

Using Historical Research to Advance Marketing Theory and Practice

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Abstract

Marketing theory can be advanced through retrospective studies by exploring some historical research methods and their relevance to contemporary marketing theory and practice. This paper shows that the roots of modern marketing practice in the Australasian context can be examined, for example, using the historical records of department store retailers of the nineteenth and twentieth centuries. The findings demonstrate the early development of marketing techniques including direct mail, sales promotion, trade promotion, customer loyalty schemes and supply chain innovation. Many 'modern' practices such as one-stop shopping were in place long ago in department stores. Arguably, the ahistorical nature of marketing research means that today's managers frequently recreate wheels, rather than build new ones. The challenge for researchers is to consider using historical studies to advance theory and practice.

Advancing Theory by Retrospective Studies

Theory building and theory testing are at the heart of the academic researcher's work. Vink (1992, 219) groups historical studies into four areas - industry and company histories, history of marketing thought, historical analysis 'as a method and how to apply it to marketing', and historical interest in marketing management. Although retail stores and their associated channels provide the arena where the final economic transaction takes place and consumption begins, the impact of retailing practices on consumer demand has been largely ignored in marketing theory, with the exception of such scholars as the late Stanley Hollander. He argued that a fundamental of marketing theory was to understand 'the way retailers have and do act as gatekeepers and consumption modifiers' (Hollander 1986, 10). Likewise, the study of marketing is the study of exchange behaviour, and the institutional framework in which exchange takes place should be seen as 'one of the fundamental explanada of marketing' (Hunt 1983, 13).

The neglect of the study of individual institutions is especially the case in Australia, a country that has 'a dismal record of (studying) business history' (Terwiel, Ville and Fleming 1998, 1). Marketing's lack of attention to the influence of institutions placed in their historical context may explain why the Western literature on retailing evolution falls short in its application to other nations (Davis and North 1971). Bartels (1962, 125-146) explicitly recognized the contributions to marketing thought by the retailing literature, especially in the areas of concepts and performance management.

Within the marketing discipline, the growth of knowledge on retailing change has been slow, with a few far-reaching exceptions (Chandler 1977; Hollander 1960, 1964, 1967, 1980, 1986; Jones 2004; Pasdermadjian 1954). One explanation for this slowness is the largely ahistorical nature of most research in marketing. Hollander (1986, 7) identified that much 'retail scholarship

is usually ahistorical or, at best, highly anecdotal'. Alexander (1997) advocated that researchers should respond to Hollander's (1986) earlier challenge to research into the historical development of retailing. The importance of marketing and retailing to the development of modern business cannot be underestimated and 'the history of marketing reveals poignantly how firms influence and are influenced by their environments...' (Boyce and Ville 2002, 195, 175-226).

Arguments for Retrospective Studies in Australia and New Zealand

The retailing sector has experienced continuous change since the 19th century arrival of department stores (Chandler 1977). Department stores were important social and economic institutions, and while some outstanding retail histories exist for the UK, USA, Canada, and France (for example, Emmet & Jeuck 1950; Hower 1943; Lancaster 1995; M. Miller 1981; Santink 1990), very little research has been published in Australia, aside from celebratory company-commissioned histories (Brash et al, 1985, Barber 2005, Hordern 1985, Marshall 1963). Proposals to write the histories of retail giants such as Coles Myer and David Jones have been quashed in spite of their substantial archives (Carroll 1998). In Australia and New Zealand, with some notable exceptions, there is a general paucity of robust academic studies in marketing history. Often researchers addressing areas of relevance to our discipline have not used marketing lenses (Humphrey 1998, Reekie 1993, Ville and Merrett 2000). The main regional outlet for retrospective research studies is the Asia-Pacific Business History Conference, under the auspices of the Economic History Association of Australia and New Zealand, and ANZMAC conferences, which have from time to time included historical studies. The principal international marketing journal is the *Journal of Macromarketing*.

Marketing's 'fondness for modernism has hindered research into marketing history by more or less denying there is any' (Hollander 1986, 7-10). Yet various authors argue for the epistemological necessity of considering history, and their central claim is: that history matters. Some authors defend path-dependence arguments (David 1994; Hakansson and Lundgren 1997) about the succession or *flow* of events, and sunk-cost decisions, such as 'lock-in' and the irreversible investments involved in, say, the choice of competing technologies. The QWERTY typewriter keyboard (David 1993), and the VHS video format (Cohen and Stewart 1994), are often-cited examples of the battle between competing technologies. Path dependence contributes to our understanding of cumulative causation, with the observation that 'extraneous features of the initial conditions, the historical context in which institutions or organizations are formed, can become enduring constraints' (David 1994, 214).

Savitt (1989, 326) argues that 'a history of retailing can provide a broader understanding of how environmental factors have been accommodated in the decisions of retailers [and] it also provides an understanding about the processes involved in these decisions'. Recently, *Marketing Theory* called for papers on *Amnesia and Marketing Theory: Processes of Forgetting* that focus 'on the processes of forgetting our intellectual heritage that perpetually redefine what counts as knowledge and what and who counts as a contribution to marketing theory'. Practice frequently precedes the development of theory, which was clearly the case for Henri Fayol's influential work in management (Fells 2000; Reid 1995; Wren 1995). Retrospective studies in retailing and marketing offer equal promise, although current researchers tend to focus on the 'here-and-now', perhaps daunted by or even unaware of the methodologies required.

Designing Retrospective Studies

Designing retrospective studies requires firstly a theoretical starting point often developed from a gap in the literature. The next considerations are the research design strategy and the availability of suitable data sources. The potential of archival study for generating contemporary theory has only been recognised in recent years (Miller 2005b; Welch 2000). Consistent with Forster (1994), we argue that the use of archival documents ‘*can* bring fresh insights to our understanding’ to developing robust studies. Alexander (1997, 391-397) discussed the complex issues involved, noting for example, five inhibitors (psychology, focus, methodology, capacity and publication) impeding the acceptance of retail business history within the retail management studies domain. His position was that retail studies should not merely ‘chronicle retailing’s past’ (Alexander 1997, 398), rather he clearly articulated that:

A prosopographical approach to historical understanding provides a means by which to utilize the existing stock of information which exists on the development of retailing as well as providing a structure within which to build incrementally future research and understanding. Prosopography is the study of individual entities, their characteristics, their relationships and connections. It provides an opportunity to uncover the structure and fundamental issues associated with a group of identifiable entities ... Before the group can be understood, the individuals who make up the group must be understood in some detail and on a coherent basis.

Researchers unfamiliar with designing and implementing retrospective studies and the use of case studies for developing theory can also draw inspiration from Beard (2005), Dixon (1963, 1982, 2001), Duff and Johnson (2002), Dunkerley (1988), Eisenhardt (1989) Nevitt (1991), Patton (2002) and Witkowski (2003).

Examples of Research Findings from Retrospective Studies

Two indicative studies illustrate the power of retrospective research. Koehn (2001) used archival research for her breakthrough study of branding strategies used by entrepreneurs including Marshall Field, the department store retailer. Kent and Brown (2006) used the marketing mix as a lens for a longitudinal historical study of the retailing of erotic products from 1963 to 2003.

Although rare in the Australasian context, several studies show the potential of the findings from retrospective research. Blizzard presented a comparison, developed from secondary sources, of Australian and American retail systems (1976). Waller (1992) researched the early development of shopping by mail order catalogue, and Roberts (2003) examined international influences on retailing especially selling in New Zealand department stores. Recent researchers have based their work on primary sources from Australian department stores and retailers’ associations (McArthur 2005, Miller 2005a, Miller and Merrilees 2000, 2004). Drawing on these works, we can show that many supposedly recent marketing practices have their roots in the retailing practices of early department stores.

McArthur (2005) developed an original history of retailing from the retailers’ point of view, as documented in the first-hand records of the men who ran the industry’s main trade association, and Sydney’s largest department stores. This work uncovered the antecedents of some marketing

practices that today we presume are modern. Customer loyalty schemes, for example, flourished in early twentieth century Australia through manufacturers' coupons and trading stamps, and also with the dividend or "divvy" paid out by retail store co-operatives. A study of early Australian co-operatives such as *The Store*, the largest of its type in the Southern Hemisphere, may hold lessons for the managers of today's loyalty programs, shareholder programs, or relationship managers in general. Similarly, trade promotion fees had their official start in Australia in 1930, when the NSW Retail Traders' Association sanctioned the blanket introduction of discounts for retailers on all goods sold through product demonstrations in their stores. The evolution of direct marketing, in addition, can be traced from the time of the nineteenth century development of mail order catalogues, or parcel post. Parcel post experienced "phenomenal growth" in Australia in the first decade of the twentieth century, and by 1930, Australian retailers were developing targeted proposals for individual customers, through the use of (pre-computerised) direct marketing databases. The NSW Retail Traders' Association's journal (1930, 67-68) reported:

The breaking down of these customer lists has enabled the company to obtain the utmost efficiency in the use of direct mail advertising. As quickly as a new name appears on these tissue triplicates, these new customers receive a letter of thanks from the store showing appreciation of the customer's patronage. When scanning these lists from time to time the clerks are able quickly to compile a list of those who have not made a purchase recently, and these receive a letter of inquiry asking if any purchase has been unsatisfactory... These file cards also indicate the size of suit worn by the customer, the size of shoes, shirt and other apparel or furnishings. From time to time the store may accumulate footwear or hats in small or odd sizes. Reference is then made to these lists of buyers in any particular department and a small list is easily compiled of customers who are prospective purchasers of this type of merchandise, with the result that a very satisfactory consumer response is attained in this manner.

Implications for Advancing Theory and Maintaining Relevance

In the case of department stores, the evidence shows that although they lacked a theoretical body of knowledge to guide their practices, Australian department store retailers sought to identify and use the best available practices for the benefit of their firms. When conducting archival studies, researchers must contextualise the data 'in its times', rather than only view it through a twenty-first century lens. Moreover, researchers need to develop conceptual frameworks to guide data collection and analysis, or risk perpetuating the atheoretical study of past practices glorified in some company histories. In longitudinal studies, one means of trying to organise data for analysis is to use the Hollander, Rassuli, Jones and Dix (2005) technique of periodisation, as opposed to the oft-used 'decadism', that is the choice of particular decades for study for convenience rather than any other rationale. Furthermore, we can use extant theory to understand and interpret past practices, and by doing so we may find that new models emerge. The types of data available for such studies can be archival (qualitative and quantitative), or archival mixed with contemporary data collection (semi structured interviews, financial analyses) such as used by Miller and Merrilees (2000) in their Gowings' research. Thus the adventurous researcher can contribute to advancing theory by accepting the challenge to use retrospective studies (Table 1). An historical approach anchors retailing and marketing to its past, and reveals a rich heritage that has largely been neglected. By examining past practices we can theorise those practices in their original context and then consider their relevance to contemporary marketers.

To maintain relevance, theory development must present new insights rather than mere descriptions of past practices. The accumulation of practices in a firm can be studied retrospectively and then considered in the light of current practices. Future research for example could focus on the Myer department store and its changing marketing practices over time and under different ownership arrangements. While history does not predict the future, the evolution of retailing during this millennium will depend to some extent on the events of the past. Developing research designs that illuminate retailing's history helps us speculate about the present and the future in a way that is not usually possible in the discipline of marketing.

Table 1 Historical Studies and Contemporary Research Implications

Historical Study and Methods	Contemporary Implications
Archival research of department store entrepreneur (Koehn 2001)	Research on current retailer branding. Research into the effects of different retail ownership forms on entrepreneurship
Forty years of erotic retailing (Kent and Brown 2006)	Research into changing acceptance of retailing categories
<i>The Store</i> Archival, qualitative and quantitative	Scope for further studies to examine why the marketing practices were successful and relevance to current loyalty programs
Archival and longitudinal research of Australia's largest retail industry association (McArthur 2005)	Study of the impact of the department store, the role of the industry trade association, and the origins of current retail practices.
The Gowings Study used archival and contemporary data collection (Miller and Merrilees 2000)	Scope to research why Gowings failed, given their longevity and success up until the late 1990s.
Transnational influences on department stores and roles of networking, business intelligence, and glocalisation (Miller 2005a)	Model for investigating glocalisation in modern Australian and New Zealand retailing.
Fashion marketing (Miller and Merrilees 2004)	Innovations and evolution in supply chain management.

Conclusions

This paper has explored the proposition that marketing academics should not neglect retrospective studies as a research means of theory building and, in particular, the use of archival data as a body of evidence for theory development. We have explained the types of methodologies that can be used and the critical importance of developing conceptual frameworks to obviate atheoretical work. We have examined this proposition in the retailing domain and shown that previously unrecognised practices can contribute to building and applying current retailing theories. Moreover, in the Australian and New Zealand contexts, despite the rapid growth of marketing practices in the late nineteenth and early twentieth centuries, few marketing academics have investigated how and why these practices arose and how they can be understood theoretically, and how they can be applied or adapted to twenty-first century marketing especially in the retailing domain.

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