

Special Track (A): Compelling Disagreements in Marketing Theory

Reactions to Hans Jansson's: Business Marketing theory.

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For the sake of argument:

The point of departure of Jansson's paper is that "many hold IMP theory as a well defined and organized business marketing theory" and that "in its current state it is not".

I fully agree with Jansson that "in its current state it is not", I disagree that IMP, whatever it is, "is mainly a product of the 1970's – mid 1990's and needs to be updated to the 21st century" and that in order to "become a business marketing theory for the future, IMP theory must also to be integrated with parallel on-going developments in marketing theory".

My position is that the conclusions reached by Jansson stem from his way to treat the main concepts of "marketing" and "theory" that I do not share and from some unwarranted assumptions about the main thrust of the IMP stream of research.

Marketing and Theory in the IMP stream of research on business markets.

What is the debate all about?

Whenever terms marketing and theory are put together the meaning attributed to both by the one who pronounces (writes) these and the one that hears (reads) these are likely to differ. Take the common coupling of two words: marketing theory. One possible reaction to such a coupling is to ask marketing theory of what? If we put the two together in a different order "theory of marketing" the possible reaction is – ok, what is marketing? When the former coupling is used the "what" is usually conspicuously missing. If the latter than marketing is the phenomenon to be delimited. Clearing up this premise could be a first step. In the following I will confine myself to the latter – theory of marketing.

The next step in any debate on theory of marketing, would be to delimit the phenomenon – "marketing" that we are about to theorize. That is not a simple task? The amount of disagreement we see in how marketing is defined and defined testifies that, indeed, how the phenomenon object of theorizing is delimited varies a lot. Does it matter that the phenomenon object of enquiry is fuzzy or is it a sign of healthy creativity? My position is that disagreement about the field of enquiry and the phenomenon object of theorizing generate difficulties in any discourse. This position is hardly a private one and it has been voiced by many of those concerned with the philosophy and sociology of science. The way to delimit the phenomenon, has inevitably, consequences for what will be observed and advanced as explanations (Hayek 1967).

What is marketing? Whoever rises this question, apart from freshmen in a marketing course, tends to produce eyebrows to rise. Especially if you raise this question as a marketing scholar or marketing professional. Yet, it is continuously done, but under cover. AMA formulates and renews now and then its definitions (e.g. AMA definition as of 2007 – "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large"), and now and then the meaning of

marketing is debated (Sweeney 1972, Bagozzi 1975, Dixon 1990, Levy 2002, Vargo & Lush 2004).

What we get as impression from this on-going debate is that marketing is given at least three different meanings, that appear in the debate, but are not always explicitly distinguished. *Marketing I* – what some, practitioners or academics, do. This is a set of practices of management or teaching rooted in certain know how – or more broadly – technology, in the sense a set of solutions. Consider the discussion in talk and writing on the relationship between marketing and sales (e.g. Homburg et al 2008). Clearly here, marketing is what some roles in a company do. *Marketing II* – a function of a business enterprise, or of any organization in general. The aspect of organized activity that has to do with all the activities aimed at proposing performance of value to some others. Definitions of marketing in the 60s and 70s are more or less following this spirit. Consider as an example the definition of marketing as “creating and maintaining customers” by Levitt (1967). Incidentally, that is what guide the content of most marketing management textbooks that roughly specify what a company, business, or other type of organizations, has to do in order to relate to its market context. *Marketing III* – a process underlying the formation of relationships between different (market) actors, generating of exchange and values in exchange in general. At its widest marketing is referred to as a diffused social process underlying the generating of utilities. Consider here some of the early observations of Alderson (1967) or the more recent of Bagozzi (1975) or Vargo & Lush (2004).

It certainly looks as question of semantics but at the same time the shifting meaning of marketing is related to the way to conceive and delimit the phenomenon object of interest, research and “theorizing”. Observing practices of a certain category of professionals means to look at a different phenomenon than observing how a business or another organization effectively relates to its context, and from observing what is going on in a market system. Choosing the phenomena to focus on is a complex issue, not to be dealt with here. Let us remain at the fact that in the academic debate little attention is given to making it explicit what phenomenon is it when we refer to it as “marketing”.

When we pair marketing with theory another problem arises. When marketing scholars talk about theorizing there seems to be notable differences in what is it they have in mind. Theory appears to mean different things to different authors and

researchers. For some, and not so few, observations of regularities and patterns are, or can be, theories. Others, take a more orthodox stance that theorizing is about explanation of patterns in empirical observations. The latter implies that theorizing is about showing the patterns of interconnectedness offering assumptions about causal mechanisms and in essence provides answer to the question Why? There are of course some disagreements about what effective theory is but the basic postulate that theories are about the underlying generative structures of phenomena is widely shared in the philosophy of science (e.g. Bhaskar 1979). Therefore for these, it is not the empirical findings that constitute a theory. Theory, to many, and I take the same stance, is thus more than description, it consists in identifying the causal structures and provides the basis for forward prediction. Sadly, this difference is not clearly acknowledged in much of the management or marketing research.

Theorizing in “practical sciences” (Hayek 1967) represents a particular challenge because of the interplay delimiting the phenomenon and explaining it. Applied to the field of marketing it is easy then to agree with the opinion that if marketing discipline, with its roots in application and practice is to become a discipline with a theory of its own, then it must move beyond these applied roots (Stewart & Zinkan 2006).

The issue we face here is not primarily a question of terminology, however important that could be in a discourse. When things get lost in translation the dialogue can derail and become sterile. Actually some of the debate in marketing appears that way. The issue at stake here is primarily the one of epistemology and how it affects our ability to provide explanations of what most of the marketing discipline voices to be relevant phenomena.

IMP theory?

My disagreement with Jansson is on his considering IMP to be mainly a theory. Given the premises above, much of the outcomes of the stream of research he refers to as IMP are not theory but empirical observations and findings on how businesses are related to each other and how they interact. There is indeed very little theory in the sense of explanations of the underlying generative structures for the phenomena observed. When such fragments of theory can be found in the IMP research, they are not, as Jansson claims, “mainly a product of the 1970’s – mid 1990’s and needs to be

updated to the 21st century". They appear much later, indeed they seem to emerge only from the mid 1990's on.

It is possible that the empirical observations from some decades ago need to be updated, but Jansson does not offer other reason than the vague claim that the European business system has undergone significant changes in the last decades and the we have the globalization. Are these observations relevant at all? Is there any evidence that the empirical findings of the early IMP research are about phenomena that tend to disappear, or become less evident and present in the economic and business landscape? I don't see it and I am unaware of any such evidence. Is the existence of continuous relationships (empirical concept here) between businesses any less frequent? IMP research keeps on turning out more and more evidence that it still is an important phenomenon, some even tend to claim it has become more frequent and important phenomenon. Has the complexity in content or the relationships that relates businesses been changing; is it becoming less marked? Again the scattered empirical evidence elsewhere and much of the IMP research output shows that it is still the case true and perhaps even more so. When it comes to the interdependencies that have been observed between relationships of the above kind and consequently between businesses there seem little evidence that these tend to disappear or become an insignificant phenomenon in business. Finally there are the empirical findings regarding the impact of the relationships connecting businesses on the businesses involved and on the dynamics of the system as a whole. Again, I am simply unaware of any empirical evidence that these phenomena become less frequent in the business landscape, if there is any please produce it. As an old IMP observer and collaborator I cannot but register that the empirical evidence of the above phenomena is growing rather than contracting. True, it does not necessarily mean that it reflects what is happening in the world "out there", it may just be that the lenses researchers use in looking at the economic and business system are different now from what they used to be. This is an issue difficult to disentangle and outside the scope of this paper but some considerations in that respect have some bearing on the argument raised by Jansson and therefore need to be dealt with.

Empirical research is never theory free, despite beliefs to the contrary of many, it always is theory laden. As the history of sciences teaches any empirical observations depend also on the "tools" of observation and theory is, certainly in social sciences, a

tool of its own. The early empirical observations of IMP that have led to registering the phenomenon of relationships has been theory laden. Phenomena do not speak on their own. The first research was testing the theories of “invisible hand” reigning in the market – it originated in the, at that time prevailing, economic theory. The hypothesis failed for Johanson (1967) who found that repeated business for idiosyncratic reasons prevailed in certain businesses (steel) in certain contexts (international sales). The hypothesis of the marvel of the swift adjustment in the market to the demand and supply conditions by businesses was falsified even in the following studies of the IMP at least for the case of industrial businesses in business markets. Further empirical studies were then guided by fragments of theories from different disciplines such as sociology, behavioural sciences, alternative streams in economics, organisational theories and some management theories, that have dealt with relationship phenomena. The empirical studies aimed at describing the idiosyncratic relationships departing from various postulates of these disciplines have produced a multifaceted picture of the relationships, interdependencies and peculiar dynamics of the sets of related businesses that became labelled as networks. No theory there. The impression is that it is still largely the case of the outcomes of the IMP stream of research – it is turning out ever more fine-grained empirical observations of the interdependencies and the rest, some take it for theory because it shows some patterns of the manifestation of the phenomenon. Few attempts to explaining why and where do they come from. Borrowing, in particular from sociology, is in hindsight logical because sociology has been early in dealing with relationships between actors. (e.g. Thibault & Kelly 1959).

Where is the theorizing in all that? If we intend the theorizing as attempt to uncover the underlying generative structure of the phenomena, as we suggested above, then indeed little has been offered by the IMP research. It comes much later, and remains in the IMP relatively confined. Conjectures regarding the possible answers to the theoretical questions like why do relationships arise are few, explanations regarding the underlying mechanisms in relationships and in the dynamics of what has been called business networks are also few. It is a kind of paradox that what the IMP research produced is mostly testing the propositions derived from various other theories that permit to falsify some of these with respect to the phenomenon in focus – the business networks in what others refer to as “business markets”.

Therefore, I cannot but agree and disagree on Jansson's statement that IMP is a theory and at the time that it is not fully fledged. I would rather claim that IMP is a considerable body of empirical observations pertaining to the situations where buyers and sellers are organizations. One could only add that these are markets that are little known but rather consistent part of the "markets". IMP does not theorize much of the marketing processes or practices in general.

Using a simple scheme of what triggers research (Brinberg & McGrath 1985) methods & tools, theories, or problems and phenomena, there are few doubt that the IMP falls in the last category.

Adapting IMP theory?

Leaving aside for a moment the argument above that leads us to question whether IMP theory is a meaningful label we have to address the question what the precious little of theory produced by the IMP research stream is all about. Theory of what? The phenomenon focused by the IMP research is nothing else than inter-organizational business relationships. Is it a sufficiently well confined phenomenon? Possibly, if both business and relationships can be reasonably well defined. Again, the terminological jungle and fog are probably obfuscating the issues involved. The notion of relationship can be an example. The phenomenon IMP (mostly to be true, with notable exceptions) refers to as relationships has been described in some detail. Perhaps badly put, because most often implied like what is happening between two business organizations. But also repeated attempts to be more precise can be found in the IMP research – relationship is a label for interlocking of behaviours, resources and activities over time (e.g. Hakansson & Snehota 1995). Thus defined, relationships are a common occurrence for numerous businesses. This way to use the label relationships differs a lot from what others use the same notion for. There are many that consider relationships as attitudes and norms of behaviour between businesses and individuals. Usually meaning only if both parties agree that they are mutually oriented there is a relationship. That is common in particular to many who write and research on "relationship marketing". Such differences make communication difficult and Jansson is probably unaware of this distinction. The former use of the concept makes it perfectly acceptable to claim that parties to relationships are formed by the relationships and that the impact of these is both positive and negative. If you take the latter, it becomes equally logically consistent

to claim that you start with no relationships at all but if you develop relationship (certain attitudes) it could be good for you. But the two positions are mutually excluding.

Take the other notion of business – is it economy or is it something else. Again the IMP takes business for something different from pursuit of economic efficiency, a phenomenon linked to production and use of resources with economic outcomes and consequences. Business as phenomenon is, more loosely than the relationship one, more about business organizations than some profit maximizing devices.

Here we come back to the problem of theorizing complex phenomena because relationships between organizations, in the IMP sense, appear a frequent, recurrent phenomenon that indeed appears to have some complexity. The complexity has been described, reported and analysed in different ways. Most of the concepts developed by the IMP stream of research is little more than analytical constructs describing different facets of the phenomenon. The ARA model to which Jansson refers, is a good example – there is little of theory in it – it looks mostly like a heuristic device to classify the population of relationships between businesses. That is way from “theory” in the sense of explanations of the phenomenon. A proper theory should offer propositions and thus tentative answers to the questions like: Why do they arise? Why do they take the forms in which we can observe them? Alas, little of that is offered on that in most of the IMP research. The little there is precious however. Want some tentative theories – because it is economically sensible arrangement for businesses in time and specific space context.

There are some pieces of the theory in the IMP research that indeed attempt to offer explanations of the phenomena IMP have observed, but these are hardly a connected coherent body to be qualified as a theory. The little there is appears, however, enough to dissent from Jansson’s claim that the problem is “how to adapt the IMP theory to the increasing convergence of marketing theories, mainly due to globalization of marketing practices and the development of relationship marketing theories”. That is definitely not a relevant issue in developing a new theory and dubious reason for it.

Theory of the phenomena put in evidence by the IMP research is certainly needed, at least, if one accepts that the phenomena that have been evidenced are not marginal, and that we lack adequate understanding for why they become manifest. But, the issue is not to what extent the emerging theory should incorporate “other theories”.

At best, the other theories Jansson refers to, evidently serve other purposes, and have been developed to explain other phenomena.

IMP and theories of marketing.

Jansson appears to suggest that IMP should get closer to other “marketing theories” in particular closer to what he calls Micro-Marketing-Approach (MMA). I strongly disagree, even if I have to admit that I do not fully understand what the MMA is. If I take the MMA as research on marketing management in companies then I certainly share the opinion that it is an important object of theorizing but, it is an entirely different “phenomenon” - a different theme, different topic. Marketing management has been theorized a lot over the past few decades. The marketing mix theory (Verdoorn 1956, Kotler 1967) is a coherent and well articulated theory of marketing management. It explains a lot of practices in managing marketing that can be observed in many businesses.

The problem looks different to me. Given the evidence of relationships in certain contexts and of their impact on companies the logical question becomes whether the relationship phenomenon has consequences for marketing management. That is an interesting question. I am convinced it does, also because, again, there is rather consistent empirical descriptive evidence that shows that it is the case. It suggests that marketing management shows several peculiarities when relationships matter in the context of the company. Take a few examples from this, mainly anecdotic evidence: rarely do we see marketing departments and if so they have often rather peculiar tasks – seldom sales, pricing, product decisions are done there; product – service features are often defined by the customer or with the participation of the customer, the one-way mass communication is less important than the two-way interactive personal. We could construct a long list of apparent peculiarities that possibly reflects the current situation but of course we have little systematic evidence on that.

It suggests that coping with relationships poses indeed different problems and affects clearly how the marketing management looks like, and consequently, why it looks the way it does – the theory. Such a theory – of marketing management in the context when relationships matter - would be of interest for many. Again, however, we have to find a suitable starting point. Can it be anything else than systematic empirical observations of the phenomena we want to theorize? I believe not.

If effective theories, needed to guide the practice, are to be developed, it can never be by fusing different theories of different phenomena. That is a stance that should not be too difficult to accept. Borrowing from others who dealt with similar or related phenomena is common and of course stimulates theory development. Indeed, several among those who faced the problem of explaining similar phenomena as the one of business relationships, notably service marketing researchers, tend to get involved in theorizing customer relationships (Groenroos 2004, Vargo & Lush 2004). I think IMP can borrow, more or less directly and explicitly, from these as much as the other way round. Indeed, it is what is actually happening. But that is not what I see in Janssons claim that IMP should be incorporated in some general “marketing theory”.

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