

firms, we cannot infer that the recognition or non-recognition of cultural variables makes a firm more or less effective in its overseas promotion activities.

This study does indicate, however, that the approach taken by an international advertising manager to planning and placing foreign advertising may be affected by his assumptions about the importance of cultural variables. If this is the case,

then it is vital that the assumptions he makes about the role of culture be valid ones. Since this study found two distinct groups making contradictory assumptions, there appears to be a great need to provide sound answers to such questions as: Is culture important? Does the importance of cultural differences vary by area? And if so, what are the most important cultural variables?

## Marketing Functions and Marketing Systems:

THOMAS L. SPORLEDER

### A Synthesis—A Comment

This is a commentary on "Marketing Functions and Marketing Systems: A Synthesis" published in the July, 1969 issue of the *JOURNAL OF MARKETING*. The author maintains that the conceptual framework for the functional approach to marketing in the original article is clarified and strengthened by explicitly recognizing that marketing activities performed by a firm are dependent on the nature of the firm's demand for its output.

**P**ROFESSORS Lewis and Erickson have exposed some fundamental issues worthy of attention by those concerned with marketing in their *JOURNAL OF MARKETING* article.<sup>1</sup> They have performed a service by indicating that "the functional approach serves as the foundation for a systems approach to marketing." This comment is directed toward clarification and extension, rather than criticism, of their discussion concerning the functional approach. In addition, it is intended to make the authors' presentation more universally applicable.

This note centers around their "fresh look at the functional approach." A diagrammatic presentation of their two marketing functions (servicing demand and obtaining demand) and related activities is presented in Figure 1 of their article.<sup>2</sup> Nowhere in the article is there an explicit statement that these marketing functions and their related activities are not necessarily performed by each and every firm. In fact, the authors imply that each firm does perform both functions and their related activities. For example, they state that "These are descriptions of marketing activities, but their common function is to obtain demand for the firm's goods and services."<sup>3</sup> There is a certain lack of clarity here concerning the relationship between functions and activities and the firm, especially their "obtaining demand" function.

The relationship between functions and activities and the firm depends, among other things, upon the structure of the market within which the firm operates. It is *not* the case that each and every firm performs both functions and their related activities, as the authors' defined them. Dependency exists between "how marketing accomplishes its functions" (activities) and the nature of the demand for the firm's output. This is so because the nature of the firm's demand may dictate that certain activities are "uneconomic" to perform. An "uneconomic activity" may be defined as an activity for which marginal cost exceeds marginal revenue for the firm. Alternatively, an uneconomic activity could be termed an irrational activity.

Firms may be classified according to the demand for their output on a continuum from perfect competition through monopolistic competition and oligopoly to monopoly.<sup>4</sup> In order to understand that some of the activities specified in the authors' article may be uneconomic to perform for some firms (given the nature of demand), consider a firm operating in near-perfect competition. The demand for this firm's output is infinitely elastic (i.e., average revenue equals some constant). A realistic example of such a firm is a wheat farmer, or any one of a number of other possible examples from agriculture. An examination of this firm's functions and related activities a la Professors Lewis and Erickson's Figure 1 is revealing.

<sup>1</sup> Richard J. Lewis and Leo G. Erickson, "Marketing Functions and Marketing Systems: A Synthesis," *JOURNAL OF MARKETING*, Vol. 33 (July, 1969), pp. 10-14.

<sup>2</sup> Same reference as footnote 1, p. 12.

<sup>3</sup> Same reference as footnote 1, p. 12.

<sup>4</sup> On this point, consult any standard elementary economics text such as R. H. Leftwich, *The Price System and Resource Allocation* (New York: Holt, Rinehart and Winston, 1961), Chapter 6.

The function of servicing demand and its related activities are potentially economic for this firm. Also, all of the "transpermeating activities" apply. However, when the function the authors call "obtaining demand" is examined the situation is quite different. Any firm faced with an infinitely elastic demand for its output performs this function and its related activities in the broadest sense only, since some of the activities are uneconomic. In fact, even the phraseology "obtaining demand" is unfortunate in this case since demand is "given" or "fixed" from the individual firm's point of view.

Given that demand is infinitely elastic, product advertising, personal selling or sales promotion (in the context intended by the authors—see page 12) are uneconomic to perform. In addition, "product planning" can amount to no more than "quantity-to-produce planning" since, by definition the output of the firm is undifferentiated. Further, the "pricing" activity cannot be performed by the firm since price is fixed for any quantity offered for sale.

The comment then is twofold: (1) The presentation of the functional approach by the authors would be clarified and strengthened by an explicit recognition that the same firm need not necessarily perform both functions and all their related activities. (2) The presentation of the functional approach should be extended to recognize that the firm's activities related to the "obtaining demand" function depend on the nature of demand for the firm's output.

• ABOUT THE AUTHOR. Thomas L. Sporleder is assistant professor of agricultural economics at Texas A&M University. He holds MS and PhD degrees from The Ohio State University. Dr. Sporleder is currently conducting research in various aspects of agricultural marketing. He has written several articles in this area.



EDWARD J. FELTS

## The Costs of Crashing

The application of the critical path method to a sales promotion effort is one approach for effective utilization of the talent and facilities budgeted for marketing support functions.

AN important advantage of the critical path method (CPM) is the ability to "crash" a project; that is, substantially reduce the time required for completion . . . of obvious importance when management decides to minimize project completion time.

Almost every major sales promotion effort is made up of several activities, many of which can be taking place simultaneously. Usually, only a few activities are critical in relation to the overall project completion time. Any schedule changes for these critical activities will affect the completion date of the entire effort.

However, reducing the time required for critical activities may substantially increase the costs. "What are the costs of crashing?" was a pertinent question asked during the introduction of a new NCR Century computer. An analysis of a prestige direct mail campaign gave some answers.

This particular mailing included prospects for large computers and for users of smaller data processing systems. It consisted of a personal letter signed by a top NCR official, a reply card, and a four-color folder providing a more detailed look at the NCR Century computer. This was a "keeper" type of mailing, one the executive prospect would discuss with other decision makers in his organization. Marketing objectives were to (1) effectively

support the sales effort for this specific system, and (2) contribute to a broader campaign for achieving image-awareness of NCR as a computer-oriented company. (Network television advertising proclaimed, "NCR means computers." NCR replaced The National Cash Register Co. as the corporate signature on most advertising.)

The critical path method (CPM) was determined to be the most likely management technique for controlling costs and deadlines. CPM provided the opportunity to separate planning and scheduling functions. Separation enabled project planning to be concentrated on technological aspects and time requirements of the direct mail project. The problems of interference with other projects or the availability of resources were faced during scheduling.

By separating the planning and scheduling of different parts of the direct mail effort, alternate plan schedules were prepared. Traditional techniques, such as the linear calendar format, were abandoned because, unlike the critical path method, they usually force creation of a schedule at the same time as preparation of the plan.

Approximately 10-20% of the tasks for the NCR Century direct mail campaign had critical time requirements. Time requirements were imposed by either the plan or the schedule.