# 13

# TOWARD A FORMAL THEORY OF MARKETING EXCHANGES

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The idea of exchange is central to the meaning of marketing. Indeed, marketing scholars generally agree that the fundamental phenomenon to be explained, predicted, and controlled in the marketplace is the exchange relationship (Kotler, 1972; Hunt, 1976). Disagreements surrounding the role of the idea of exchange in marketing primarily center on the scope or breadth of the concept rather than on its content (cf., Bagozzi, 1977; Ferrell and Zey-Ferrell, 1977). Nevertheless the discipline lacks both a coherent conceptualization of exchange and a well-developed theory for explaining exchange.

This article has two objectives. The initial goal is to outline the substance of exchange and discuss a number of dimensions not treated before in the marketing literature. A second purpose is to present a formal theory of exchange in the marketplace. The theory is an elaboration and extension of a model proposed earlier by the author (Bagozzi, 1978).

## THE CONCEPT OF EXCHANGE

The notion of exchange is universal and as ancient as man himself. Unfortunately, this aspect of the concept has lead marketers to take it for granted and regard it as a primitive concept, not requiring further definition. Reliance on the common-sense, every day idea of exchange has prevented the development of the concept itself and its role in marketing theory. In order to understand, explain, and influence exchanges, it will be necessary to begin with an abstraction of what it is and means.

### Existing Conceptualizations

Nearly every behavioral science studies exchange as an accepted domain of its respective discipline. Well-developed ideas on exchange exist i economics, sociology, psychology, and anthropol ogy. The pervasiveness of the concept in differe academic circles suggests its fundamental charac ter, placing it in the company of other key ways representing human behavior such as functiona ism, structuralism, or general systems theory. by-product of this state of affairs is the appare overlap in subject matter between marketing a the various behavioral sciences. To better und stand the implications of this overlap for market theory, it will prove useful to examine its nature extent.

Five points deserve mention as to the natur the commonality in subject matter. First, no sin systematic exchange paradigm can be identi across the behavioral sciences. Rather, each di pline has conceived of exchange in a narrow, cialized way. Typically, the conceptualiza found in a particular discipline is tied implicit explicitly to the *Weltanschauung* of that discip To economists, exchange entails a transfer of ey for a product or service. The motivation for is one of self-gain; the process is rational; an most well-developed theory applies to exchan perfectly competitive markets. Economic the of exchange are asocial in the sense that the processes of interaction among actors are not eled. Rather, the outcomes of exchanges ar dicted, and the social process is presumed tive. Further, as exemplified in bilaterial mon and other forms of economic exchange, the outcome of any transaction is left indeterm given the theory. Finally, economic models change focus on two actors who each possess single physical entity desired by the other, a relationship between actors is regarded as an sonal, one-shot affair.

To psychologists and some sociologist change is regarded as the joint outcome in tionship resulting when both parties choos

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among two or more actions potentially affecting each other (e.g., Thibaut and Kelley, 1959). The exchange is defined to occur in relatively restricted and contrived settings such as the prisoner's dilemma game. The vast majority of research has examined exchanges wherein two actors interact, only two mutually exclusive actions by each are allowed, the actors cannot leave the relationship, the range and domain of choices are identical for both actors, choices are made simultaneously, communication with the other actor is not allowed, only four possible outcomes exist, and the motivation and/or rewards for transacting are limited to monetary gain. Unlike economic exchange, however, the possibility exists for the development of on-going transactions, and various interpersonal processes such as social influence, conflict, and bargaining can be modeled.

Finally, to anthropologists and many sociologists, the defining characteristic of exchange is its social nature. That is, rather than focusing on the objects of exchange, the decision calculus of the actors, or the actual transfer, per se, emphasis is placed on the function of exchanges for a specific group or society at large. The functions of exchange are typically symbolic and often reflect normative constraints on actors or positions in a social system. Exchange, then, is used metaphorically to refer to implicit transactions. Some anthropologists even stress that apparent one-way transfers constitute instances of exchange (e.g., gift-giving, theft) and that psychic or social entities are often more important than physical ones to the relationship (cf., Sahlins, 1965; Firth, 1973).

In sum, no uniform notion of exchange exists in the behavioral sciences, and many narrow, idiosyncratic viewpoints can be identified. This is, perhaps, to be expected, given the different histories and purposes of each discipline. However, the commonality of subject matter is a surface one—in name only—in that the substance of the overlap is minimal.

A second, related point to note about the overlap is that seldom is a formal definition of exchange provided. Many theorists use the term in a loose, descriptive sense to refer to any relationship in which tangible things change hands. Others use the term, as noted above, metaphorically. More often than not, the meaning of exchange is taken for granted. In addition, some researchers use the term in titles to their articles but then proceed to ignore it and investigate other phenomena such as power (cf., Cook and Emerson, 1978). On balance, it is difficult to say in what sense and to what degree the overlap in subject matter is genuine, given the vague and ambiguous use of the term.

Third, it should be noted that the study of exchange constitutes only part of the entire realm of the subject matter in each respective behavioral science. In some disciplines, the concept of exchange represents one of a number of ways for examining more basic or more general phenomena. In this sense, exchange constitutes a methodology or conceptual orientation. Sociologists, for example, investigate social behavior from the viewpoints of conflict theory, structural-functionalism, or role-theory, as well as exchange "theory." In other instances, exchange, itself, is the dependent variable for study, but only one of many others to be found in a discipline. Thus, in addition to social exchanges, psychologists study attitudes, small group processes, and decision-making, among other subjects.

A fourth point to stress is that many disciplines examine exchange behaviors but do so primarily to shed light on other issues. The study of exchange plays a subordinate role. For example, some anthropologists investigate the meaning that exchange has for kinship systems or other aspects of primitive societies. Similarly, sociologists studying macrosocial phenomena often use structural concepts as explanatory variables, but simultaneously employ exchange concepts as assumed *premises* with which to build their theories (e.g., Blau, 1964). Anthropologists and sociologists are typically interested more in the larger question of social order and not so much in the exchanges between individuals or institutions.

Finally, it should be noted that no discipline in the behavioral sciences claims exchange as its fundamental subject matter. Given this fact and the fact that exchange performs a limited, varied, subordinate, and vaguely defined role in the behavioral sciences, the opportunity exists for marketers to develop a relatively unique, general, and fundamental phenomenon for study. Already, the weight of historical precedence and an emerging consensus among marketing scholars recognizes exchange as

the core of the discipline. The task remains for marketers to identify general characteristics and principles of exchange and to explain variation in exchange behavior with a general theory or theories.

**The Elements of Exchange**

We know very little about exchange behavior and lack a formal conceptualization of its parts. Alderson (1965) does provide a "law of exchange" and suggests the centrality of the concept in marketing. But he never defines what he means by exchange. Kotler (1972) presents certain axioms describing exchanges, Bagozzi (1975) discusses the types of exchange and their meaning, and Hunt (1976) helps us to view the discipline as "the science of transactions." But none of these authors has examined the content of exchange in great depth. Although such an examination is beyond the scope of this article, an attempt will be made to point out several key aspects of the concept that deserve further attention.

All exchanges involve a transfer of something tangible or intangible, actual or symbolic, between two or more social actors. For purposes of analysis, social actors might include actual persons, positions in a social network (e.g., roles), groups, institutions, or organizations, or any social unit capable of abstraction. The thing or things exchanged may be physical (e.g., goods, money), psychic (e.g., affect), or social (e.g., status). Rather than entailing a give-and-take of one thing for another, most exchanges are probably characterized by the transfer of bundles of physical, psychic, and social entities. The social actors may or may not be fully aware of all dimensions of what is exchanged or even their own motives or purposes for transacting. Usually, however, the things exchanged will be rewarding or punishing in some way to the parties involved. The values of the things exchanged may be sought as ends in themselves or as means to ends.

The determinants of exchange are varied. Often they arise out of the volition of individual social actors who function more or less as rational decision makers. Sometimes exchanges emerge out of compulsion, coercion, or habit. They may also result as a social response to norms or the expectations or pressures of others. One factor affecting the origin or course of an exchange is the availability of alternative sources for satisfaction. Whether one will enter or remain in an exchange and what and how much one will give and get will depend on what the market will bear. Alternative sources of satisfaction act as constraints on the relationship as well as bargaining ploys. In different degrees, any social actor in an exchange will have alternative sources for the same object or for substitute sources of satisfaction. All of the above determinants of exchange will be discussed more fully later in the article.

If the concept of exchange is to be used in an explanatory—as opposed to a purely descriptive—sense, then it will have to be conceptualized as a phenomenon capable of variation in one or more ways. This author believes that exchanges might be fruitfully conceived as a threefold categorization of *outcomes, experiences,* and *actions,* each varying in degree and occurring to the actors as individuals, jointly or shared, or both. Outcomes in an exchange refer to physical, social, or symbolic objects or events accruing to the actors as a consequence of their relationship. Each person might receive separate outcomes such as a buyer and seller obtain in a consummated exchange. Or the parties might achieve mutual, shared rewards, as well as individual gains. The increase in sales connected to a new promotion campaign and resulting from give-and-take between the marketing and sales departments would be an example of joint outcomes. Individuals in both departments might share in the direct profit and social prestige of the successful campaign, as well as the salary regularly earmarked for them for performing their respective everyday roles. In any event, outcomes in an exchange refer to the things the actors get, either as individuals, a unit, or both.

Another important variable representing an exchange is the experiences the actors feel. Experiences are psychological states and consist of affective, cognitive, or moral dimensions. They typically are conveyed symbolically through the objects exchanged, the functions performed by the exchange, or the meanings attributed to the exchange. Again, experiences can be felt by each actor individually, as well as jointly. Joint experiences entail what sociologists term "social contructions," in that both actors in the exchange are thought to produce a mutual, shared understanding as a consequence of their interchanges. The common joy or feeling of accomplishment felt by a husband and wife as they interact in a consumer

decision-making process would be an example of a joint experience in this sense.

The final variable with which to represent an exchange is the actions performed by the actors as a product of their interchange. Actions might represent individual choices and responses or joint commitments. Examples include the degree of cooperation, competition, or conflict in the dyad; and the intensity, duration, and timing of actions. For instance, one measure of the conflictual nature of exchange between wholesaler and retailer might be the number of threats transmitted between them in a period of time.

The goal of conceptualizing exchanges as specific outcomes, experiences, or actions is to provide a set of dependent or endogenous variables for study. With these as the subject matter of marketing, efforts can be made to specify explanatory variables and relate these to exchange in an overall theory.

## THE ANTECEDENTS TO EXCHANGE

To explain exchange (i.e., variation in individual or joint outcomes, experiences, or actions), four classes of determinants are hypothesized: social influence, social actor characteristics, third party effects, and situational contingencies (see Figure 1). Each is briefly described below.

### Social Influence Between the Actors

It is hypothesized that the parties to an exchange satisfy individual needs and reach mutual accommodations through a process of social negotiation. This process involves a give-and-take wherein the parties communicate their desires, intentions, and purposes; and adjustments in offers, counteroffers, and standards of acceptability are made throughout the process until an agreement to exchange or not is made. The process occurs both covertly and overtly, and the parties may or may not be fully aware of its dynamics or their role and outcomes during the negotiations.

The process of social negotiation entails a communication of rewarding or punishing stimuli through one or more of four modes of influence: threats, promises, warnings, or mendations (Tedeschi, Schlenker, and Bonoma, 1973). A threat is made when one social actor sends a message conveying a punishment to the other social actor and the message is conveyed under conditions wherein the sender can actually mediate the punishment and no attempt is made to conceal the influ-

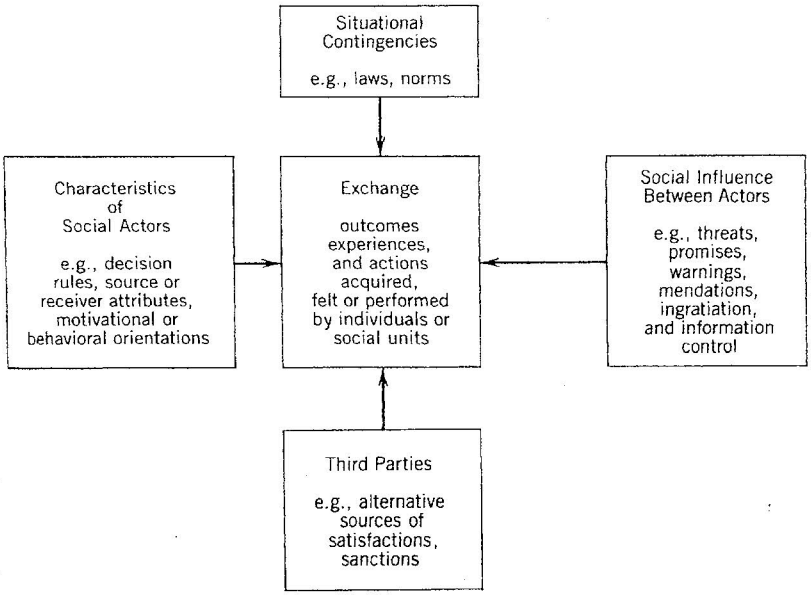


**FIGURE 1**
**The determinants of exchange.**

ence. For example, if a manufacturer were to state in a communication to a retail customer, "If you reduce the shelf space devoted to brand *X*, then we will discontinue our promotion credit to you," then he or she would be employing a threat mode of influence. In contrast, a promise is made when one social actor sends a rewarding message to another such that the sender actually mediates the reward and no attempt is made to conceal the influence. The statement by a manufacturer, "We will give you a promotion credit of 5 percent of sales," would be an example of a promise in the above sense.

Threats and promises (and all modes of social influence) can be contingent/noncontingent, request-specific/nonspecific, and consequences-specific/nonspecific. A contingent message uses the if-then implicative form to specify what will happen to the receiver of the message under certain conditions. The noncontingent message omits the conditions and relies solely on an assertion of intent or opinion on the part of the sender. The threat example in the previous paragraph is a contingent one, while the promise example is noncontingent. Further, the threat example is relatively specific as to its request and consequences.

A warning is said to occur when a sender communicates that a punishment will befall a target under certain conditions. The sender does not attempt to conceal his or her influence attempt under this mode; however, unlike the threatener, the sender of a warning does not directly mediate the punishing stimulus. Rather, either an external agent is involved and/or the punishment is contingent on the action or inaction of the target. The use of fear advertisements by the Heart Association is perhaps the best example of a warning in the sense defined here. A mendation is said to occur when a sender implies that a reward will accrue to a target should he or she act or fail to act. Again, the sender does not attempt to conceal his or her influence attempt; however, unlike the promiser, the sender of a mendation does not directly mediate the reward but a third party and/or the target does. An example of the mendation mode of influence might be the following statement made by a salesperson to a potential customer: "If you buy machine *Y* before July 1, when the law changes, then you will be able to realize the special income tax credit."

Threats and promises usually imply the potential for the exercise of power by one actor over another. Warnings and mendations, in contrast, are, perhaps, best exemplified by the general mode of influence termed "persuasion," where the element of force or coercion is presumed absent and the ideal of "free choice" is approached. Behavior in the marketplace is, of course, characterized by all four modes in varying degrees. These modes share the attribute that influence attempts are not concealed. Influence can also be employed when the source of communication desires to hide his or her attempts. Under these conditions, the clandestine influence takes on a distinct manipulatory flavor. Reinforcement control, information control, and ingratiation are three types of influence in this sense. A final point to note with respect to the use of social influence between actors in an exchange is that the impact of any mode depends on the characteristics of the social actors as well as the situation surrounding the exchange. It is to these that we now turn.

### Characteristics of the Social Actors

The starting point for any exchange is the needs of the individual actors, the values of things that can be exchanged, and the give-and-take reflected in the social influence comprising the negotiations. The exact course of any exchange, including its final outcome, will depend, in part, on the unique interface of the characteristics of the actors.

Two kinds of characteristics seem salient. The first is termed source/receiver characteristics and has been studied extensively by communication researchers (cf., McGuire, 1969, 1972). Source characteristics include such variables as attraction, expertise, credibility, prestige, trustworthiness, or status. Receiver characteristics comprise such variables as self-confidence, background attributes, cognitive styles, and certain personality traits. In general, source and receiver characteristics influence exchanges through their ability to authenticate or deauthenticate the subjective expected utility associated with communicated threats, promises, warnings, or mendations (e.g., Tedeschi, et al., 1973: 65–83). For example, one study indicates that the greater the perceived similarity of a salesperson (a source characteristic akin to attraction), the greater the probability of purchase (Brock, 1965). The premise is that mendations from a similar salesperson were believed more, while those from the dissimilar salesperson were discounted. In

a similar manner, other source/receiver characteristics interact with the modes of social influence to affect evaluative behavior and compliance.

A second kind of social actor characteristic influencing exchanges is the interpersonal orientation of the actors. Interpersonal orientations refer to the degree of motivational predispositions or behavioral tendencies the actors bring to an exchange. Research in bargaining and negotiation suggests that the conduct and outcomes of the exchange depend on the degree to which the parties (1) have a positive interest in the welfare of the other as well as one's own, (2) are oriented toward equitable or joint gain as opposed to doing better than the other or maximizing individual gain, regardless of what or how the other does, and/or (3) are sensitive to interpersonal aspects of relationships with the other (e.g., Rubin and Brown, 1975). Some individuals come to an exchange with cooperative, competitive, malevolent, rigid, responsive, etc., orientations, and these dispositions constrain the course of give-and-take by dictating the conditions for trade. One way in which interpersonal orientations are manifest is through the decision rules followed independently or jointly by the actors. Decision rules include, among others, maximize one's own gain; maximize the gain of the other; maximize the joint gain; from each according to one's ability, to each according to one's need; and balance outcomes over inputs (equity). A second way interpersonal orientations function is through affective processes such as is reflected in empathy, altruism, and charity motivated decisions.

**Third Party Effects**

Exchanges are also influenced by the constraints or opportunities afforded by third parties, i.e., social actors outside an exchange but with an actual or potential interest in activities or outcomes of the exchange. Following Thibaut and Kelley (1959), two standards held by the actors in an exchange seem salient. First, the parties to an exchange evaluate potential offers in light of their comparison level (*CL*) which represents the degree of satisfaction required or desired by the parties. The *CL* will be a function of the needs of the actors; their history of reinforcement, satiation, or deprivation; and their expectations tempered by the rewards that relevant others receive. Although the *CL* indicates the amount of benefits the parties would like to obtain in an exchange relationship, the acceptable amount may be less than this, particularly if the rewards available from other sources of satisfaction are lower yet. Thus, each party to an exchange also has a comparison level for alternatives ($CL_{alt}$) which represents the amount of rewards potentially accessible from a third party. The hypothesis is that, if the level of outcomes actually received by an exchange partner is below one's $CL_{alt}$, then he or she will leave the relationship for the more satisfying alternative.

Third parties also serve as influences on exchanges in two other respects. First, through social comparison processes with third parties, the actors in an exchange arrive at standards of equity with which they evaluate their actual and anticipated outcomes. Second, third parties use social influence (e.g., persuasion, coercion) to affect the outcome of exchanges. Over the years, for example, the executive branch of the federal government has used moral persuasion to induce manufacturers to limit their price increases. Similarly, environmentalists use influence tactics to alter the exchange relationship between polluters and consumers.

**Situational Contingencies**

Situational contingencies represent another class of determinants facilitating or constraining exchanges. Four categories may be identified: the physical environment, the psychological climate, the social milieu, and the legal setting. The physical environment places limitations on the actions the parties to an exchange can make. Time pressures; the structure and content of issues, alternatives, and actions; and the quantity and quality of lighting, air, and noise are all instances to physical environment constraints affecting exchanges. Closely related to this factor is the psychological environment which encompases the level of emotional (e.g., anxiety provoking) and cognitive (e.g., informational) stimuli surrounding an exchange and potentially disrupting it. The social milieu also influences exchanges and includes social class, peer group, and reference group pressures. This aspect of situational contingencies differs from third party influences in that the former deals with generalized expectancies that the parties feel and do not necessarily attribute to specific social actors, while the latter refers to relatively specific, felt pressures identified with particular social actors. Further, the

social milieu typically entails internalized compulsions in the form of norms, morals, or ethics, while third party influences are more external and tied to the actions of others. Nevertheless, the force of the social milieu is backed often by incentives or sanctions, should one stray from social expectations. Finally, the legal setting constitutes a particularly potent type of influence on exchange. Laws govern, in part, how, when, where, what, and why parties exchange.

## TOWARD A FORMAL THEORY

### Overview of an Earlier Theory

In another article (Bagozzi, 1978), the author derived a theory which hypothesizes that marketing exchanges are a social process functioning under economic and psychological constraints. The unit of analysis was the dyadic relationship between two actors, and the dyad was also assumed to interact with other buyers and sellers. To explain exchanges, a utility function for the dyad was hypothesized, and a budget constraint and production functions were specified. In this sense, the theory is similar in form to that proposed by economists in "the new theory of consumer behavior," although the unit of analysis in this latter tradition is the individual decision maker rather than the exchange relationship itself (cf., Becker, 1965; Lancaster, 1971; Rosen, 1974). The nature of that part of the theory based on the new theory of consumer behavior may be summarized in words as follows:

> In order to achieve desired levels of satisfaction from the consumption of goods and services, the [actors in an exchange relationship] are assumed to interact with each other and the providers of goods and services. Through decision-making processes and interpersonal influence within the dyad and similar exchanges between the dyad and outsiders, it is hypothesized that the [actors] combine time and market goods and services to produce [a] theoretical construct termed "subjective satisfaction" which represents the joint, negotiated outcome of decision-making and exchange for the [dyad]. The entire exchange process occurs subject to the constraints on the dyad's resources of time and wealth. (Bagozzi, 1978, 545–546)

Two important departures from the new theory of consumer behavior should be noted. First, unlike economists who have not conceptualized the arguments to the utility function very well and who have failed to operationalize these, the theory proposed by Bagozzi (1978) explicitly models the arguments as theoretical constructs consisting of affective, cognitive, and moral mental events shared by the actors. Further, correspondence rules and measurements are suggested and integrated with the theory in an overall model. Second, the theory developed by Bagozzi formally introduces psychic and social costs in the budget constraint equation, rather than allowing these to remain as strictly mathematically, assumed "shadow prices," as done in the economic theory. Operationalizations and correspondence rules are also proposed within the context of the overall model.

The modified theory was then extended to encompass social psychological processes such as those listed in Figure 1. This was accomplished through the use of a structural equation model. In this model, subjective satisfaction from goods, psychic and social costs, and the perceived resources of the dyad (e.g., permanent income) are endogenous variables, while social influence, situational contingencies, characteristics of the actors, and third party effects are exogenous determinants.

### Extension of the Theory

In their interactions with each other and with other social actors, the parties to an exchange are presumed to maximize

$$U_d = U(Z_a, Z_c, Z_{mb}) \tag{1}$$

where $U_d$ is the utility for the dyad, and the $Z_i$'s represent the joint, subjective "satisfactions" produced by the actors through their interdependencies and actions. The subjective satisfactions are hypothesized to occur as three basic, shared mental events[1]: affect ($Z_a$), cognitions ($Z_c$), and moral beliefs ($Z_{mb}$). Using an argument somewhat similar to that made in the new theory of consumer behavior (e.g., Becker, 1965), each dyad is posited to possess a set of production functions that determine in what way and in what amount the $Z_i$'s are "produced" by certain inputs such as market goods and services ($x_j$), time ($t_k$), psychological characteristics of the actors ($pc_l$), and social-forces ($s_m$):

$$Z_i = Z(x_j, t_k, pc_l, s_m, \ldots) \quad (2)$$

Notice that the $Z_i$'s and the variables on the right-hand side of equation (2) constitute theoretical concepts which may be operationalized. The exact forms for the production functions are thus amenable to theoretical development and testing. Although this is a necessary prerequisite for the attainment of an explanatory theory, the conditions are not met by current conceptualizations in the new theory of consumer behavior.

To complete the development of the theory, the utility of the dyad, $U_d$, must be maximized subject to both the production functions and psychological and social constraints on the dyad.[2] Rather than assuming that social influence, situational contingencies, psychological characteristics, and third party efforts are exogenous as done in Bagozzi (1978), however, these variables may be treated as endogenous processes by introducing them into the production functions.

As a simple example, consider the case where a single satisfaction ($Z_a$) is produced with a single good ($x$) and a single social-force construct ($s$). Thus, maximizing $U_d$ is equivalent to maximizing the output of $Z_a$:

$$U_d^* = Z_a(x, s) \quad (3)$$

Following a logic paralleling Becker (1974), it is possible to represent the social-force influencing the exchange as the following additive function:

$$s = d + e \quad (4)$$

where $d$ represents the social-force due to the interaction within the dyad (e.g., through the modes of social influence), and $e$ stands for the amount of social-force from other factors and not as a function of the dyad (e.g., situational contingencies, third party effects).

The income constraint for this situation can then be written as

$$p_x x + p_s d = I \quad (5)$$

where $p_x$ is the price of a unit of $x$; $p_s$ is the expenditure on social influence between the parties to an exchange; and $I$ is money income. Combining equations (4) and (5) yields:

$$p_x x + p_s s = I + p_s e = S \quad (6)$$

where $S$ represents "social" income.

Thus maximizing equation (3) subject to equation (6), produces the following marginal utilities for an equilibrium:

$$\left.\begin{matrix}\partial U_d^* \\ \partial x\end{matrix}\right\} \begin{matrix}\partial U_d^* \\ \partial s\end{matrix} = \begin{matrix}p_x \\ p_s\end{matrix} \quad (7)$$

That is, the parties in the dyad, as a producing and consuming unit, equate the ratio of the marginal utilities for $x$ and $s$ to their respective marginal costs. Similarly, following Becker (1974: 1070), it is possible to show that

$$w_x \eta_x + (1 - w_x)\eta_s = 1 - \alpha \quad (8)$$

where $w_x = \frac{p_x x}{S}$, i.e., the total expenditure on $x$ expressed as a fraction of $S$; $\eta_x$ is the own-income elasticity of $x$; $\eta_s$ is the own-income elasticity of $s$: and $\alpha = \frac{p_s e}{S}$, i.e. the share of $e$ in $S$. Thus, an increase in income—holding prices constant—would increase the demand for $x$ and $s$. However, given equation (8), a one percent change in income will produce a change of less than one percent in $x$ and $s$. The exact change will be equal to $1 - \alpha$; i.e., the change due to an increase in income will be reduced by the percentage share of social-forces from outside the dyad (e.g., due to situational contingencies and third party effects). As a result, the relative impact of a change in income on utility will be mitigated the more potent are external social-forces.

## Suggestions for Future Research

The theory outlined above provides a framework for modeling social exchange, including the impact of individual differences and social and environmental factors. A number of issues deserve further consideration, however. First, the topic of decision rules demands study. Rather than relying solely on a joint maximization rule, it would be useful to examine such alternatives as reciprocity, altruism, distributive justice, status consistency, or competitive advantage (cf. Meeker, 1971). Second, the nature of temporal constraints deserves scrutiny. Although the new theory of consumer behavior is innovative in this regard, it does not go far enough. By relying on a fixed, physical conceptualization of time, it fails to recognize the subjectivity and malleability of temporal concerns. Third, the theory is too shortsighted in that it models decision making in

a static sense. Because situations change and people's tastes and demands ebb and flow, a dynamic theory would have more face validity. Finally, to make the theory testable, operationalizations and correspondence rules need to be specified. Some recommendations in this regard have been proposed by Bagozzi (1978).

## CONCLUSIONS

Marketing thought is at a crossroads. For most of its history, marketing has existed as a technology for solving problems of the manager. The small amount of conceptual work found in the literature has either addressed narrow methodological concerns or else regarded the discipline in an applied sense as an appendage of business, management, or economics. Very little effort has been expended toward the goal of examining the philosophical and theoretical bases of the discipline. Yet such a step is necessary if a theory of marketing is to grow and flourish. Presently, an undercurrent of interest and enthusiasm exists for the subject matter of marketing. Rather than focusing exclusively on the boundaries of the discipline, however, it is perhaps time to redirect our intellectual energies toward the development of a general theory of marketing. The ideas proposed in this article are designed to provoke debate with the ultimate goal of stimulating a dialogue among theoretically concerned marketers.

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## NOTES

[1]Three generic kinds of subjective satisfactions are chosen here because these are the ones suggested by social psychologists as fundamental to most, if not all, human behavior. For a discussion of the meaning of affect, cognitions, and moral beliefs from a philosophical and social psychological perspective, see Bagozzi (1980). It should be recognized that other satisfactions might exist, and thus, the number of arguments in equation (1) should be left as an open question.

[2]Traditional budget and time constraints are assumed to influence the psychological and social constraints which are regarded as more fundamental.

## DISCUSSION QUESTIONS

1. What does exchange mean to an anthropologist? A sociologist? A psychologist? An economist? And finally, a marketer?
2. Describe the three ways that exchange can be conceptualized as a phenomenon to be explained (i.e., as a dependent variable)? Contrast the idea of exchange as an action or outcome of one party with exchange as a relationship between parties.
3. Given the above notion of exchange as a dependent variable, what are the four classes of determinants that affect exchanges? Define each and list their subdimensions.
4. Take one real-world exchange in the marketplace and elaborate on its particular nature and the specific forces influencing it. Try to identify instances from each of the categories listed in Figure 1.