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# The Invisible Hand and Utility Remain Relevant Influencing Marketing Theory Consumer Behavior

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## ABSTRACT

*The invisible hand continues to influence marketing theory consumer buyer behavior. Utility will continue to be an important element in marketing theory and particularly consumer buyer behavior. Interestingly, consumer behavior is no longer constrained by traditional human behavior. Free markets, unparalleled technological computing power, low costs of capital and access to interpret infinite data sets will continue to fuel consumer buyer behaviors. Global leader's awareness of market evolution will continue to loosen the choke hold via taxation, subsidy, and oppression expanding reach of all goods and services within the global economy.*

## Premise and Application of Marketing Theory

Exploration and modern school analysis of the marketing theory consumer buying will be the focused topic selection. Consumer behavior expands beyond human behavior, and encompass family planning, occupational choices, as well as other traditional cognitive psychology (Maclaran, Saren, Stern, and Tadjewski, 2010). The foundation of the theory remains steadfast in utility as defined by a consumer. However, often the consumer and purchaser are completely separate entities which causes a separation of required analysis to identify the underlying, and at times, contrasting motivators of behavior. Many economic forefathers have contributed to the utility maximization body of knowledge. It is critically important to highlight utility is one of the oldest forms of rationale for bartering and trade. Simply stated by Professor F.A. Hayek in the late 1800's defined the social goal or common purpose as a common good or general welfare often predicated by a utilitarian need (Friedman, 1994). Free trade is an integral part of utilitarianism and does require moral balance as defined by rule-utilitarianism. This free market ideology transcends all boundaries and has had successful implications as a result of increased globalization and market economy evolution. The invisible hand, supply and demand, and competitive markets all contribute to the natural balance of self-influenced markets. Outside influence, such as governmental taxation, torts, or subsidization are usually disruptive and tend to have long run implications detrimental to a product or services true utility.

Grand Theory is the conceptual premise from which Howard and Sheth's 1969 model of how consumers behave within the context of a purchase decision process has evolved (Maclaran, Saren, Stern, and Tadjewski, 2010). Prior to the 1960's Pavlovian, Freudian, and Maslow behavior models were the baseline psychological approach to studying, rationalizing, and conceptualizing consumer behaviors. Through the 1960's and well through the 1970's cognitive psychology tools and techniques began to emerge. One of the original contributors to these cognitive concepts was Francesco Nicosia. This cognitive component isolates a personal mental imagery, understanding, and interpretation of a person, object, or issue (Clow, & Baack, 2014). Additionally, in 1974 the emergence of the Association for Consumer Research (ACR) published its first of many seminal works in the Journal of Consumer Research (JCR). This user group has since become the

foundation for interdisciplinary exchange of ideas and concepts related to subjects beyond consumer behavior or consumption and now more broadly into any human behavior (Maclaran, Saren, Stern, and Tadajewski, 2010). The expansion continues to evolve and has created a sub category focused solely in the buy side of the Consumer Theory equation. Simply stated as we migrate into 2000 and beyond the origin of simply defining Consumer Theory has progressed and expanded the continuum to become an all-encompassing human behavioral social science field of study far outside of consumer purchasing similarity research.

## **Interaction of Theory**

The Consumer Behavior Theory quickly and easily transcends to practical application through its ability to dissect both consumer and purchaser. These two entities, consumer and purchaser are completely separate entities which cause a separation of required analysis to identify the underlying, and at times, contrasting motivators of behavior. Interestingly, protectionism is often explored to protect emerging or developing markets to ensure low labor costs are not exploited by both producers as well as consumers and purchasers. In global marketing theory scenarios with these characteristics, labor standards are often established as trade barriers and enforcement mechanisms to regulate the potential of exploitation from both comparative and absolute advantage (Capella University, 2011). As a result care must be observed to explore all input stimuli of Marketing Theory to avoid environmental, social, economic, and intellectual ethical exploitation via premeditated consumer behavior. To that end, scientific realism of marketing theory makes sense of science and is supported by the pursuit of truth as a fundamental objective for over four hundred years (Hunt, 1990).

Scarcity is an enabling anomaly fueling natural selection via competition and only those individuals that are best adapted to their environment survive (Maclaran, Saren, Stern, and Tadajewski, 2010). Population ecology and Darwinism Theory are actually relevant and contributive in Marketing Theory. It is evident in the shifts occurring as companies reduce their fixed assets, which are often its people, and migrating these scarce resources in product discovery and development. Market analysts and economists have begun to predict dominance by highly effective marketing research organizations by the year 2020. Perhaps the analysts will be accurate and Darwin's view on survival of the fittest will be prevalent in humanity, society, and business. For now it is an interesting time in the industry and a great opportunity to participate in the migration from a machine construct to a much more open system of interrelated and dependent subsystems. Survival is dependent upon the organism framework that best adapts to the market environment it serves.

## **Supporting, Opposing, and Scholarship Based Viewpoints**

Theory creation and the validation of testing ones theory are the basis of scientific experimentation. Essentially, the ability to quantify variables provides the genesis necessary to develop scientific theory. It is important to discern that each variable must be specific, measureable, and repeatable. Galileo, Newton, Aristotle, and Einstein have all employed the basis of theory in defining and testing their hypotheses irrespective of the subject matter being explored. An example to demonstrate the importance is the criticality of the process, which can be examined

by contrasting Aristotle and Newton's works. Crotty (1998) paraphrases Thomas Kuhn's assessment of Aristotle and Newton as not standing on different points of the continuum, rather they are not even in the same realm of comparability in physics. The complete disparity of the research and scientific baselines are not the relevant subject. The interesting similarity is detailed in the construct and scientific process of which each theory is supported. Throughout research, paradigms are utilized to develop consistent and often incremental rules for data to be interpreted. As detailed in multiple papers causal model used for testing theoretical relationships continues to increase within consumer research and does have empirical flaw imperfections (Mittal, 1993). It is further noted, these paradigms and changing variables are widely acceptable assumptions. The only requirement is each assumption must be documented so it can be considered as a critical component of the quantitative data set being presented within the author's theory or scholarly research. Scholarly practitioners, researchers, and scientists practice evidence based management to support their quantification of their respective scientific variables. As described by Suttons Law (2006) "If you think that you have a new idea, you are wrong. Someone probably already had it. This idea isn't original either: I stole it from someone else." Essentially what Sutton is describing relates to the fact that most data has already been observed. The importance of the data is not necessarily that actual findings within the data, rather how the data was collected, and analyzed can be as important. To that end, academia and scientific researchers often place too much value on one piece of work or research, rather they tend to use a broader macro view to understand and interpret evidence based information.

The emergence of marketing systems within the field of study has contributed to a more robust continuity of economic implication explanation. Specifically, Adam Smith best describes the process by which wealth is generated. A division of labor theory created by Adam Smith is a fantastic example how specialization has evolved over the past two centuries. Assembly line creation, time motion studies, and lean manufacturing techniques are all examples of the evolution of specialization of a workforce. It is not a far stretch to correlate adaptive learning to specialization and consumer behavior. This argument can be supported whereby adaptive learning is defined as an organization that is continuously learning and growing to understand its environment (Chermack, 2011) to gain a competitive advantage. It is not at all uncommon in today's business environment for this behavior to be the norm. Data is abundant within industry, those whom are able to interpret large data sets into useable and meaningful information often thrive at a higher rate than the markets they serve, thus continuing to fuel consumer behavior through the exploitation of specialization within a certain market or product segment.

To that end, many continue to oppose Consumer Behavior Theory. Over the past thirty years many have argued that the theory has developed excessive fragmentation and departed from its roots in Grand Theory to more closely resemble Middle Range Theory (Kassarjian, 1982). By simplification and focus on a collection of observable data perhaps Consumer Behavior Theory can evolve into a more quantifiable, empirical model. Consumer sovereignty and buyer supremacy within the marketplace will continue as the baseline over the long run (Hirschey, 2003). Others have made arguments related to predisposition of subjects greatly influence casual behavior of consumers and buyers as written by Fishbein and Ajzen in 1975 contributed to consumer behavioral models still explored today (Maclaran, Saren, Stern, and Tadjewski, 2010). A "crucial test" has also been applied to Howard and Sheth's 1969 model of how consumers behave within the context of a purchase decision process. Hunt and Pappas point out, per Howard and Seth's model, attitude truly influences purchases only through intention. Consequently a partial

correlation coefficient between attitude and purchase should equal zero, if they do not the model is imperfect (Hunt, & Pappas, 1972). This argument is furthered via Loudon's view to simplify, whereas explicit measurement of unobservable behavior variables are difficult to accurately measure (Loudon, 1993). Defining and correlating the variables are clearly not a strength of Howard and Seth's model, thus leaving it susceptible to critical scientific method and standardized measurement criticism. The reality of this critical assessment is truly the Achilles heel of the Consumer Behavior Theory as defended by Howard and Seth as well as Engel, Kollat and Blackwell, and the Nicosia model. All of which have the same critical flaw and challenge defending the quantification of measured variables.

Creating a structure to utilize and mine the disparate data remains a challenge, coding barriers play a large role in the outcome of theory creation. Interestingly, this realization also led to the observation of potential researcher bias particularly within a cognitive construct of Consumer Behavior Theory. This same concern and research struggle has also been observed while reviewing other theme coding's of data sets. Maintaining objective observation throughout the review, coding, and thematic structuring of the data should lead to a more stringent data construct. Continuity across all of the data will definitely lead to increased validation, thus more appropriate and defensible findings. The single largest breakthrough as a result of an initial field validation included the realization that following a single, highly repeatable, and validated implement is critically important. For example, Tesch's Eight Steps in the Coding Process would further provide continuity of a word representing a category gathered and labeled while initially bracketing the chunks of data observation (Creswell, 2013). Clearly this would lead to both qualitative validity and reliability. Re reading and referencing the work of Frederick Bloom helped to reinforce the importance of thematically detailed description, coding, and data immersion aiding in the relevance research can contribute to society (Bernard, & Ryan, 2010).

## Conclusion

The ongoing debate continues that marketing theory is an evolutionary metamorphic discipline which continues to evolve and prosper with time. It continues to adapt and seek knowledge from many disciplines, data sets, and scientific knowledge. Organizing data and developing consistent, repeatable, and measurable tools to increase reliability and validation of data will continue to reinforce the accuracy of Marketing Theory and its continuous expansion of accepted scholarly models. Technology, practitioner groups like ACR, and the scholarly repositories of JCR will continue to both enhance and influence the exploration and application of Consumer Behavior Theory. Whether it be historical developments, philosophical foundation, or evolutionary and futuristic constructs Marketing Theory and Consumer Behavior Theory will continue to evolve. The underling core requirement will be in theorists, academics, and practitioners ability to accurately validate and demonstrate their respective construct of data to accurately make a scholarly argument and hypothesis.

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## About the Author

A devoted husband and father, Michael T. Kleppinger started his professional career as a member of the United States Air Force specializing in signal intelligence. Air Force assignments included intelligence operations in Europe as well as the National Security Agency at Fort Meade throughout the end of the cold war and removal of the Berlin Wall. Mike earned a Bachelor of Science in Business Administration degree from North Carolina Wesleyan College, a Masters of Business Administration degree from Campbell University, and is currently authoring his dissertation for completion of a PhD in Marketing from Capella University. His career has included executive management responsibilities in multiple disciplines to include; Marketing, Business Development, Strategic Account Development, Sales, Product and Project Management, as well as Operational Delivery. His prior responsibilities included the development, delivery, and servicing of Material Handling Equipment at Bell & Howell as well as Integrated Justice and Homeland Security software development at VisionAIR. He also led strategic investment thesis authorship of multiple private equity mergers and acquisitions via global market development assignments while at The GSI Group, Inclinix, and Quintiles. This experience crossed several major industries to include; global agriculture infrastructure manufacturing, clinical research, and the life sciences vertical markets. His vast executive leadership experiences in global commerce, market development, distribution channel enhancement, and strategic planning have generated significant returns to the private equity & stakeholders. Mike been privileged to lead global teams of sales and marketing professionals to multiple billion dollars revenue target annual attainment. He is currently serving as the Senior Vice President of Business Development at INC Research, a publically traded Contract Research Organization serving the pharmaceutical and drug development sector.

