

# Marketing Functions and Marketing Systems: A Synthesis

RICHARD J. LEWIS  
and  
LEO G. ERICKSON

The functional and systems approaches to the study of marketing offer two alternative means of understanding the discipline. Do these approaches contradict or complement each other, or do they have no relationship at all?

This article provides (1) a fresh look at the functional approach, (2) a review of a general systems approach, and (3) a framework to show their relationship and synthesize the two views of marketing.

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SEVERAL approaches have been used in the study of marketing. Among these are the commodity, institutional, managerial, functional, and systems approaches. Each has made a contribution to understanding the discipline; however, two stand out as potentially providing a theoretical framework for the discipline. They are the functional approach and the systems approach. At present the systems approach appears to be in high regard, while the functional approach seems to have lost favor to a considerable degree. This article takes the position that these two approaches have much in common and that there is considerable merit in synthesizing them.

Before a synthesis can be accomplished, it is necessary to redefine and review the functional approach.

## A Partial History of the Functional Approach

Some time ago the functional approach was voted the outstanding contribution to the development of a science of marketing.<sup>1</sup> Prior to that time a comprehensive definition of a marketing function existed only in the abstract. It was defined as "a major economic activity which is inherent in the marketing process, pervades it throughout, and which through a continuous division of labor tends to become specialized."<sup>2</sup> Although there was considerable disagreement as to which activities were "major economic" ones, the definition in itself was instructive in that it made clear that the activities were inherent, pervasive, and either specialized or likely to become so. This definition is more specific than that of the 1935 Definitions Committee of the National Association of Marketing Teachers, which defined a marketing function as "a major specialized activity performed in marketing."<sup>3</sup> Further, in an attempt to bring order to a very young discipline, this Definitions Committee provided a listing of 15 functions which were

<sup>1</sup> Paul D. Converse, Harvey W. Huegy, and Robert V. Mitchell, *The Elements of Marketing*, 5th Edition (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1952), p. 62.

<sup>2</sup> The origin of this definition is not clear. Apparently it first appeared in Harold H. Maynard, Walter Weilder, and Theodore N. Beckman, *Principles of Marketing*, 3rd Edition (New York: The Ronald Press Co., 1939), p. 31. However, the first edition of the *Marketing Handbook* (New York: The Ronald Press Co., 1948) shows on p. 23 the definition as having originated from the A.M.A. Committee on Definitions. The 1935, 1948, and 1960 published reports of the Committee do not make reference to this definition.

<sup>3</sup> "Definitions of Marketing Terms" (consolidated report of the Committee on Definitions), *National Marketing Review*, I (Chicago, Ill.: National Association of Marketing Teachers, Fall, 1935), p. 156.

sent to some active members of the Association to determine if they would accept these functions as a semi-official list. Those surveyed could make additions to the list. Twenty-one replies were received, and the list was increased to 40 "functions."

Thus, as early as 1935 the functional approach to marketing was in deep trouble. The Definitions Committee was concerned about the lack of uniformity of functions being listed. It felt that under the label of the functional approach, heterogeneous and nonconsistent groups of activities were being forced into functional classifications. The Committee's concern is shown by the statement, "It is probably unfortunate that this term (marketing function) was ever developed."<sup>4</sup> In 1948, the Definitions Committee of the American Marketing Association reissued the 1935 definition of a marketing function and thus did not adopt the idea that a function was inherent and pervasive. However, the Committee still provided a suggested list of marketing functions.

In 1950, Edmund D. McGarry showed his concern for the state of the functional approach to marketing and attempted to clarify the meaning of the word *function*. In doing so, he stated that "The term *function* should be so defined as to meet the purpose for which it is used." To illustrate his point that function should be related to purpose, he said, "The function of the heart is not simply to beat, which is its activity, but rather to supply the body with a continuous flow of blood. . . . In like manner functions of marketing should denote a purposefulness in the marketing process; and the term should be used only in connection with activities that must be performed in order to accomplish the general purpose." Thus, of particular importance to this article is McGarry's attempt to relate function to purpose and also to revert to the earlier notion that the functions should be considered as inherent in the marketing process.<sup>5</sup>

Despite McGarry's effort to forestall the departure from the functional approach to marketing, the Definitions Committee in 1960 chose to depart even further from its restricted notion of what constitutes a marketing function. In the 1960 definitions the words *inherent* and *pervasive* were still excluded. In addition, the definition was made even less precise and less restrictive by the Committee's omission of any suggested list of marketing functions. The Committee defined a marketing function as "a major specialized activity or group of related activities performed in marketing." The comment which accompanied their definition referred to a lack of agreement on which activities are marketing functions and the lack of even a generally accepted basis for deciding what a marketing function is. The Com-

mittee concluded its definition with the statement, "Most of the lists fail sadly to embrace all the activities a marketing manager worries about in the course of doing his job,"<sup>6</sup> indicating that marketing functions are now to be thought of in terms of a job description for a marketing manager. If such is the case, it is understandable that no acceptable definition of marketing functions exists, for there is no definition of marketing management which is both universal and unique to marketing. Perhaps the Committee's reference to the activities of a marketing manager was a reflection of the growing trend toward the managerial approach to the study of marketing.

Therefore, at about the same time that one group of marketing scholars lauded the functional approach as the outstanding "concept or tool in the development of the science of marketing," another group of scholars said that it was unfortunate that the term *marketing function* ever appeared.

Further, the definition of a marketing function remained so loose that it led to the sort of confusion and controversy that the Definitions Committee referred to in its 1935, 1948, and 1960 reports.

### The Importance of Defining Marketing Functions

Perhaps the question should be raised as to why an accepted definition of marketing functions is of any real importance. Should an attitude of getting on with the business of marketing be adopted without worry about what functions are or are not—particularly considering the characteristics of definitions themselves?

Definitions are tautological in that they are statements of equality, saying no more on one side than

<sup>6</sup> Ralph S. Alexander and the Committee on Definitions, *Marketing Definitions: A Glossary of Marketing Terms* (Chicago, Ill.: American Marketing Association, 1960), p. 16.

\* ABOUT THE AUTHORS. Richard J. Lewis is associate professor of marketing at Michigan State University. He received his DBA from Michigan State University and his MBA and BS from Miami University (Ohio).

In 1966-67 Dr. Lewis served on the M.S.U./U.S.A.I.D. Nigerian Program as dean of the Faculty of Business at the University of Nigeria.

Leo G. Erickson is professor of marketing at Michigan State University. He received his B.S., M.A., and Ph.D. from the State University of Iowa.

From 1960-62 Dr. Erickson served on the M.S.U.-Brazil Project and helped establish the research and publication center of the School of Business Administration in São Paulo.

He is coauthor with Eli Cox of *Retail Decentralization*.



<sup>4</sup> Same reference as footnote 3.

<sup>5</sup> Edmund D. McGarry, "Some Functions of Marketing Reconsidered," *Theory in Marketing*, Reavis Cox and Wroe Alderson, Editors (Chicago: Richard D. Irwin, Inc., 1950), Chapter 16, pp. 263-279, at page 268.

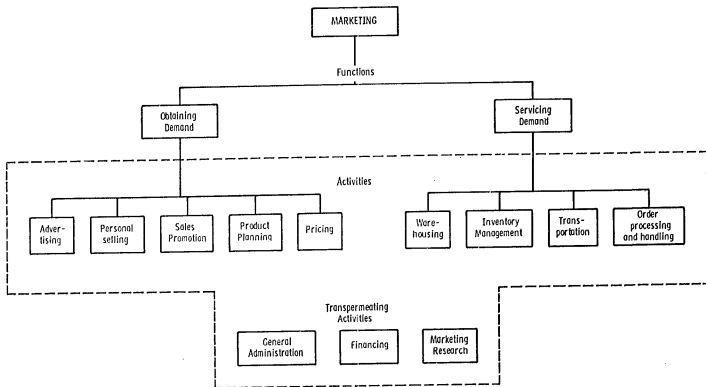


FIGURE 1. Marketing functions and activities.

on the other. Further, they are philosophically arbitrary. However, their arbitrary nature should not imply that definitions are capricious or should not exist. Unless there is agreement as to the "meaning" of a term, the result will be confusion rather than clarity and order. To encourage an arbitrary definition, such as has been done relative to functions of marketing, is to retreat from the first requirement of making a discipline scientific—that is, to provide a taxonomy within which one can classify. Since marketing is a set of activities, to abdicate responsibility for establishing its functions is to cause marketing to lose its identity.

### The Functions of Marketing

The authors agree with McGarry's definition of the term *function* and specifically with his notion that a marketing function not only relates to purpose but also is inherent in the marketing process. However, this agreement with his definition does not lead to similar agreement with his listing of marketing functions. McGarry identified the functions of marketing as contactual, merchandising, pricing, propaganda, physical distribution, and termination. The present contention is that if function is to relate to purpose in the sense of McGarry's illustration of the heart, the relationship between function and purpose must be that of identity. In order to determine what are marketing functions, the relevant question is: what are the unique and inherent purposes of the marketing process? That is, what is marketing's role in the firm as distinct from that of production and finance? In this sense, it seems there are two functions (purposes) of mar-

keting—to obtain demand and to service demand.<sup>7</sup> All of the activities in which we engage in marketing are means to attain these ends.

Herein lies the uniqueness of marketing's role in the firm. Obtaining and servicing demand are *inherent* in the marketing process and clearly define the purposes for which marketing activities are performed.

Historically, some of the confusion and disagreement in identifying marketing functions arose due to the labeling of many activities as functions of marketing. This is easily understood considering the lack of general acceptance of the idea of functions being *inherent* and the failure to recognize that functions are the *purposes* of marketing. When functions are regarded as inherent and as identifying the purposes of marketing, the result is the identification of what marketing does (its ends). However, to identify the activities of marketing (its means) is to determine *how* marketing accomplishes its functions. Advertising represents nonpersonal mass persuasion, personal selling represents personal individualized persuasion, sales promotion represents special promotions on a noncontinuous basis, and merchandising represents continuous adjustments to the products and services to fit changes in consumer tastes and habits. These are descriptions of marketing activities, but their common *function* is to obtain demand for the firm's goods and services.

Figure 1 outlines the functional approach de-

<sup>7</sup> Richard J. Lewis, "A Business Logistics Information and Accounting System for Marketing Analysis," unpublished doctoral dissertation, Michigan State University, 1964, pp. 62-63.

scribed above. The two purposes of marketing—obtaining and servicing demand—are shown as its functions. In addition, three sets of activities are shown: those involved in obtaining demand, those involved in servicing demand, and those which cut across and permeate the obtaining and servicing activities. The complementary nature of these sets of activities is recognized. In fact, the firm's ability to service demand can be used as a demand-obtaining force.

### The Nature of Systems<sup>8</sup>

In the broadest sense a system is an ongoing process. A more complete and general definition views a system as being a set of objects with a given set of relationships between the objects and their attributes. The *objects* are the parameters of a system and consist of input and output objects, process feedback-control, and restrictions. *Attributes* are the properties of the objects in a system and allow the assignment of a value and a dimensional description.

*Relationships* are the bonds which link objects to objects, attributes to attributes, and subsystems to systems in the system process. The relationships are described as either first, second, or third order. Relationships are first order when they describe a situation where objects or subsystems to a system are functionally necessary to each other. Second order relationships are complementary to the system but are not functionally indispensable. When objects or subsystems of this type are taken together, they positively foster the system, producing a total effect greater than the sum of their independent effects. Third order effects include redundant and contradictory relationships. Objects or subsystems with redundant relationships have no effect on the output objects of the system. Contradictory relationships result in negative influences on the system.

The above provides a description of the elements of a general systems approach to a particular subject. It is the goal of this article to synthesize the general systems view with the functional approach to the study of marketing. The importance of using a general systems view was pointed out by Kenneth Boulding: "General Systems Theory is the skeleton of science in the sense that it aims to provide a framework or structure of systems on which to hang the flesh and blood of particular disciplines and particular subject matter in an orderly and coherent corpus of knowledge."<sup>9</sup> The opposite of a general system is the special system which would be used to derive a specific solution for a special purpose.

<sup>8</sup> The general framework of a system as the term is used in this article is adapted from Stanford L. Optner, *Systems Analysis for Business and Industrial Problem Solving* (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1965).

<sup>9</sup> Kenneth Boulding, "General Systems Theory: The Skeleton of Science," *General Systems* (Ann Arbor, Mich.: Society for Systems Research, 1956), p. 17.

In addition to the general and special types, systems can also be described as physical versus abstract, natural versus man-made, and open versus closed. The natural category is typical of open systems in that the systems exchange their materials or energies with the environment in a predictable and understandable way. By contrast, closed systems have little exchange of energy or materials with their environment. For example, man-made systems are closed when they have a constant input and a corresponding statistically predictable output. In this connection it should be noted that in business systems the main purpose of the system object, feedback-control, is to move the system nearer to a closed system.

In reviewing the nature of systems it can be seen that marketing is a system within the total system of a firm. It is a man-made, open system which attempts to move toward a closed system by feedback-control. It faces internal restrictions of policy, goals, and finances from within the total system of the firm and external restrictions from the environment in such forms as governments, competitors, and customers.

### Synthesizing the Functional and Systems Approaches

Although most functional treatments of marketing have indicated an awareness of the complementary nature of marketing activities, in actuality the activities have largely been treated independently rather than interactively. A systems approach to marketing forces emphasis on the interdependent nature of marketing activities and has the further expository advantage of making *explicit* those elements inherent in the system.

Figure 2 portrays an attempt to synthesize the functional and systems approach to marketing. As shown in the figure, a marketing system is composed of objects, attributes, and relationships.

What, then, is the relationship between a functional and systems view of marketing? Referring again to Figure 2, it can be seen that the functions of marketing are synonymous with the output objects of the systems view; that is, both refer to the purposes of marketing. In addition, it shows that the three sets of activities of marketing are the input objects of a marketing system. It would be impossible to identify or design a system without first knowing what its purpose is and what the relevant activities involved are. Thus, the functional approach serves as the foundation for a systems approach to marketing. If it were not for a functional approach that clearly delineates marketing's role in the firm, as well as the means of fulfilling that role, it would be impossible to specify the output and input objects of the system.

The importance of a systems approach to marketing is that it goes beyond identifying the output and input objects. In addition, it deals with the

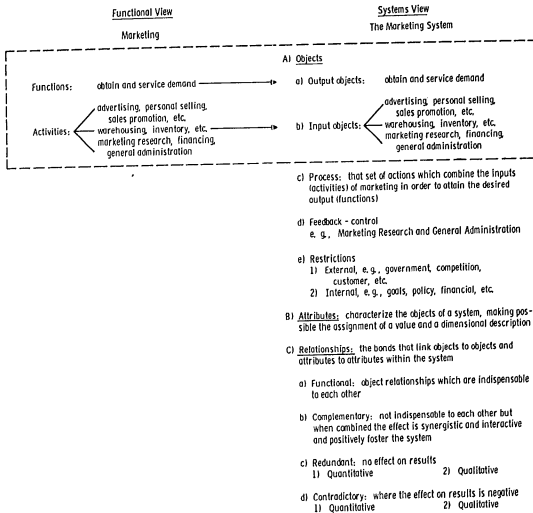


FIGURE 2. Functional and systems views of marketing.

process of combining marketing activities, the monitoring of the system through feedback-control, and a recognition of the restrictions under which the system operates. Further, the systems approach directs attention to the description of the objects by their attributes. Of particular importance to marketing is that portion of the systems approach concerned with identifying the nature of relationships among objects and among attributes. Herein lies the emphasis on the interactive nature of marketing activities.

### Summary and Conclusions

It is desirable to retain and to strengthen the functional approach to marketing, even if the systems approach is to be employed. The functional approach is a prerequisite to the systems approach in that it provides a definition of the input and output objects of the system. In addition, the functional approach is important in marketing for both theoretical and managerial purposes.

The essence of theory is generalization. The essence of generalization is abstraction. The functional approach's concern with activities which are in-

herent forces attention to the universal similarities of marketing regardless of culture, institution, or product. Without such an approach the result is to focus attention on differences which can lead to chaos and confusion rather than to order and clarity.

The functional approach combined with the systems approach also possesses certain managerial advantages. Perhaps the most important of these is that treatment of otherwise seemingly independent activities within a framework of interdependence and interaction is facilitated. In addition, it clearly delineates the functional centers for classifying the costs of marketing activities, thus permitting their assignment according to responsibility and accountability. Likewise, it permits a functional organization of marketing consistent with responsibility and accountability.

It seems fruitless to argue about the absolute merits of either the functional or systems approach. This article has attempted to demonstrate that the systems approach enables a more complete understanding of the marketing process in the firm. However, it requires the functional approach to provide the basic objects of the system.