, p. 355–65)

TABLE 2 (continued)

Institution/ Method, Date of Origin	Characteristics and Impact on Marketing	Changes During Period	References
Other Institutions and Methods			
Marketing education, 1890s	Formal, university-level education in marketing. Established in Germany and U.S.A. to help businesspeople cope with perceived increasing difficulty and complexity of marketing. Strong belief that marketing could be a systematic science. British lagged, which hurt them. Personal selling and advertising attracted most attention. Literature emphasized understanding customers, systematic planning.	First German trade university 1898, seven by 1914. First U.S. marketing courses 1902; widespread by 1920s. Rapid growth in number of students, sophistication of discipline. By 1920s, growing use of experimentation, system analysis, decomposition of complex problems, statistics.	Bartels (1976) Minoprio (1922)
Advertising agencies, Britain 1786, U.S.A. 1841, Germany 1850s	In U.S. and Britain did creative work as well as media analysis and placement by 1900, in Germany mainly media placement into 1930s. American agencies major marketing consultants after 1900. Did research for clients, helped design products and packages. Also did "scientific" research in psychology of advertising and promotion.	Very rapid growth as use of advertising exploded. More use of market and media research, some copy testing by 1920s.	Boss (1886) Fox (1984) Pope (1983) Redlich (1935) Sampson (1874)

was a hard-sell-oriented Sales Era between 1930 and 1950 followed by the birth of true marketing only in the post-1950 Marketing Era. Let us begin with the Sales Era.

The development of modern marketing was well underway by the time the Great Depression is supposed to have ushered in the Sales Era. Certainly the poor economic conditions may have motivated some desperate firms to pursue hard selling; some of the sales manuals in use then emphasized dominating the buyer to the point of mesmerization (e.g., *Selling Delco Light,* ca. 1925). Other sales literature, however, stressed a problem-solving, consultative approach and warned against the short-sightedness of the squeeze sell. "Obvious pressure to buy may lose the customer for the future even though it makes the immediate sale," wrote the authors of a manual used in both the U.S. and Britain (Comyns and Jones 1927, p. 147); Tosdal concurred (1925, p. 7, 26, 54). With buyers in increasingly short supply, the businessperson of the 1930s could scarcely afford to alienate them.

Actually, the astute businesspeople of the time—the ones who survived that worst of all economic downturns—knew very well that it was more important than ever to understand and to cater to buyers. A buyer orientation is evident in the trade periodicals of the U.S. auto industry, for example ("GM Query Seeks Buying Reasons" 1932; Neil 1933; Shidle 1933). It underlay the two most significant marketing developments of the 1930s—the supermarket and the "consumer engineering" movement. "Consumer engineering," a phrase coined by Sheldon and Arens (1932), meant designing new and redesigning existing products to meet carefully researched consumer needs. Practiced in Germany and Britain as well as the United States, consumer engineering has been analyzed recently by the historians Heskett (1980), Meikle (1979), and Pulos (1983).

The supermarket did not spread to Europe until after 1945, but it was an instant success in the United States from the opening of the first stores in about 1930. Its success had nothing to do with a hard sell—the stores featured self-service and relied on low prices to attract customers. The supermarket met the need of the U.S. public for inexpensive groceries. Neither the supermarket nor the consumer engineering movement is subsumed by the Sales Era concept. Like the Production Era, it is untenable in light of the now-known historical evidence.

Finally, because overwhelming evidence shows that much of what we consider to be real and modern marketing was in fact devised and used widely long before 1950, the Marketing Era notion that such marketing began only 30 years ago is far off the mark. We need a historically accurate periodization framework of modern marketing's development over time.

Toward a New Conceptualization of Modern Marketing's Historical Development

Models of Marketing Evolution

Any periodization framework is based on a model of how change occurs over time. The model may or may not be explicit. The Production-Sales-Marketing Era framework is built on a "catastrophic" model, that is, one in which major developments take place suddenly, with few antecedents. In the case of modern marketing, however, the evidence argues strongly against such a model; such marketing clearly did not develop from nothing overnight.

A diametrically opposite model is implicit in the work of some scholars of marketing history (e.g., Hollander 1986); it implies that marketing existed far back in time in much the same form in which it does today. This "continuity" model is much closer to the known factual evidence about past marketing than the catastrophic model. Its great virtue is to highlight the existence and intelligence of past marketing. However, it understates the real *changes* that have occurred during marketing's evolution. These changes have affected both the pervasiveness and societal impact of marketing activity and the practices through which the activity has been expressed. Saying that the roots of modern marketing go back in time for a century and more does not mean that marketing in 1886 was identical to that in 1986; it means only that some practices used in 1986 represented *further development* of those used a century before. Some examples follow.

- Nevett (1985) shows that the need to do media research was felt and acted upon by advertisers and their agents in mid-nineteenth century Britain—but the methods used were rudimentary in comparison with those developed since.
- Alexander's (1970) study of British retailing shows that such now-familiar practices as one-price pricing and enticing window and shelf displays were employed by some urban shops before 1850—but many of the other retail practices and institutions of that time have vanished.
- Redlich (1935) traces most twentieth century advertising vehicles to sixteenth century origins—but demonstrates that twentieth century advertising is substantially different in its strategies, pervasiveness, and impact.

At any point in the past, therefore, marketing was different from what it is today; the farther back in the past, the greater the differences are likely to have been. The continuity model obscures such differences and the catastrophic model exaggerates them.

The model proposed here, termed the "complex flux" model, avoids these extremes. Reflecting the philosophy of mainstream historical research, it posits modern marketing's evolution as a complicated and fluid process involving simultaneous dramatic change, incremental change, and continuity. It posits marketing systems that have tended to grow larger and more intricate as new methods and institutions have joined older ones. Different rates and intensities of change in different parts of a marketing system are assumed. Some parts may change little if any over time; scholars of retail evolution have noted the persistence of old, supposedly outmoded, institutions amid the dramatic growth of new ones (McNair and May 1976, p. 3, 4, 98; Nieschlag 1959).

The complex flux model allows for dramatic change. Unlike the catastrophic model, however, it stresses that even dramatic change is based on and linked to past phenomena. It incorporates Schumpeter's (1936, p. 64) dictum that "every concrete process of development finally rests upon preceding development." Innovative development in marketing is based in part on the creative use of preceding practices and concepts. Markin (1968, Ch. 2), for example, argues that the creators of the first supermarkets drew upon the earlier ideas of self-service, cash and carry, and one-stop shopping. There are always links between past and present marketing.

A final aspect of the complex flux model is that it explicitly rejects the equation of "development"—or "evolution"—with "improvement." Development brings changes, which may or may not be improvements; this is true whether improvements are judged from the microperspective of a firm's marketing prowess or from the macroperspective of societal wellbeing.

New Periodization

The complex flux model underlies the following new periodization of modern marketing's historical development. The development took place through four eras.

Setting the stage: The Era of Antecedents. This long gestational period began about 1500 in Britain and Germany and during the 1600s in North America as the continent began to be settled. Braudel (1982) and Sombart (1967, 1918–1928) give the best accounts. Important breakthroughs in business thinking and practice were made in a very difficult environment—innovations without which modern marketing could not have developed later (Schumpeter 1936, p. 87). At the beginning of the period, when capitalism was still flickering into life, the dominant value system held commerce to be little better than criminality, most of the basic facilitating institutions of finance and distribution did not yet exist, and means of production and transportation were primitive. Throughout the period powerful political, religious, and social forces resisted almost any increase in the prevailing low levels of consumption; 75 to 90% of the populace was self-sufficient, rural, and viscerally opposed to change.

Though they were unable to develop a mass market, the early capitalist businesspeople did cultivate markets for luxury goods among the nobility and the small but growing urban middle class, for armaments among governments, and for textiles and some staples among 10 to 25% of the population. Many of these businesspeople were shrewd, intuitive marketers who prospered—distribution could be lucrative.

As capitalist attitudes took firmer shape and spread, profit-making commerce became more respectable (Hernandez 1985; Hirschman 1977). Businesspeople originated the early versions of key distributive institutions—fixed location retail shops, advertising, wholesale trade, warehouses, and traveling salespeople. Facilitating financial institutions also developed—banks, stock exchanges, paper money, and formal credit mechanisms. Collectively, these institutions, and the genteel yet persistent methods of demand determination and stimulation used then, were the direct antecedents of modern marketing.

Modern marketing begins: The Era of Origins. Starting in Britain about 1750 and in Germany and the U.S. around 1830, this period marked the beginning of *pervasive* attention to stimulating and meeting demand among *nearly all of society*. These traits have characterized modern marketing. The period began with the onset of the Industrial Revolution in production and of the highly aggressive attitudes of high capitalism in business life. Improvements in production and transportation (e.g., railroads, steamships), coupled with the start of a tradition-shattering migration of the rural masses to urban areas, provided the potential for large-scale markets.

The potential did not realize itself; businesspeople had to work to realize it. Building on the marketing institutions and know-how of the previous era, they promoted vigorously, targeted promising groups for special attention, and designed products primarily to appeal to potential buyers. Competition intensified.

The pervasiveness and impact of marketing activities increased. Marketing began to be one of the central activities of everyday life. Britain was the leading creative force during this era. Its energetic new style of marketing was just as influential (and as imitated) among businesspeople in Germany and the United States as were its innovations in production and transportation. The Era of Origins was over in Britain by 1850, but continued in the other two countries until about 1870.

Building a superstructure: The Era of Institutional Development. Underway in Britain from 1850 and in Germany and the United States from about 1870, this era lasted until 1929 in all three countries. During this period most of the major institutions and many of the practices of modern marketing first appeared, as shown in Tables 1 and 2. Their appearance followed logically from events during the previous era: changes in production and transportation necessitated changes in marketing practices and, especially, institutions (Braitwaite and Dobbs 1932; Hirsch 1925). Mass production required mass stimulation of demand. The increasing physical separation between producer and buyer necessitated institutions through which the producer could effectively understand, communicate with, and distribute to large numbers of faraway strangers who were potential customers.

What was required was realized through advertising, market research, better physical distribution, and expanded retailing. The new institutions and practices helped make marketing a major element of daily life for most of the population; the descendants of self-sufficient peasants were consumers in the modern sense. People at the time were struck by the growing pervasiveness of advertising and the grandeur of department stores. They noticed that marketing activities occupied more of the workforce. A conservative reaction against modernity made marketing (especially advertising) a prime target, resulting in some regulatory restraints as well as a body of criticism that echoes to this day (Fullerton and Nevett 1986), but marketing continued to thrive.

Testing, turbulence, and growth: The Era of Refinement and Formalization. From about 1930 to the present in the three nations, marketing has continued to develop through turbulent episodes and prosperous calm alike. It has survived severe attacks ("consumerism," other distrustful movements) during the Depression decade of the 1930s and again during the late 1960s to mid-1970s. In Germany, attacks continue to come from vocal political groups like the Greens.

Distribution systems, especially retailing, have undergone rapid, even convulsive changes, including strong challenges from new institutions such as the supermarket, the discount house, and the planned shopping center. The era's most distinguishing characteristic, however, has been the further development, refinement, and formalization of institutions and practices that were developed earlier. Containerization and air freight are examples in the area of physical distribution; both were in use by 1929, but have been much expanded and developed since. Market analysis is another example. It is not new in the period, yet methods of gathering, measuring, and evaluating market information have been improved greatly.

We now are able to subject conventional wisdom and rules of thumb to rigorous analytical tests. Soon we may be able to determine which half of the advertising dollar is wasted and which not.

As marketing education has become highly developed in the U.S. and more developed in Germany and Britain, marketing knowledge has become more formalized. A large body of normative knowledge has become readily available that once could be acquired only slowly and informally through experience, if at all.

Among businesses, serious marketing activities have been long underway; the big change in recent decades has been that these activities have become organized formally into marketing departments in firms on both sides of the Atlantic. The marketing concept has become a formally articulated firm goal, whereas earlier it had been practiced more than we realize but not articulated (Hollander 1986). It would be simplistic to assume, as often has been done, that the formalization of marketing in itself has been a major advance. Taking U.S. firms as an example, we see that during the past two or three decades many top managers have been preoccupied with financial or political/legal issues—and consequently distracted from the clear and steady focus on marketing extolled by the marketing concept. Marketing departments do not necessarily function any better than sales departments with savvy marketers working in them. Some firms, even whole industries, have shown serious lapses in marketing acumen—the German camera industry and the U.S. and British auto industries are examples. Veteran advertising practitioners argue with justification that the quality of copy in American and British print ads has deteriorated during the past several decades.

Conclusion

The development of modern marketing in the three major Western countries studied has been long and complex—much more protracted and complicated than is expressed by the current periodization scheme of the Production, Sales, and Marketing Eras. Most of our modern marketing practices began to develop much earlier than is commonly believed—certainly before 1950, usually before 1930, and, especially in the British example, in important respects before 1850. The antecedents of modern practices, moreover, go back to the time of Columbus.

To replace the framework shown to be inadequate, an alternative periodization scheme is suggested. It better incorporates the evidence available now. Because much remains to be discovered about the historical development of modern marketing, however, the scheme is presented as tentative. Further research is encouraged. Systematic investigation of the literally thousands of published firm histories, for example, might produce modifications, as might large-scale research in surviving firm archives. Whatever the modifications, one conclusion cannot be challenged: modern marketing has a rich heritage worthy of our attention.

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