Chapter 25

ALDERSON AND CHAMBERLIN*

E. T. Grether

The late Wroe Alderson had agreed to write this essay on Chamberlin’s impact on marketing literature. His untimely death led to the substitution of the present writer on the assignment. Although Alderson’s files did not disclose any formal work on the Chamberlin essay, a posthumous book (Alderson, 1965), in conjunction with his earlier writings, does suggest the possible nature of Alderson’s interpretation.

Wroe Alderson was without doubt the most influential “marketing theorist” in recent times in the United States. His influence radiated both from his voluminous writings and from his personal force, the latter exerted especially through the annual summer seminars on marketing theory of which he was the architect and continuing intellectual provocateur. Alderson’s interests and talents were unique in many respects, including a profound interest in both theory and marketing action. During all of his life he was engaged in active consultation and in private practice for business and government, either on a personal basis or, in later years, through the consulting firm that bore his name. Although he had some interest in theory for the sake of theory, his basic orientation was in theory oriented toward marketing action. His best-known book was entitled *Market Behavior and Executive Action* (Alderson, 1957).

He labeled his approach as “functionalist” or “functionalism”; his posthumous volume *Dynamic Marketing Behavior* bears the subtitle “*A Functionalist Theory of Marketing*.” But this verbiage for him did not merely replicate the “functional” approach and categories of the traditional marketing treatments.

Alderson’s basic interest was in problem solving at both the micro and macro-levels, but primarily, at the micro-level (Alderson and Green, 1964). He was concerned first with goals, objectives, and purposes, or “functions.” Structure must serve and facilitate the purposes or desired outcome, or function. He conceived of society as a congeries of loose and tight “organized behavior

systems.” This conceptualization logically carried him in two directions: (1) the analysis of the internal goals, objectives, and organization of individual systems, and (2) the linkage of individual systems, as subsystems, into some sort of total systems conceptualization. His emphasis on problem solving and action programs led him to stress a normative systems approach, although he was interested also in descriptive or explanatory systems analysis. For him, there was always a gap (representing room for improvement) between descriptive systems analysis and normative systems analysis (Alderson, 1965, p. 319).

Now what has all this to do with Chamberlin? To begin with, Alderson avowedly had the same Weltanschauung in looking at economic society. Like Chamberlin he was impressed by the basic heterogeneity and variety about him, instead of the homogeneity assumed in the economics of perfect and pure competition. In terms of the general functioning of marketing, this led Alderson to stress searching and sorting as basic aspects of the “logic of exchange” (Alderson, 1957, Ch. VII). The exchange processes never culminated in a full equilibrium through a pricing mechanism, but represented ongoing movements under the propulsions of the attempts of various types of enterprises (business or household or others) to solve their problems. These endeavors were analyzed and interpreted in terms of ecological behavior, or adjustments of enterprises to environment. But these “group” adjustments were not deterministic (as under the competitive market system)— there was always a presumption of some amount of genuine free choice and discretion.

Freedom of choice expressed itself basically in a continuing search for differential advantage on the part of all participants in the heterogeneous universe. At this point Alderson again gained sustenance from and joined forces with Chamberlin. Alderson stated his indebtedness as follows:

The writer has drawn upon E. H. Chamberlin for the treatment of differential advantage although the term has never been used by Chamberlin. At our first meeting in 1933, Chamberlin was amused by questions about his sales experience and how he had acquired his remarkable knowledge of marketing (Alderson, 1965, p. 184).

Alderson characterized the search for differential advantage in terms of six types of strategies for differentiation of a market position; namely, those of market segmentation, selection of appeals, transvection\(^1\), product improvement, process improvement, and product innovation. He compared his analysis of these six types with Chamberlin’s and concluded, no doubt incorrectly, that Chamberlin’s product differentiation replicated only his product innovation (Alderson, 1965, p. 185).

\(^1\)“Transvection” is a concept invented by Alderson in 1958 and was defined by him as follows: “A transvection is the unit of action for the system by which a single end product such as a pair of shoes is placed in the hands of the consumer after moving through all the intermediate sorts and transformations from the original raw materials in the state of nature” (Alderson, 1965, p. 84).