We all build models all the time. When we think about how a listener is likely to respond to what we say, we are using a "model" of that person's response (which we update every time we run an "experiment"—that is, have a conversation). We link cells together in spreadsheets at the office; we draw maps to provide directions for others. Every good salesperson has a model of how a customer is likely to respond to different types of selling propositions. And every time we say, "I think that the best thing to do in that situation is X," we have used some model-based approach to determine that X was likely to be a better action than Y in that particular situation.

However, we seem to use the same word, *model,* for a variety of things. What I will try to describe is how I classify formal models in marketing. I will then identify what areas of marketing have attracted notable quantitative model building efforts in the last decade and what the achievements in those areas have been. I will close with a look ahead.
Classifying Models

Although everyone builds models all the time, some modeling is systematic and formal. I classify formal marketing models here according to their methodology and their purpose.

Methodology

There are two basic methodologies for modeling in marketing: verbal and mathematical. Verbal models, as the name suggests, are cast in prose form. Most of the models in the behavioral literature in marketing are verbal, although they may ultimately be translated into mathematical form (Figure 1). For example, Howard and Sheth’s [1969] theory of consumer behavior is a verbal model of consumer behavior. Another example is Lavidge and Steiner’s [1961] model of advertising: “... advertising should move people from awareness . . . to knowledge . . . to liking . . . to preference . . . to conviction . . . to purchase.” Often, verbal models are expressed graphically for expositional reasons. Verbal models are not unique to behavioral marketing. Many of the great theories of individual, social, and societal behavior, such as those of Freud, Darwin, and Marx, are verbal models. So is Williamson’s [1975] transaction-costs theory of economic behavior.

Mathematical models use symbols to denote marketing variables and express their relationships as equations or inequalities. The analysis—when correctly done—follows the rules of mathematical logic. Examples of mathematical models are Bass’s [1969] model of diffusion of durables, Little’s [1975] BRANDAID model, and McGuire and Staelin’s [1983] model of channel structure.

Figure 1 shows a new-product growth model verbally, graphically, and mathematically.

Purpose

There are essentially three purposes for modeling in marketing: measurement, decision support, and explanation or theory-building. We call the corresponding models, measurement models, decision support models, and stylized theoretical models (although it may be equally helpful to interpret these “categories” as classification dimensions for interpreting the multiple purposes of models).