**Dialectics bases of the marketing theory**

Marketing as a science appeared in ХІХ-ХХ centuries. In 1902 the first courses on marketing were given at USA universities: University of Michigan by Johnson Е., Berkley University in California by Littman S., Illinois University by Fisk J. M.

Kotler F. considers marketing an American science, which includes different periods in the history of American economy and main social, economic and political changes [1, p. 59-60]. It is real fact that marketing theory appeared in the United States of America and first lectures on marketing were given by lecturers at the American universities. Bartels R. points out that “economic theory influenced the marketing thought development more, than another public discipline” [2]. I.e., according to the idea of Bartels R., marketing genetic origin is reasonably to search not in the history of American economy, but in European schools of economic theory.

After the World War the Second the marketing theory is developed in the USA more deeply. That’s why during 1950-1970 the marketing theory is divided into several marketing schools.

At the end of 1950s and at the beginning of 1960s the most prestigious marketing-management school appeared, based on the model of three ages: “production”, “sales”, “marketing”, suggested by Kit R. [2]. The American marketing-management school takes a leading place in creation of the marketing theory and is considered to be classical. It is connected with two key approaches: “marketing-mix” and “marketing management”.

Borden N. used the term “marketing-mix” (“marketing complex”) in president’s addressing to AMA in 1953 for the first time. He borrowed that idea from the Kapliton’s J. work, where marketer was presented as a specialist, who combines various market tools of impact on the economic processes. Borden N. considered the marketing complex to be the following twelve elements: product policy, pricing policy, branding, distribution policy, personal sales, advertising policy, stocks on sales stimulation, packing, product demonstration, service, transport and stocking operations, analytical activity [3].

McCarthy Е.J. suggested complex “4P” in the work “Marketing” in 1960, based on Borden’s N. idea [4].

In 1970s the marketing service theory appeared simultaneously in the USA and Europe as a reaction on service part growth in GDP. Northern school, French school and American school became the main scientific schools of service marketing.

In 1993 French professor Marion J. published his article “Marketing management: what have been changed since 1960s?” He writes: “...in spite of the fact that American marketing-management theory had useful impact on development of the management theory and practice, nothing new have been appeared since 1960 or even since the earliest period” [2]. This work became one of the first understandings of the fact that it is necessary to modernize classical scientific approaches, because marketing activity efficiency began to be decreased.

In 1993 a representative from Scandinavian marketing school, Finnish scientist Gummesson Е. gave more definite explanation, than his French colleague: “...traditional books do not adequately represent the reality” [2].

At the end of ХХ century representatives from American and Northern schools suggested several conceptions: marketing of relations; marketing of service, based on complex “7Р”; internal marketing.

We think that although marketing theory was formed in ХІХ-ХХ century, it is a logical continuation of different economic theory schools development. The marketing genetic origin reaches early stages of capitalism origin, goods and money relationship activation, initial capital formation period.

The first theoretical source of marketing is reasonably to consider mercantilism. Mercantilists confirmed that the society wealth source was intensification of commercial efforts, exchange, trade. The capitalism appearing is impossible without turnover sphere, commercial capital, which subordinates industrial capital, because the trading profit that time was the base for national wealth growth. Mercantilists drew the wealth source out of inequivalent commercial exchange.

The second theoretical marketing source was classical political economy and its neoclassical stage in development. Such pre-marketing conceptions as production improvement and product improvement are based on classical political economy postulates. The labor theory of value has great impact on early works on marketing, because it is a scientific base of the commercial exchange. In the exchange sphere the product form of value is equivalently exchanged to the monetary form. In marketing this process is represented by the sale category. Until 1900 scientists found out that demand was defined by wish and ability to buy a product, and appearing of the new market experience during that time proved that demand could be artificially increased.

The great impact on marketing, especially in the price policy development part, includes theoretical investigations, made by representative from neoclassical school Marshall A. He has studied pricing mechanism and has formed “law of demand”. Marshall A. supposed that nonprice factors influence demand: 1) consumers’ tastes; 2) consumers’ income; 3) price for substitute products; 4) number of buyers; 5) expectations. Under the influence of these factors, demand curve is shifted to the right or to the left. Marshall А. also investigated supply and proved that supply curve demonstrated dependence between price and product amount, suggested for selling, it is a direct proportion. He also elaborated the price elasticity theory, separating demand elasticity by the price and profit.

The third theoretical marketing source is the marginalism theory, particularly the first stage in the part concerning the consumers’ behavior study – so called “subjective direction” of the political economy, because product benefit was preconditioned by the consumer’s psychological feature [5]. The representatives from Austrian marginalism school Menger C., Wieser F., Böhm-Bawerk E. in their works formed subjective and psychological approach to the economic phenomena. It was mentioned that the economic phenomena were not significant, but their subjective estimation was the main. The supremacy principle of goods distribution over producing was distinguished and one found out that distribution features are defined by the consumption intensity [6, p. 51].

The representatives from Austrian school considered origination point for the economic science to be wants. Human wants are varieties of unsatisfied wishes or uneasy feelings, connected with physiological misbalance. A person has a lot of wants, but his resources and abilities are limited. The person’s main task is to satisfy wants with limited resources.

From the viewpoint of marginalism property (instead of value) can be subjective [6, p. 46]: it is formed on the basis of material values for subject (person), plays a significant role in formation of the goods evaluation; objective – it is market price of the product. Subjective value is determined on the basis of Gossen’s Law (law of stock). The objective value is a result of the product benefit different subjective estimations conflicts at the market – a purchaser (critical value) and seller (refund expenses for production). It caused the conclusion that subjective opinion defined the product price.

Representatives from English school of marginalism Stanley W., Jevons W. developed marginal and subjective ideas: they studied problems of profitability, demand and consumption: “Parts of the same product have unequal benefit” [6, p. 81].

The main positions of marginalism methodology, included to the marketing theory, are: explanation of the person’s participation in the economic processes by psychological, subjective factors; human’s rational behavior preconditioning by subjective introduction; dominancy of the exchange and consumption over production, because value benefit can be evaluated only by consumer.

The achievements of the economic science classics determined marketing activity theoretical bases and found the following main conception of pricing: expenses conception, based on labor proprietory theory; marginal conception, based on the critical benefit theory; neoclassical conception of pricing, which includes production expenses theory and critical benefit theory.

The fourth theoretical marketing source became the institutionalism theory, in the part of the consumers’ behavior. Unlike neoclassicists, who explained economic phenomena from the viewpoint of physical (resources rarity) and technological limitations (lack of knowledge, experience), the institutional theory observes transaction costs.

Galbraith J.K. suggested the theory of “new industrial society” within institutionalism [7]: high level of production means development causes transformations in society (market is full of consumer goods, the service system is well organized, public conflicts are leveled out); the main aim of technostructures is to strengthen market positions of corporations; big corporations require planning, and planning is possible only with internal and external stability space, market becomes prognosticating, free competition disappears.

Veblen Т. supposes that a person is not “a calculator, which calculates satisfactions and pain very fast”, connected with values purchasing. The consumer’s behavior is defined not by optimizing calculations, but by instincts, institutes, means of aims achievement. He mentioned that institutes include different rules and stereotypes of behavior, some of which are shown as legal norms and public regularities. Thus, just institutes determine choice of consumer’s behavior models to achieve goals. Veblen Т. Suggests the theory of “demonstrative consumption”, which breaks law of demand (“Veblen effect”) [8].

Mitchell U.K. investigated forms of human irrationality [8]. He tried statistically to prove differences of the real behavior in economy from hedonic criterion. Due to Mitchel’s U.K. opinion, economic subject is an average man or woman. Analysis of the money wasting irrationality in the family budgets showed that in the USA an art to “make money” became ahead of its rational wasting. He agreed with Veblen Т., that people were not “rational optimizers”. He relied on the fact that human’s behavior was a mixture of habits and something, that later (Simon H.) called limited rationality. It is such a rational choice, which doesn’t consider all possible variants of actions as a result of short information and/or limited cognitive abilities. Therefore the rationality is a product for appearing and development of the money system. The total money use in economy makes the economic subjects to be rational. However, not all spheres of economic life are comprised by rational behavior standards. The consumption sphere is an area where there are habits and social norms; at the same time in the business sphere rationality and money factors play more significant role.

Clark J.M., after Veblen Т. and Mitchell U.K., described human’s behavior as one, based on habits, but not on quick calculations of benefits and expenses, satisfactions and suffers. He was one in the history of economic analysis, who pointed out the great role of informational expenses and decision making expenses. In order to make an optimal decision one has to bear expenses, connected with information collection and processing. However one has no idea about benefits from this information. Besides, the decision making also requires great psychological expenses. These costs create barriers to optimize behavior and are the base for habits formation [8].

Thus, the marketing theory is the typical result of the economic thought development, based on mercantilism studies, ideas of classical and neoclassical political economy, marginalism and institutionalism. It appeared in classical type in the USA in ХХ century at the human’s industrial development stage during formation of the buyer’s market. The marketing role in the economic sciences system consists in the fact that the research object is to optimize sales, i.e. to find preconditions for labor products transformation into a good. Such generic features make marketing the applied economic science. The following choice of marketing generic features is suggested.

The first feature is responsibility for sales optimization problem solving owing to preconditions for labor products transformation into a good. It is orientated to prevent from disadvantage of the goods production by means of irrational expenses, alive and persuasive labor.

The second feature includes complexity and synchrony of marketing tools, marketing complex use. Marketing tools are formed in the marketing complex and are used “distinct and inseparably”. It means that each tool has a specific function, but the aim of the marketing is achieved only when they are used in complex.

The classical marketing conception, essence of which is presented by formula “consumer orientation”, appeared in the process of the industrial society formation, under the conditions of “purchaser market” formation, when the sales problems became the most important in the goods production.

The social and ethic marketing conception is a presenting of the international community modern needs concerning further development of economy, considering future generation needs.

One can point out the following tendencies of the marketing development, which precondition necessity to transform the marketing conception in ХХІ century: traditionally marketing events efficiency is decreased; markets overfragments owing to mass individualization; marketing use is spread in the sector of state governing; producers’ number is decreased; marketing mediators’ number is reduced; marketing mediators’ role is increased in the distribution line; producers’ number is grown, who use direct marketing; Internet-marketing role is increased; hybrid marketing is spread; cooperation between enterprise and consumers is grown owing to Internet using; the goods life cycle is shortened; brands number is grown; the “one-time” products using culture is formed; the efficiency of advertising companies and traditional media value are decreased.

If under conditions of economy in ХХ century one unsatisfied purchaser persuaded twelve potential buyers from buying some goods, today “...successful companies must satisfy a client and control conversations in Internet, in order to be sure that an angry client or consumer will destroy the company. In modern world one unsatisfied voice can impact thousand voices [9, p. 10]. In the middle ХХ century marketing specialists reply to competition increasing with prices growth for various marketing communication forms, especially TV advertisement, however nowadays such expenses lose their efficiency and do not allow to get super-profits.

At the beginning of ХХІ century one observed the production crisis. Thus, necessity in marketing conception change at the beginning of ХХІ century at the postindustrial economy stage, amid mature “buyer’s market”, was caused by the market overstocking with differentiated product offerings. If at the previous stages in marketing development one had at first to find demands, and then to satisfy them, now, when consumers’ demands have been studied in details, it is necessary to propose higher consumer’s value, i.e. benefits uniting, which the target market receives and includes quality, price, in-time delivery, service. Under conditions of the qualitative products offerings variety, often appearing of new goods within ne price category, consumers often don’t know what they need. E.g., when the company “Apple” created the first personal computer Apple II and thereby created new branch, consumers didn’t know the utility of that product. At first one had to tell the consumers what the personal computer was, and which consumer value it had.

Nowadays the concept “consumer orientation” is not great power of marketing, because such orientation is inherently particular attribute of the market activity. The one who is not oriented, cannot exist at the market, and those, who function – are oriented by themselves. I.e., consumer orientation is not a competitive advantage, all enterprises have such orientation and one can’t understand why some enterprises are competitive and others not. Matching of the marketing approach and consumer orientation has no sense, because it is impossible to work in another way. The one wins, who creates marketing complex of such consumer value, which forms new demands, leads to the life quality growth, provides mass individualization.

Changes in the production way cause a necessity to transform marketing in the system “seller – purchaser”: marketing becomes the leading mechanism of production adaptation and stabilization in market environment turbulence times; internetization becomes mechanism of the new market relations realization mechanism with clients by type “mass individualization”; unique consumer value of product becomes the competitiveness mechanism, because mass standardization age was finished in consumption; innovativeness becomes a factor the product life cycle shortening, which causes the necessity constantly to investigate new marketing complexes.

In the classical variant the marketing approach has the following algorithm: “the demand revealing ― goods producing ― product offering ― formation of connections to consumers ― agreement”.

Now one can suggest algorithm, which may be realized owing to Internet-technologies using: “well-known demand ― product development ― catalog offering of the new goods line ― familiarization of consumers with offering ― consumer’s choice of the product variant ― formation of connections to consumers ― goods producing ― agreement”.

Today the model of mass individualization marketing is realized. At the modern stage of evolution marketing conception becomes opposite to he sales conception. Difference consists in the fact that it concerns the activity to the famous market ― demands are defined or are formed by the seller. In the bases of priorities change, the emphasis are shifted from consumer orientation to active formation of their extra demand. It improves quality of life. Marketing activity of the enterprises have to provide consumers with mass individualization and to give extra value to goods owing to orientation to extra demand formation to improve life quality, to consider ecological standards and social and economic consequences of goods production and consumption.

The marketing conception modernization must have dual vector of development – getting extra value by products for consumers and society owing to orientation for demand formation to improve life quality and consideration of the social and economic consequences concerning goods producing and consumption.

We suppose that modern marketing conception ― is a business philosophy, based on the highest consumer value offering to satisfy demand following the mass individualization and searching of the best way to solve consumers’ problems, which can improve life quality. It is a conception of mass individualized socially responsible marketing, based on proposal of maximal consumer value, which provides competitiveness, consumers’ problems maximal solving.

Since the marketing theory has appeared the production way was changed, that’s why it is logically to suppose that why its periodization must be adequately changed. The scientific significance of the marketing theory grounded periodization creation will let to understand in which area the marketing conception has to be integrated. It is a principle tool to estimate scientists’ achievements, to form guiding line for marketing further development considering its role in the system of economic sciences.

We think that in ХХІ century it is necessary to modernize the marketing theory development periodization, at least owing to new stage appearing, as maximum owing to the existing periodizations restructurization. As a result, two scenarios are possible. The first one considers, if there is generally accepted periodization in science and it corresponds the principle mentioned above, the new stage appearing is reasonable, which would consider changes of the latest ten year. The second one considers, if as a result of research it is clear, that there is no generally accepted periodization, new periodization must be suggested.

The marketing theory development periodization is reasonably to be built due to the following principle: each period has to correspond to some marketing conception. This conception is an essence of the period, it defines scientific value of derived methodological investigations and preconditions marketing efficiency from the viewpoint of the problem, which caused the marketing appearing – sales optimization, i.e. resources using rationalization preconditions finding and labour product transformation into a good.

The first period of the marketing theory development has to correspond the period of the historically first classical conception creation, which is totally understood by specialized community and provides consensus between views of the leading marketing schools. The following modernizations of the classical conception are non-transferable, because production technological ways change leads to producing relations changing, and the marketing activity efficiency can be provided by the marketing activity theoretical base change – its conception. Every next period must take into account shifting of previous conceptions focuses according to production way changes.

The suggested periodization of the marketing theory development includes three stages and do not have premarketing conceptions: commercial efforts intensification, production improvement, goods improvement. These conceptions are particular for early stages in the market economy development in XVI-ХІХ century, when demand exceeded supply, there were buyer’s markets. (table 1).

Table 1 – The suggested periodization of the marketing theory development

|  |  |  |  |
| --- | --- | --- | --- |
| Period | Years | Stage of the goods production development | Periodization feature |
| 1) the stage of classical marketing conception formation, based on consumer orientation  | 1900-1970 | Early industrial economy | The existence of marketing conception |
| 2) the stage of social and ethic marketing conception formation  | 1970-2000 | Late industrial economy | The existence of marketing conception |
| 3) the stage of social and ethic marketing conception formation, based on mass individualization, supply of the maximal consumers’ value and optimal decision how to solve consumers’ problems | since 2000 | Postindustrial economy | The existence of marketing conception |

The first stage of modernization is 1900-1970 as a stage where classical marketing conception is formed, based on the consumer orientation. The classical marketing conception appeared at the industrial stage in economy development, where supply started to exceed demand and the buyer’s market was formed. Just this period was the starting point for the marketing fundamentals as a science. The subject matter of science is theory: during sixty years of the first stage the classical conception and other scientific marketing “symbols” were gradually formed [10].

The second stage of periodization is the period of social and ethic marketing conception formation – 1970-2000. The social and ethic marketing conception (socially oriented marketing, socially responsible marketing) enriched classical marketing conception with ethic and ecological constituents and considerations of social and economic consequences in society future life. In the middle of XX century society faced the following paradox firstly in the world civilization history: scientific and technical progress is multiple-valued process. It leaded to ecological problems, overconsumption, and natural resources early exhausting. Demand, which is not rational or leads to environmental pollution, becomes dangerous phenomenon.

The development of productive powers created the mass consumption society. The worry about social and economic consequences of “overconsumption” caused the increasing of marketing strategies humanization and ecologization. At the new stage in development marketing theory received social and responsible features, realization of which has to provide the productive powers and public relations progress in practice. The problems of prevention from the ecological disaster, resources exhausting and necessity of spiritual renovation started to rise in scientists’ works since 1970s ХХ century.

The third stage of periodization is a period, which was started at the beginning of XХІ century, under conditions of the postindustrial economy, it is a stage of the social and responsible marketing conceptions formation, based on mass individualization and optimal consumer’s problem solving.

Toffler A. Prognosticated in 1980, that mass consumption society after demand differentiation would become “demassification” society. Each consumer forms differentiated demand, based on own consideration, what is the best consumer value for him. This process was called demassification by Toffler A. In 1990 he mentioned that differentiation processes are hastened and society entered the new phase “supersymbolic economy”. Toffler A. supposed that “…new system made great step from mass production to qualitatively new consumption system, from mass sales market and distribution to niches and micro-market, from monolithic corporation to new forms of organizations” [12, p. 79].

Rushes of the social and economic development in society precondition increase both local and global problems. Thus, the modern marketing actively gains the social and ethic form, mass individualized marketing.

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