

## MARKETING IN THE 21ST CENTURY

### COMMENTARY

# "Revisiting Marketing's Lawlike Generalizations": A Comment

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Sheth and Sisodia (1999) have chosen an appropriate moment to write "Revisiting Marketing's Lawlike Generalizations." Our discipline is about to mark a centennial of sorts since the formal study of marketing and the marketing literature, as it is known today, can be traced to the early 20th century (Bartels 1976; Jones and Monieson 1990). It is fitting on such an occasion for marketing scholars to take stock of our discipline's progress in knowledge development and attend to the future.

The central thesis advanced by Sheth and Sisodia (1999) is that "discontinuous" change in the environment renders certain lawlike generalizations in marketing (and management in general) obsolete or, at the very least, in need of a new conceptualization. They state,

As we approach the new millennium, we believe that marketing's context is changing in fundamental ways. The purpose of this article is to revisit several of marketing's well-accepted lawlike generalizations and show how they may need to be either enhanced or modified because the context under which they were created is changing in fundamental ways. (p. 72)

These contextual changes, driven by technological, demographic, economic, and competitive forces, are seen as altering the landscape for contemporary marketing thought and practice. Sheth and Sisodia (1999) further argue that location-centric, time-centric, market-centric, and competition-centric lawlike generalizations that have been

proposed over the years need to be revisited. The authors pose many questions designed to stimulate marketing research in the next millennium based on their assessment.

Sheth and Sisodia (1999) offer the reader a tantalizing mixture of insight and foresight related to marketing thought and practice at the dawn of the 21st century. We appreciate and applaud their effort but leave it to them and others to speculate on what the future(s) of marketing will be (see, e.g., Lazer, LaBarbera, MacLachan, and Smith 1990; Lehmann and Jocz 1997).

Our comment addresses a more fundamental issue raised in their article. By focusing on lawlike generalizations in marketing, Sheth and Sisodia (1999) exhort marketing scholars to (re)consider a basic building block for marketing theory development and an invaluable referent for marketing practitioners. They conclude the following:

1. Marketing is a context-driven discipline.
2. The context for marketing is changing radically due to electronic commerce, market diversity, new economics, and competition.
3. As marketing academics, we need to question and challenge well-accepted lawlike generalizations in marketing. (p. 84)

Their view that marketing is a context-driven discipline and that the context for marketing is changing is well documented. Bartels (1976) observed that the history of marketing thought represents an account of the efforts of persons in successive periods to address the marketing problems and phenomena of their day. Even a casual reading of the popular press and business and academic literature supports their assertion that the present and future

context for marketing practice differs from the past in many respects. A major contribution of the Sheth and Sisodia (1999) article lies in their context-concept categorization scheme and the informative manner in which they describe changes taking place in the environment for marketing practice.

Their position that marketing academics need to question and challenge well-accepted lawlike generalizations is less transparent. This conclusion presumes there are well-accepted lawlike generalizations in marketing. This presumption is the principal subject of our comment. We revisit marketing's lawlike generalizations through two questions:

1. What are lawlike generalizations?
2. Are the lawlike generalizations identified by Sheth and Sisodia (1999) actually lawlike generalizations?

Our central message is that only a few of the "well-accepted lawlike generalizations" identified by Sheth and Sisodia actually qualify as lawlike generalizations. Their generalizations represent mostly frameworks, concepts, and decision rules that are commonly applied to describe, classify, and model market(ing) phenomena by marketing academics and practitioners. These frameworks, concepts, and decision rules may very well require rethinking.

### WHAT ARE LAWLIKE GENERALIZATIONS?

The subject of lawlike generalizations is steeped in the philosophy of science literature. Indeed, much of the debate concerning the existence of marketing science (theory) or the science (theory) of marketing revolves around the existence of lawlike generalizations. As noted by Hunt (1976:26),

Every science presupposes the existence of underlying uniformities or regularities among phenomena that comprise the subject matter. The discovery of these underlying uniformities yields empirical regularities, lawlike generalizations (propositions), and laws. . . . Uniformities and regularities are also a requisite for theory development since theories are systematically related statements, *including some lawlike generalizations*, that are empirically testable.

### A RETROSPECTIVE ON LAWLIKE GENERALIZATIONS IN MARKETING

Concern about the presence or absence of lawlike generalizations in marketing has a long history in the marketing literature. In fact, there appears to be a 15-year cycle in the assessment of marketing's lawlike generalizations

over the past 50 years. Kerin (1996:2), for example, cites the work of marketing scholars in the early 1950s who criticized their contemporaries for producing "a surfeit of isolated classifications and concepts as well as empirically-based insights of dubious generalizability that assisted little in theory building and practice improvement." Some 15 years later, Halbert (1965:66) observed the following:

Many generalizations about marketing contained in the literature seem to be:

1. Either tautologies, truisms, or so overly general that they are of very limited use in developing marketing science
2. So specific that they apply to a particular or unique case only and are not really generalizations
3. Statements which are directly in the realm of another discipline such as economics, which is tangential to marketing, such as statements about the economic aspects of pricing

Again, with the passage of 15 years, Leone and Schultz (1980:12) reviewed the literature and categorically stated, "There are no universal generalizations in marketing." Lawlike generalizations in marketing were once again addressed in 1995, this time from the perspective of empirical generalizations pertaining to market(ing) phenomena (Bass and Wind 1995). A cogent observation by Bass (1995:G8) sums up the status of empirical generalizations in marketing and, more broadly, lawlike generalizations:

There is an often-quoted paradoxical statement about generalizations that: "All generalizations are false, including this one." The statement implies that there are conditions under which a generalization will fail to hold. In marketing, as elsewhere, empirical generalizations will recur, but there will exist conditions under which the regularity will vanish.

We might add that an exciting element of knowledge development in marketing lies in uncovering the conditions or circumstances when generalizations apply and when they do not.

### REQUIREMENTS FOR LAWLIKE GENERALIZATIONS IN MARKETING

Sheth and Sisodia (1999) do not define what they mean by lawlike generalizations. They merely state (citing Hunt 1976), "Marketing scholars have identified a number of empirically validated regularities, many of which qualify for consideration as lawlike generalizations" (p. 71). It appears from this statement that "empirically validated regularity" is a necessary condition. The ambiguity lies in the phrase "many of which qualify for consideration." What

are those qualifying conditions? Are there sufficient conditions for when a statement could be called a lawlike generalization in marketing?

Philosophers of science have gone to great lengths to define what is meant by a lawlike generalization. We will not burden the reader with the sometimes torturous language and logic that describes what is and is not a lawlike generalization. Rather, we too quote Hunt (1973:69), who notes that

in order for generalizations to be considered lawlike, the *minimum* necessary conditions are that the generalizations specify a relationship in the form of a universal conditional which is capable of yielding predictive statements (hypotheses) which are composed of terms that have empirical referents, and, thus permit empirical testing.

These minimum conditions are necessary, although not necessarily sufficient to assert that a generalization is lawlike. Drawing primarily on the work of Hunt (1983, 1991), Bass (1995), and Barwise (1995), we elaborate on requirements for a lawlike generalization below with due apologies to philosophers of science for our brevity and simplicity of explanation:

1. *Generalized conditionals.* Lawlike generalizations are conditional statements (e.g., if  $x$  occurs, then  $y$  will occur). It is expected that  $x$  and  $y$  have empirical referents, are reliably measured, and hold under a wide range of, though not all, possible conditions (Barwise 1995).
2. *Empirical support.* A lawlike generalization should be at a minimum empirically testable and, in general, evidence empirical support.
3. *Logic or rationale.* A lawlike generalization is systematically integrated into a coherent scientific structure or framework (Hunt 1991). This condition separates isolated, or accidental, empirical regularities or patterns from lawlike generalizations.
4. *Insight/importance.* There are numerous statements in marketing that may satisfy the above three conditions. For example, consider the following statement: "If all else is equal, then consumers will buy the product or service with the lower price." This statement is clearly a conditional statement that can be empirically validated and is based on utility maximization theory. Should such a statement be afforded the status of a lawlike generalization? Probably not. We believe that only those statements that provide significant insights of considerable importance to marketing should be elevated to the status of lawlike generalizations.

## ARE WELL-ACCEPTED LAWLIKE GENERALIZATIONS ACTUALLY LAWLIKE GENERALIZATIONS?

Sheth and Sisodia (1999) identify 12 marketing generalizations that they believe qualify as lawlike generalizations (Table 2, column 3). All are familiar to marketing academics and practitioners, and all occupy prominent positions in the lexicon of marketing thought and practice. But are they actually lawlike generalizations?

We believe that 9 of the 12 generalizations do not qualify as lawlike generalizations. The product life cycle is probably a tautology (see Hunt 1983:131). Others are normative statements or decision rules that prescribe a course of action to achieve some end. These statements are of the form, "Under circumstances  $X_1, X_2, X_3, \dots, X_4$ , one should do  $Y$  in order to achieve  $G$ " (Hunt 1991:190). Porter's (1990:35) description of generic competitive strategies is a candidate for this category: "In coping with the five competitive forces, there are three potentially successful generic strategic approaches to outperforming other firms in an industry: 1) overall cost leadership, 2) differentiation, [and] 3) focus."

Market-driven orientation is an organizational philosophy, not unlike the marketing concept. Four of the purported generalizations—physical distribution channels, location-based advertising, market segmentation, and, to some extent, vertical integration—represent current or conventional marketing practice or strategy. No discernable conditional lawlike statements are offered in their support. Thus, they fail the first requirement for a lawlike generalization. Two other stated generalizations—brand loyalty and customer satisfaction—are important and useful constructs developed by marketers. It is generally believed that the greater the brand loyalty and customer satisfaction, the better it is for the firm offering the product or service. This again is a fairly general or well-accepted truism that is neither particularly insightful nor a conditional statement. What is important is how we measure, develop, and maintain brand loyalty and customer satisfaction.

Three phenomena identified by Sheth and Sisodia (1999) would seem to qualify for consideration as lawlike generalizations in marketing. These include diffusion of innovation, retail gravitation, and the market share–return on investment (ROI) relationship. The fundamental precept of innovation diffusion is that the probability of adopting a new product at any given time depends on the number of adopters (and hence also the number of nonadopters) of the product at that time. The rationale for this statement is grounded in the socialization process (Rogers 1995). Nonadopters will be influenced by the marketing activities related to the product (innovation effect or external influence) and also by the number

of adopters who, in turn, can influence the nonpurchasers through word-of-mouth (imitation effect or internal influence). This representation seems to capture innovation diffusion patterns across a variety of products, industries, and countries (Mahajan, Mueller, and Bass 1995). It is insightful and helpful in explaining an important market(ing) phenomenon. The literature addressing retail gravitation states that, other things equal, consumers will be most attracted to the retail store nearest to them. The relative attractiveness of different retail centers and outlets to consumers is inversely proportional to distance. This explanation can be empirically tested and has some empirical support (see Lilien, Kotler, and Moorthy 1992). The market share–profitability relationship states that there is a strong, positive correlation between a company's ROI (or profits) and its relative market share. There has been continued evidence in support of this fundamental premise (Szymanski, Bharadwaj, and Varadarajan 1993). The statement is based on the rationale that a large market share results in better economies of scale (leading to low cost) and greater brand power (leading to higher revenues and margins), together yielding greater profits. The statement is quite insightful and important for framing marketing strategies.

## CONCLUDING THOUGHTS

Sheth and Sisodia (1999) deserve praise for providing a provocative and prospective look at developments in marketing as the dawn of the 21st century approaches. Putting aside the presence or absence of lawlike marketing generalizations, we heartily concur that marketing frameworks, concepts, and decision rules developed in one context may not necessarily apply at a different time in a different context. Sheth and Sisodia have conveyed this view in high relief, and we congratulate them for writing a thought-provoking, forward-looking article.

Our observations on the existence of lawlike generalizations in marketing should not be construed as a criticism of Sheth and Sisodia's (1999) article. Rather, their views have energized us and, we hope, others to continue the quest for lawlike generalizations that explain and facilitate the prediction of marketing phenomena. It may very well be that our progress and status as a discipline in the 21st century will be gauged by our success or failure in this noble pursuit.

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