



## From marketing knowledge to marketing principles

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A bold and ambitious project, the Marketing Knowledge Project, is envisaged by Rossiter (2001). It concerns the knowledge upon which our discipline is based. Stage I of the project, the focus of his article, is to define the *forms* of marketing knowledge. Stage II is to have a panel of experts reach agreement on the *content* of marketing knowledge. The development of an operational *test* of marketing knowledge is planned for Stage III.

The motivation for this project is laudable. Through textbooks, dictionaries, courses, expert systems, and decision-support systems we strive to convey marketing knowledge. The existence of dictionaries of marketing and business implies that we believe we can codify marketing knowledge (Bannock et al., 2002; Lewis and Littler, 1997; Mercer, 1999). One of the most popular introductory textbooks in the discipline claims to be a book of ‘principles’ – the word is in the title (Kotler and Armstrong, 2002). It is useful and timely, therefore, to consider the nature and content of marketing knowledge.

Through examinations, quizzes, exercises, case analyses, and assignments, attempts are made to test people’s understanding of marketing knowledge. This may not be the sole purpose of programs leading to the award of bachelor’s and master’s degrees, or of professional accreditation schemes such as those administered by the Chartered Institute of Marketing (CIM) and the American Marketing Association (AMA), but undoubtedly ‘testing’ is one important purpose. So, giving more thought to the development of operational tests of marketing knowledge is a worthwhile exercise too.

However, the difficulty with this project is not with its motivation, but with the specifics of implementation. There are several alternative ways to approach the project, and securing agreement on this is unlikely to be easy. My comments focus on forms of marketing knowledge, the truth status of marketing knowledge, the derivation of marketing principles, and domains of knowledge. Various aspects of



implementation are discussed, and practical suggestions for moving forward are proposed.

## Forms of marketing knowledge

In the first paper from this project Rossiter (2001) distinguishes four forms of marketing knowledge: marketing concepts, structural frameworks, strategic principles ('if, do' statements), and research principles ('if, use' statements). He explicitly excludes several possible candidates as forms of marketing knowledge – notably, empirical facts, empirical generalizations, laws and law-like relationships, and theories. In general, 'if, then' statements are *not* seen as forms of marketing knowledge.

These inclusions and exclusions are difficult to fathom. Theories of buyer behavior do not directly qualify as marketing knowledge (Rossiter, 2001: 12), whereas the concept of market segmentation does (Rossiter, 2001: 13). If there is a difference here it seems to exist at a very abstract level, and it has more to do with semantics and phraseology than matters of substance. Presumably a theory of buyer behavior that is re-expressed as a concept becomes admissible? Those who enjoy 'word games' may be attracted to this exercise, but it seems an unproductive path that will lead into the realms of linguistics, not marketing.

Furthermore, some quite perverse outcomes are possible by adhering to these particular inclusions and exclusions: a thoroughly tested theory might be dismissed from the canon of marketing knowledge (because it is 'merely' an 'if, then' statement), whereas a structural framework might be admitted – despite, perhaps, the only test of this coming from the armchair contemplation of its author. Books by self-styled gurus and articles in popular business magazines often take on this speculative character, and in some cases they may prove useful to their readers, but to include these while excluding thoroughly tested theories seems strange.

A couple of examples help to highlight these problems. Consider 'consumer loyalty'. There is a body of literature to show that consumer loyalty measures (e.g. repeat-buying rates) do not vary much between brands, whereas the number of people who are loyal varies greatly (Ehrenberg, 1988; Ehrenberg et al., 2002). This is an example of an empirical generalization, with the NBD-Dirichlet theory accounting for this result. As such, it is *not* admissible under Rossiter's classification (2001: 12, 16).

Also in the area of consumer loyalty is the idea of a 'loyalty ladder', whereby consumers become progressively more loyal as they go from being prospects to buyers, customers, members, advocates and, finally, associates. A version of this is described in the CIM-endorsed practical guide to planning and implementation of successful marketing communications (Ace, 2001). It is an appealing idea, and no doubt many managers would like it to be true of customers of their brands. Its popularity rests on being a handy structural framework, rather than on evidence of its existence or its prevalence. Nevertheless, structural frameworks – such as the loyalty ladder – are admissible.



The arbitrariness of including loyalty ladders and excluding NBD-Dirichlet theory is only too apparent. A less restrictive approach would be to admit both, accepting that in their different ways they each have the *potential* to offer marketing knowledge. Whether they live up to the potential is a separate issue. That depends on the amount and quality of supporting evidence – a theme addressed next.

## The truth status of marketing knowledge

The major issue is not the definition of forms of marketing knowledge, but the *truth status* of specific statements that are suggested as candidates for marketing knowledge (regardless of form). This implies we should not pitch theories against structural frameworks, with the claim that one form is more admissible than another; instead we should be distinguishing good theories and good structural frameworks from bad ones – of either type. For instance, a  $2 \times 2$  management matrix might sound plausible when first presented in a colloquium, but does it stand up to careful scrutiny – is it a good structural framework?

‘Good’ in this context is our assessment of the truth of the statement – given current thinking and research. Inevitably, the assessment will be provisional and partial – we are not dealing with truth in an absolute sense, but nor are we saying ‘anything goes’. Establishing whether something is good is not an easy task. However, there are standard scientific criteria upon which to draw: validity (face/content, construct, concurrent, predictive/criterion, internal/external), reliability, replicability (exact/differentiated), etc. (Brinberg and McGrath, 1985). Not surprisingly, these criteria come with their own sets of problems; for instance, the uses and abuses of construct validity have been debated (Rossiter, 2002). Nevertheless, these criteria are part of the territory of routine scientific investigation. In general they have served the sciences well, enabling a corpus of knowledge to be developed and they seem more appropriate for the goals of this project than some of the other criteria that might be envisaged. More appropriate, say, than personal beliefs and opinions – these belong to the realms of metaphysics (while these may be of interest, they do not constitute knowledge in the sense used here).

Reconsider the example of consumer loyalty. There is considerable support for the fact that loyalty measures do not vary much between brands, whereas the number of people who are loyal varies greatly. The evidence mainly comes from the analysis of consumer panel data for packaged goods brands (laundry detergent, soup, toothpaste, etc.), though results have also been reported for store brands, stores (as brands), TV stations, cars, and other durables. The statement has face validity, and predictive validity. It is true across a variety of loyalty measures. There have been numerous replications. The evidence for loyalty ladders is more anecdotal. There is *some* evidence, especially from case histories and vignettes based on the experiences of *Reader’s Digest*, Lexus, Neiman Marcus, and Subway (Pearson, 1996; Ace, 2001), and recent work on brand communities

among Jeep owners (McAlexander et al., 2002). There is also contrary evidence, suggesting that people reduce the number of recommendations they make as the duration of a relationship lengthens (e.g. because they run out of things to say or new people to tell, or because they become less involved in the purchase and its consumption; Gremler and Brown, 1999; East et al., 2001). What does this say about people becoming advocates and associates? The mixed evidence makes it hard to judge the loyalty ladder as a structural framework – perhaps it is a good framework, or perhaps not. Like many candidates, it is in the ‘maybe’ box.

A practical difficulty is that a candidate for marketing knowledge may score quite well on some criteria, but not others. The balance between internal and external validity in experimental studies is a case in point (although greater use of differentiated replications would ensure marketers did a better job at establishing the external validity of experimental results; see the article by Hubbard and Lindsay, 2002 this issue). This is not an unfamiliar problem. When consulting a Michelin guide, we are interested in the overall rating of a restaurant, but underneath this there may be quite varying ratings for food, wine, ambiance, and other attributes. Truly outstanding restaurants will probably score well against all criteria, and bad ones will be self-evidently bad. The problem lies with those in between, those in the ‘maybe’ box, and that is where the bulk of candidates in marketing might lie. One reason for suspecting this is the paucity of replication studies in our discipline – something that has been repeatedly discussed, but where there appears to have been little improvement over the years (Lindsay and Ehrenberg, 1993; Hubbard and Armstrong, 1994; and Hubbard and Lindsay, 2002, this issue).

With a contingent view of truth it might be argued that *all* candidates for marketing knowledge are in the ‘maybe’ box; however, as researchers and reflective practitioners, we are striving to edge candidates into the ‘almost certain’ or ‘almost certainly not’ boxes. Marketing knowledge exists where an attempt has been made to ascertain the truth status of a statement and where we can say that the statement is ‘almost certainly’ true.

## From marketing knowledge to marketing principles

Earlier it was argued that distinguishing between different forms of marketing knowledge might not be the best way to proceed. However, there is one key distinction that is worth retaining: that between marketing principles and all other forms of marketing knowledge. ‘If, do’ statements are qualitatively different – they focus on the *uses* and *applications* of knowledge, within a specific context or under a set of contingencies.

The building blocks of these principles are other forms of marketing knowledge whose truth status has been established (in the sense of at least meeting some minimum threshold of supporting evidence and therefore being in the ‘almost certain’ box).

What is being described here is as much about the process of knowledge



development as it is about the state of knowledge. It is in fact difficult to talk about one without consideration of the other. The point is illustrated with reference to the development and use of empirical generalizations (an example discussed by Rossiter, 2001: 18, but here with a contrary interpretation). The following five steps are envisaged:

- 1 We might start to build knowledge about parameters, associations, and patterns by looking at empirical evidence (data from surveys, panel surveys, or experiments) and interpreting that evidence. Researchers and analytical practitioners do this day-in day-out, as they pour over Nielsen reports, sales reports, inventories, and stock-holding reports. One pattern that has been observed is the 'double jeopardy' (DJ) effect: small brands have fewer buyers, are bought less frequently (on average), and receive less positive attitudinal responses (on average).
- 2 Through the accumulation of evidence (e.g. through systematic replication) we become more confident that the patterns exist and that they are not the result of happenstance, accident, or idle speculation on the part of the researcher or analyst. We now feel we know something that we did not know before. There is something concrete for which to account with theory. The explanation of DJ, for instance. Rossiter (2001), following Fader and Schmittlein (1993), speculates that the explanation for DJ is the broader distribution and availability of larger brands, even in smaller retail outlets, but no direct evidence for this is presented. Ehrenberg et al. (1990) argue differently, pointing out that the explanation lies in 'an asymmetry in people's familiarity with, or exposure to, items that are similar but differ in popularity' (1990: 85), and that for DJ to exist all brands are assumed to be in roughly equal distribution.
- 3 We also start to determine the range of conditions where these patterns hold, and where they do not. That is, we develop knowledge of the scope (context) and boundary conditions (contingencies). There are now questions of scope and boundary conditions for which to account with theory. Patchy retail distribution may not account for the DJ effect, but *it is* one explanation for *departures* from DJ (this, for example, occurs with private labels – but once allowance has been made for distribution the standard DJ effect is observed; Uncles and Ellis, 1989). Note that the investigation of departures and exceptions presumes you have knowledge of a norm, which is what the DJ effect provides.
- 4 Having established all this, we can begin to apply the marketing knowledge to address specific problems. We will learn something about empirical generalizations 'in use' from these repeated applications. For the DJ effect, in-use applications have included brand performance audits, market partitioning, and benchmarks for assessing new brand performance and for analyzing market dynamics (Ehrenberg et al., 2002). It is worth noting that knowledge can be used in a variety of ways; first and foremost, we tend to think of instrumental uses (e.g. to solve a marketing problem), but conceptual uses (e.g. as a diagnostic tool) and symbolic uses (e.g. to legitimate a viewpoint) may be important too (Cornelissen and Lock, 2002).



5 We can also draw out certain broader implications. These implications should arise from the empirical generalizations and their use, although it may be hard to test them in a formal (statistical) sense. Logical reasoning has to be exercised, but it is based on well-established empirical evidence. Thus, the evidence for DJ has certain implications for our understanding of brand segmentation and brand loyalty (although it is not itself a direct measure of segmentation or loyalty).

The approach assumes that knowledge builds over time, and that we can have knowledge about different aspects of phenomena (e.g. about relationships, scope, boundary conditions, applications, implications). It should be apparent that the process is neither purely inductive, nor purely deductive (contrary to the misrepresentation of empirical generalization in Rossiter, 2001: 18). Empirical generalizations do not appear in an inductive vacuum – reasoning and thought-processes are brought to bear (to decide what to study, under what conditions, with what data, etc.). Equally, those who claim to start with theory invariably draw on previous empirical work, experiences, observations, etc. (there is, then, something of an informal meta-analysis going on in the researcher's head).

This is *an* example of the passage from marketing knowledge to marketing principle, which is not to claim it is the only possible path. It is, nonetheless, a close approximation to how scientists appear to approach their work (in practice) and it ought to be a useful model for marketers to follow (Medawar, 1967; Kuhn, 1970).

## Domains of knowledge

Overall, a somewhat different approach to that suggested by Rossiter (2001) emerges. The approach now entails the following four stages:

- 1 The starting point is to consider specific domains of marketing knowledge. These could be quite general (e.g. branding, marketing communications, or relationship marketing). But there are advantages in thinking in terms of *very* specific domains (e.g. brand extensions within the field of branding, advertising effectiveness within the area of marketing communications). By being specific the task is likely to be more manageable and, possibly, more useful. It also helps to focus attention on *marketing* knowledge, as distinct from knowledge in the abstract (declarative, procedural, tacit, etc.) or knowledge in related domains (accounting, economics, business policy, and so forth).
- 2 For each of these specific domains in marketing, a wide range of potential sources of knowledge (candidates) ought to be considered. The goal, at this stage, is not to be too restrictive. Therefore, candidates are likely to take a variety of forms: empirical facts, empirical generalizations, laws and law-like relationships, theories, concepts, checklists, frameworks, and typologies. Rossiter's marketing concepts and structural frameworks are included here, but they are no more admissible than other forms. Candidates for consideration can be



drawn from academic sources, books, journals, conference proceedings, practitioner commentaries, trade magazines, training manuals, and 'how to' guides. They all offer *potential*.

- 3 The next step is to assess candidates for their truth status. Are they well-grounded, empirically? How do they stand up to scrutiny in terms of validity, reliability, and replicability? There may be other considerations beside these – that is something to debate and resolve. For reasons discussed above, few candidates are likely to score well against all criteria – internal validity may be good, but external validity and replicability may be questionable, or vice versa. Therefore, there has to be a measure of agreement about suitable hurdles (e.g. when does a 'maybe' become 'almost certain?'). Making use of experts is one way to address this issue, although it poses some dangers. Experts do not necessarily agree, they can be wrong or misguided, and they will tend to think in terms of a wide array of contingencies – all of which should make us cautious when using this approach. To minimize these problems, experts should individually assess the evidence, then levels of inter-expert reliability should be examined, before making a final assessment.
- 4 There is now a basis for distinguishing marketing knowledge (something we feel we know, almost certainly) from candidate knowledge (which, on deeper investigation, may have been largely based on speculation, personal beliefs, opinions, happenstance, or anecdote). Knowledge that has passed these tests should become the building blocks for the development of marketing principles. Principles make use of knowledge. Principles are the vehicles by which we apply knowledge. How we get from knowledge to principles will be through a variety of processes – such as observation, usage, practice, simulation, analogizing, reasoning, and the application of logic. Quite a lot of management research is concerned with knowing more about these processes – as a focus of understanding in its own right (Wierenga et al., 1999; Wierenga and Van Bruggen, 2000; and Wierenga, 2002, this volume).

Emerging from this 4-stage approach is domain-specific knowledge. This may take various forms, and in this sense the approach is very inclusive. However, in assessing candidates against standard scientific criteria it is not a case of 'anything goes'. Marketing knowledge is deemed to be supported, substantiated, tested, or validated, and if it is none of these it cannot be regarded as knowledge. Once something is known 'almost certainly', it is useful to think of applying that knowledge.

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