



# Value Propositions: Theory and cases

## Episode 2 The history of Marketing Thought: The background of value propositions

*You are learning with the  
Spring Saga of the year  
From January 22nd to May 6th, 2024 .  
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# Value Propositions: Theory and Cases.

## Outline

1. **Introduction** 
2. **The history of Marketing: The background of value propositions**  **Today**
3. **What is a value proposition?**
4. **Problem solving in the context of value propositions.**
5. **Customer profile. Gains. Pains**
6. **Value map. Gain Creators. Pain relievers**
7. **Product-Market Fit**
8. **Let's practice. Example 1. A Global Consumer Packaged Good (CPG)**
9. **Let's practice. Example 2. A Fast-moving Consumer Good (FMCG)**
10. **Let's practice: Example 3. A Technological Computer Peripheral Equipment Manufacturing**
11. **Let's practice: Example 4. A Luxury Precious Stone Mining**
12. **Let's practice: Example 5. A Global Transportation Services Enterprise**
13. **Let's practice: Example 6. A Financial Sector initiative**
14. **Let's practice: Example 7. An agriculture-food security product**
15. **Strategic Reflections about Value Propositions.**
16. **Summary and conclusions.**

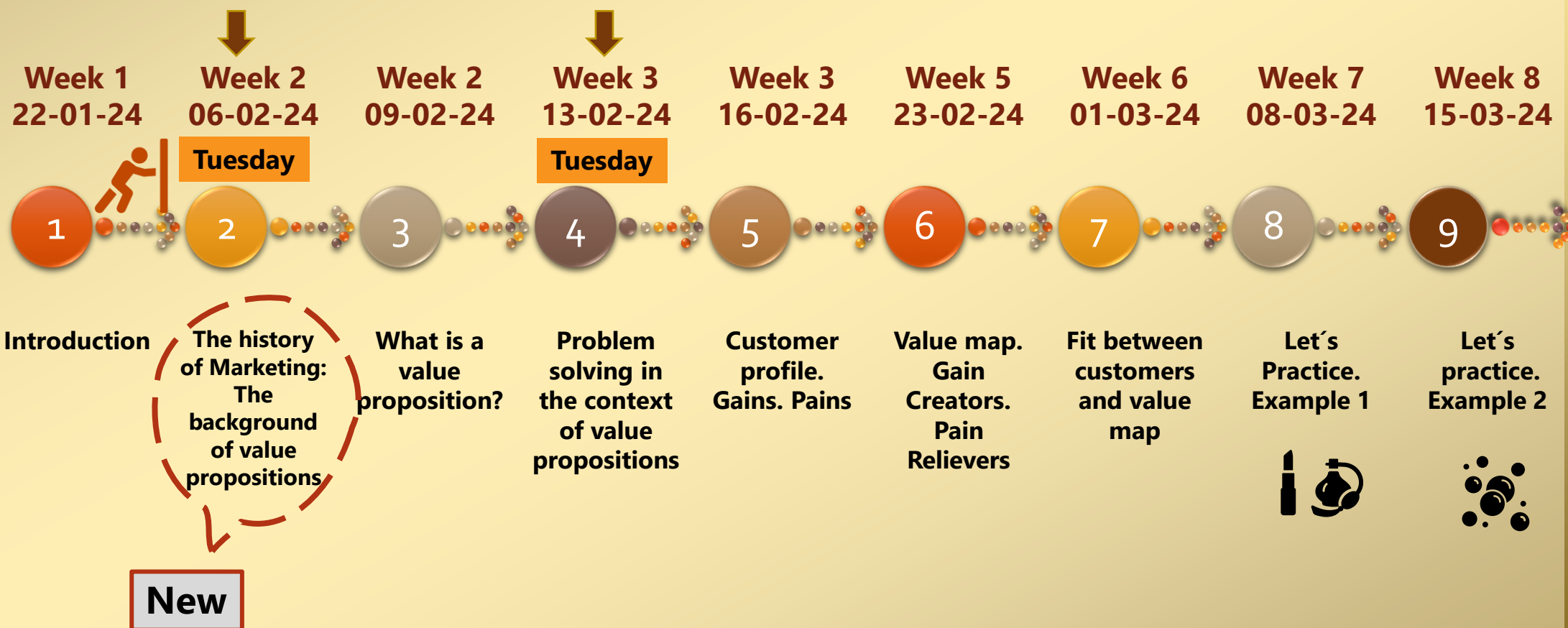
*This outline is subject to change if the author considers it appropriate.*



# Value Propositions: Theory and Cases.

**Tentative Schedule Program (subject to change)**

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*This outline is subject to change if the author considers it appropriate.*



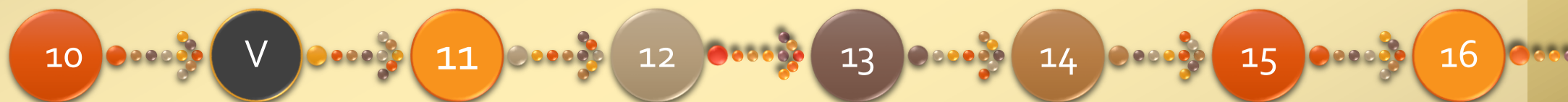


# Value Propositions: Theory and Cases.

## Tentative Schedule Program (subject to change)

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Week 9 22-03-24	Easter Week 29-03-24	Week 10 05-04-24	Week 11 12-04-24	Week 12 19-04-24	Week 13 26-04-24	Week 14 02-04-24	Week 15 06-05-24
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Let's  
Practice.  
Example 3



Easter  
Vacations  
No publication  
this Friday

Let's  
Practice.  
Example 4



Let's  
Practice.  
Example 5



Let's  
Practice.  
Example 6



Let's  
Practice.  
Example 7



Strategic  
Reflections  
about Value  
Propositions

Summary and  
Conclusions

The Summer saga of the year will kick-off as of May 24th, 2024.

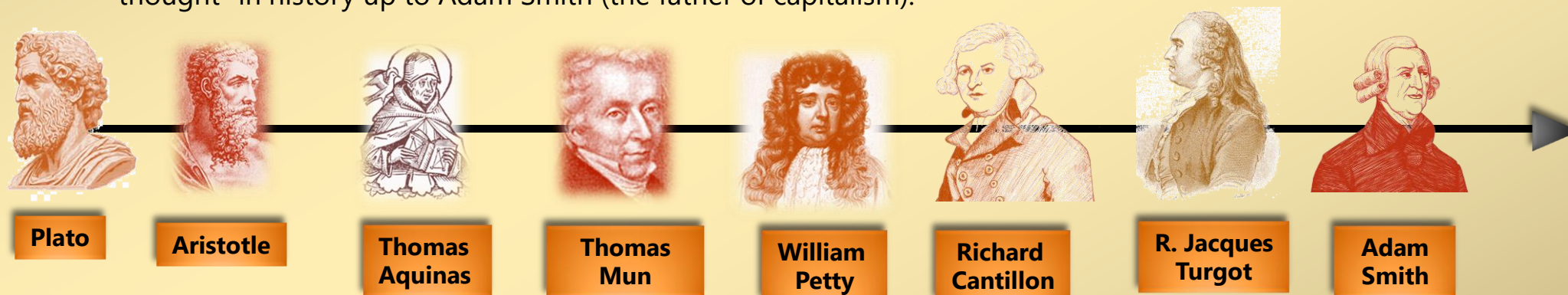


# Value Propositions: Theory and Cases.

*We can't begin to dig into the definition of Value Proposition, if we don't start studying the history of the term value proposition.*

*Regardless that the term wasn't coined until half of the 20th century, the history of marketing give us some insights.*

- The history behind Value Proposition term is the history of the philosophy of marketing. And as much as business, marketing has always been inherent to the mindset of our past civilizations. Let's observe who left us signs of "marketing thought" in history up to Adam Smith (the father of capitalism).







# Value Propositions: Theory and Cases.

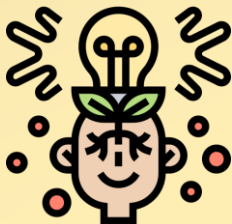
*To study the history of the term value proposition, it is imperative to dig into the history of marketing thought.*

*Let's see the difference between both:*



## The History of Marketing

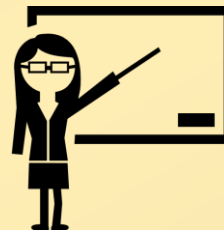
- The history of marketing focuses on describing the development of marketing practices and the application of its different tools and frameworks.



## The History of Marketing Thought

- The history of marketing thought is defined as the history of ideas, concepts, designations, terms, theories, associated to the discipline.
- It also includes institutions, associations, philosophies and schools of thoughts

*Let's see where can we find the history of marketing and marketing thought.*



**Professors of marketing in business schools**



**Professors of management history in history departments**

***But still there is not a specific sub-discipline for professors of the philosophy of business history or marketing history that can focus full time on this...***

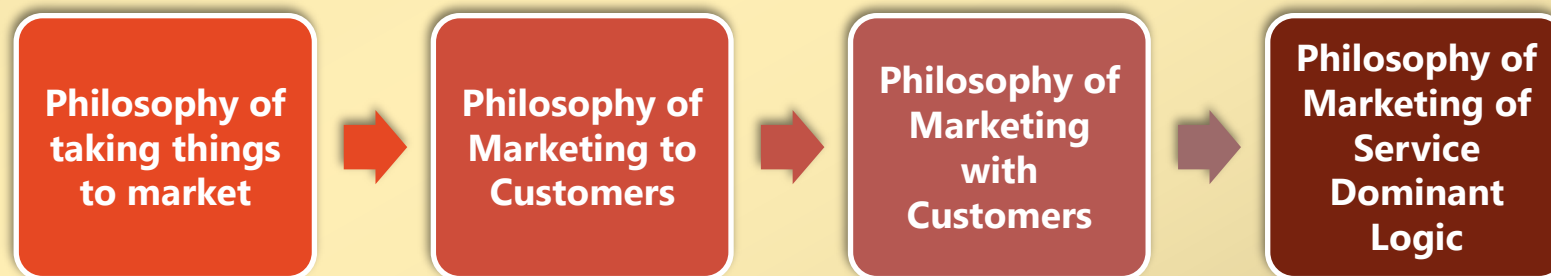


# Value Propositions: Theory and Cases.

## *The history of Marketing Thought according to Robert Lusch*

**Professor Lusch was a professor of marketing, that had the interest to do research about the history of marketing thought.**

- Professor Lusch offered his views about the evolution of the concept of marketing, despite that scholars and practitioners have never landed into a proper accepted definition. He described the evolution of marketing thought in three stages since 1900 to 2007. He also analyzed the role of AMA (The American Marketing Society) on this evolution, an institution that began in 1937.
- Professor Lusch wrote several academic articles and a Handbook during his last decade of life that guide us to extrapolate a 4<sup>th</sup> stage. Professor Stephen Vargo co-wrote several of these papers. We have named this last stage as the Philosophy of Service Dominant (SD Logic)



**Robert F. Lusch  
(1949-2017)**

He was the Head of Mktg Dept. at Eller College, Arizona University. Executive director of the McGuire Center for Entrepreneurship at Eller. Dean of two business colleges, at the University of Oklahoma and Texas Christian University. He earned his PhD from the University of Wisconsin-Madison





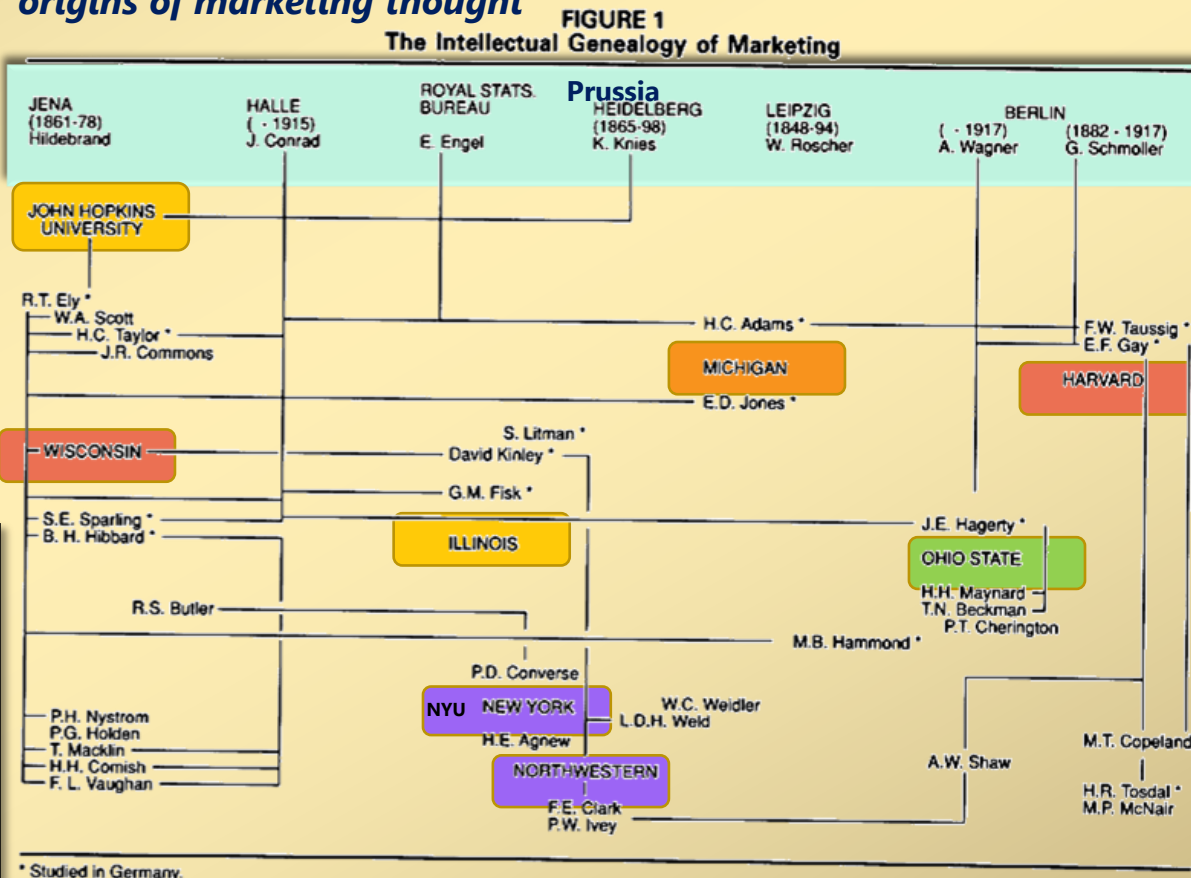
# Value Propositions: Theory and Cases.

## *The history of Marketing Thought according to Professors David Monieson and Brian Jones.*

- There are two centers of crucial relevance: The University of Wisconsin and Harvard Business School.
- However, the German Historical School of Economics seems to have been the foundation of the philosophy of MARKETING AS A DISCIPLINE AT THAT TIME.
- Between 1820 to 1920 (the Victorian era), approximately 10,000 American University students went to the German Empire to study. The influence of the Historical School of economics: historical, statistical, pragmatism, and idealistic (it combined exploratory descriptive and objectivism of facts) with a deep



**Jones and Monieson studied what could have been the elements of the earliest marketing scholar literature to examine the philosophic origins of marketing thought**



**David D. Monieson**  
(1927-2008)  
Professor Emeritus  
of Marketing at the  
Queen's School of  
Business, in Kingston,  
Ontario.



**DG Brian Jones**  
Editor of the Journal of  
Historical Research in  
Marketing. Emeritus  
Professor of Marketing  
at Quinnipiac University,  
Connecticut.  
PhD Queen's University,  
Kingston, Ontario



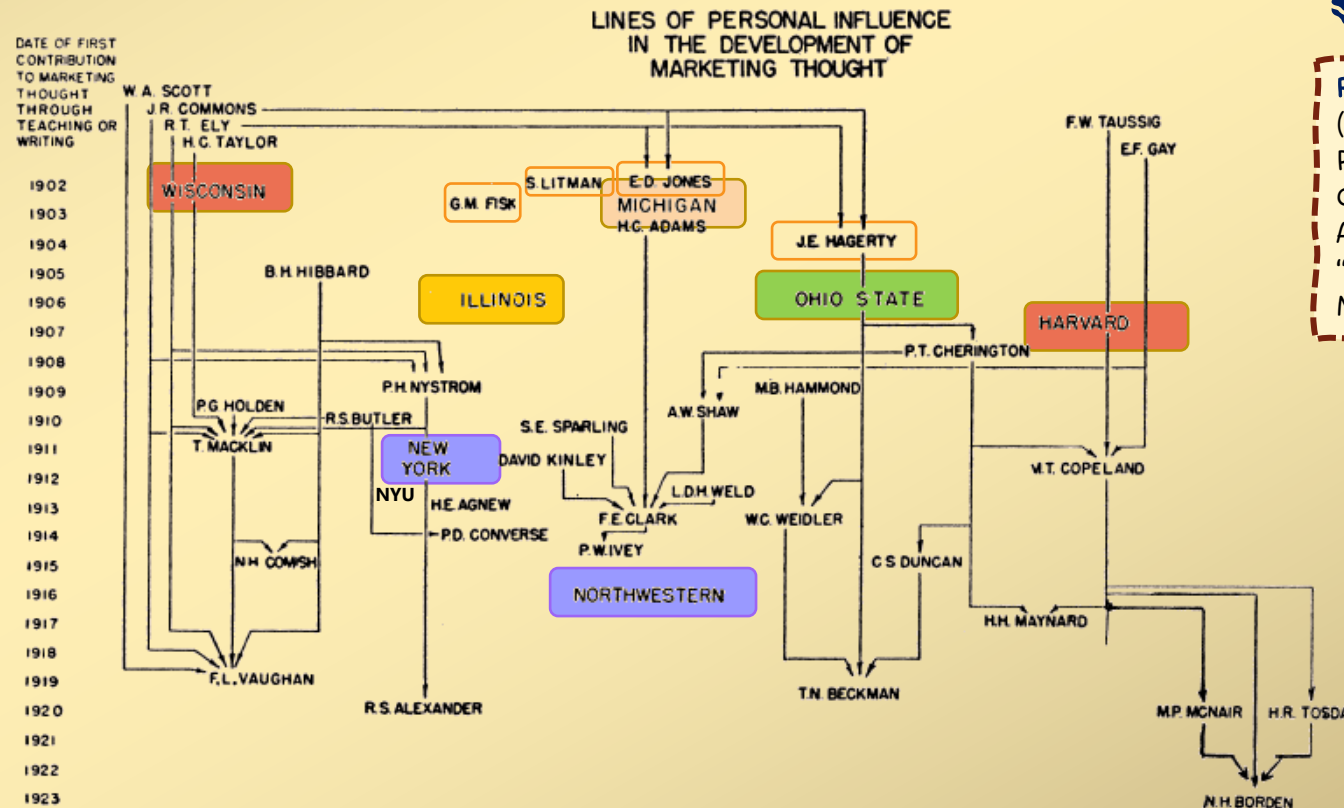


# Value Propositions: Theory and Cases.

**Robert Bartels wrote about the influence of the development of marketing thought between 1900 to 1923.**

**Robert Bartels was the first marketing historian that dedicated more than 40 years to the study of marketing thought.**

- According to Bartels, in the USA, four men crystalized their knowledge of marketing, and became the initial group of scholars or marketing that began to see the research approach to the solution of marketing problems.
- Their mindsets were trained scientifically, and they developed a substantial body of marketing thought not just for business, but also for educational purposes.
- These contributors were: Edward D. Jones, Simon Litman, George M. Fisk and James Hagerty. Between 1902 to 1905, they offered marketing courses in Michigan, California, Illinois and Ohio.



**Robert Bartels**  
(1913-1989)  
Professor emeritus the  
Ohio State University..  
Author of the book  
"The History of  
Marketing Thought".



# Value Propositions: Theory and Cases.

***Although the first marketing formal courses were offered at the Universities of Michigan, Ohio State, Illinois and Wisconsin... during the first half of the 20<sup>th</sup> century, two centers of influence upon marketing thought ascended: The Wisconsin Group and the Harvard Group.***

***Robert Bartels explained that around 1915, the beginning of publications in marketing took place in the US, regardless that the first marketing training was initiated in Germany a few decades before.***



## Wisconsin

**First Director: Richard T. Ely (1854-1943)  
The Institutional Approach in Marketing.**

- The School of Economics of Wisconsin appointed Richard T. Ely as its first director in 1892. With a PhD from Heidelberg, he essentially stood for the Wisconsin Idea as part of the progressive pedagogical movement, employing the seminar method of teaching, that he learned in Germany.
- Ely stated that book knowledge and practical experience must be combined for business education.
- The pioneers of marketing of this group were: Jones, Hagerty, Hibbard, Macklin, Nystrom, Butler, Converse, Comish and Vaughan.
- These scholars were responsible of taking the initial steps in the establishment of marketing science.
- They shaped the conception of the field of marketing, and the first ones to title a course or book on the subject.
- They mixed practice on direct experience and teaching.
- They are credited with offering the first course in cooperative marketing of agricultural products, the promotion of research in institutional and agricultural marketing and the developing of study courses for the university's extension programs.
- The strength of the Wisconsin original team of marketing specialists was economics, with a pursuit of practitioner's research and writings.
- Wisconsin developed an institutional approach in marketing: including inductive, statistical methodology with a historical perspective and concern for the application of knowledge and skills to social ends.



## Harvard

**First Dean: Edwin Francis Gay (1867-1946)  
The Case Method. The Scientific Marketing Management**

- Edward F. Gay studied in Leipzig, Berlin and Zurich. He guided Harvard Graduate School of Business Administration in three areas: The Case method of teaching, the Bureau of Business Research and the basic functions of the marketing merchant (the functions of the middlemen).
- The Harvard Group was also unique under Gay's influence. The Harvard group's contributors were Cherington, Shaw, Copeland, Tosdal, Weidler, Maynard, McNair, Borden and Vaile.
- These scholars were acquainted with business policy, economics, and performed marketing research with the flag of problem solving. For Gay's business training must include the study of history.
- The pursuit for academic research was guided by the quest of deciphering causes and consequences of problems in quantitative measuring in marketing.
- It is during this time that Harvard took the decision to teach by cases and the discussion of business problems at companies of relevant importance. The case method of teaching was developed by this group, and after 1920, their main contribution was the compilation of cases with marketing problems, at the general and specialized levels.
- The basic functions of marketing at that time included something called "laboratory method": utilization of observation, statistics, comparison and an historical perspective.





# Value Propositions: Theory and Cases.

***Bartels was the first one to classify the history of marketing thought by decades.***

***Robert Bartels proved that economics was at the genesis of marketing, and marketing inevitably underwent influences from the classical school of economics, the neoclassical school and others. Shaw and Jones also added the influences from the Germanic economic Schools.***

1 1900-1910	2 1910-1920	3 1920-1930	4 1930-1940	5 1940-1950	6 1950-1960	7 1960-1970	8 1970-
Period of Discovery	Period of Conceptualization	Period of Integration	Period of Development	Period of Reappraisal	Period of Re-Conceptualization	Period of Differentiation	Period of Socialization
Initial teachers of marketing sought facts about the distributive trades. Theory was borrowed from economics relating to distribution, world trade, and commodity markets. The conception of marketing occurred.	Many marketing concepts were initially developed. Concepts were classified, and terms were defined. Marketing thought was divided in three distinct major schools: 1. Consumer goods, focused on products 2. Institutional 3. Functional, focused on the activities of the marketing process.	Principles of marketing were postulated, and the general body of thought was integrated for the first time.	Specialized areas of marketing were developed. Research continued in which hypothetical assumptions were always verified and quantified. New directions appear to seek and explain what marketing is.	The concept and traditional explanation of marketing was re-appraised in terms of new needs for marketing knowledge. The scientific aspects of the subject were considered.	Traditional approaches were supplemented by increasing emphasis upon managerial decision making, the societal aspects of marketing, qualitative and quantitative marketing analysis. New concepts were taken, some borrowed from the field of management and from other social sciences.	Marketing thought expanded: new concepts took on substantial identity as significant components of the total structure of thought. Among them were management, holistic, environmental, systems and internationalization.	The perception that marketing's influence on society is the key pivotal. It was discovered that marketing power upon society could be massive and extrapolate to politics, social aspects. This became a focus of interest.

***By studying the history of marketing thought, Bartels found that the discipline of marketing had an inherent existential crisis. In his own words: "Whether marketing is a science, and what kinds of theories comprise it, depends upon how marketing is defined"(1976). This was the same conclusion of Bartels with his PhD dissertation (1941). And this is still outstanding today.***



# Value Propositions: Theory and Cases.

***Even the definition of marketing has changed since its origins. The American Marketing Association (AMA) has detailed it since its establishment in 1937. Other scholars of merit are listed because of their relevant impact in the marketing discipline.***

***The evolution of the marketing definition has an impact in the definition of value proposition. Let's check the different views over time.***

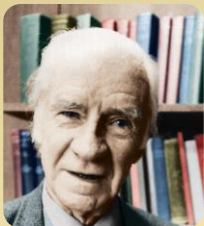
Year	Author	Definition
1921	Converse	Marketing, in a broad sense, covers the activities of entrepreneurs related to the creation of place and time utilities. Marketing afor the economist, is then part of production.
1931	Converse	Marketing is about getting goods and services from the hands of the producers into the hands of the final consumers.
1932	Maynard, Weilder and Beckman	Marketing includes all business activities involved in the flow of goods and services from producer to consumer, excluding only those activities that involve changing form
1935	AMA	Marketing is the performance of business activities that direct the flow of goods and services from producers to consumers
1957	Alderson	Marketing is the transaction that takes place between consumer groups, on the one hand, and supplier groups, on the other.
1960	McCarthy	Marketing is the performance of business activities that direct the flow of goods and services from the producer to the consumer or user to better satisfy consumers and achieve the company objectives
1967	Kotler	Marketing is the analysis, organization, planning and control of a company's resources, policies, and activities that affect customers, with a view to satisfying the needs and wants of selected customer groups, while making a profit.
1983	Kotler	Marketing is a human activity aimed at satisfying needs and desires through exchange processes
1985	AMA	Marketing is the process of planning and executing the design, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives
2004	AMA	Marketing is an organizational function and set of processes to create, communicate and deliver value to customers and manage customer relationships in ways that benefit the organization and its stakeholders.
2017	AMA	Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.





# Value Propositions: Theory and Cases.

*It wasn't until Kotler definition of Marketing (1967) that the customer needs and wants took the spotlight. Since then, this day, for more than 57 years, people believe that our management world has been privileging the philosophical premise of "the consumer is the king". That is a fallacy.*



**William H. Hutt**  
**(1899-1988)**

The phrase "The Customer is king" is traced to a proverbial expression in High Dutch and Northern Germany "De Klant is Koning". Academically the "customer sovereignty" phrases as "The customer is always right" was first written in marketing papers by economist William Harold Hutt in 1934.

**Producer  
Servant**



**Consumer  
Sovereign**

For Hutt consumer sovereignty is a mechanism developed through social evolution to discipline producers to the "WANTS" of consumers without threatening political legitimacy.  
The consumer directs  
The producer obeys.  
There is a coercion involved.

View Point key term/Approach	1920s	1930s	1940s	1950s	1960s	1970s	1980s
Economic Utility (vertical integration, commodities)							
Consumers (Client sovereign)							
Societal (from macro-marketing standpoint)							
Managerial (from the sellers' perspective)							

**Consumer  
Feudal  
Servant**

**Low Cost  
Producer  
Servant**

**Investors  
Sovereign**

Between 1980s to the 2000s, the Consumers (client sovereign) approach took the leading edge. But with the technological moguls, the Asian low-cost model and the utilization of marketing for manipulation of the masses, the feudal servants are the consumers, meanwhile the owners of the producers are the sovereigns.



# Value Propositions: Theory and Cases.

*According to Professor V. Kumar, the marketing thought, and its practice have been experiencing gradual changes... Marketing has diverged from its original economics cradle.*

TABLE 1  
Evolution of Marketing Thought and Practice

Timeline	Prominent Theme(s)	Predominant Metaphor	Triggers for the Themes*
1936–1945	Illuminating marketing principles and concepts	Marketing as applied economics	<ul style="list-style-type: none"> <li>• Understanding of marketing principles through case studies</li> <li>• Need to comprehend government legislation and trade regulations</li> <li>• Marketing research topics and implications for marketing practice</li> </ul>
1946–1955	Improving marketing functions and system productivity	Marketing as a managerial activity	<ul style="list-style-type: none"> <li>• Accountability of marketing functions and system productivity to marketing theory and science</li> <li>• Focus on the growth of marketing discipline</li> <li>• Identification of marketing functions and deciding on the definition of marketing</li> </ul>
1956–1965	Assessing market mix impact	Marketing as a quantitative science	<ul style="list-style-type: none"> <li>• Focus on marketing theory development</li> <li>• Transition into analytical studies</li> <li>• Interest in statistical quality control</li> </ul>
1966–1975	Uncovering buyer and organizational processes	Marketing as a behavioral science	<ul style="list-style-type: none"> <li>• Need for establishing clear agendas for the marketing discipline</li> <li>• Articles highlighting directions for further research</li> <li>• Spotlight on marketing practice through JMs' "Applied Marketing" section</li> </ul>
1976–1985	Crafting market/marketing strategy	Marketing as a decision science	<ul style="list-style-type: none"> <li>• Refocus to a "scholarly professional journal" through editorial policy changes</li> <li>• Emphasis on theory development and understanding market structure</li> <li>• Outlook toward the use of quantitative techniques in marketing</li> </ul>
1986–1995	Identifying market/marketing contingencies	Marketing as an integrative science	<ul style="list-style-type: none"> <li>• Use of sophisticated empirical techniques</li> <li>• Emergence of conceptual frameworks of marketing phenomena</li> <li>• Use of interdisciplinary knowledge</li> </ul>
1996–2004 <sup>b</sup>	Customer profitability studies and resource allocation efforts	Marketing as a scarce resource	<ul style="list-style-type: none"> <li>• Developments in database technology</li> <li>• Ability to capture individual customer data</li> <li>• Analyses performed at the individual level</li> </ul>
2005–2012 <sup>b</sup>	Marketing accountability and customer centrality	Marketing as an investment	<ul style="list-style-type: none"> <li>• Technological advancements</li> <li>• Deeper customer insights to aid marketing initiatives</li> <li>• Marketing investment activities directed at the customer level</li> </ul>
Emerging (2013–present) <sup>b</sup>	Marketing at the core and new media influence	Marketing as an integral part of the organization	<ul style="list-style-type: none"> <li>• Changes in media usage patterns</li> <li>• Focus on marketing efficiency and effectiveness</li> <li>• Firm value generated by engaging stakeholders of the firm</li> </ul>

\*My interpretations added to Kerin's (1996) categorization.

<sup>b</sup>My extension, based on the developments in the marketing discipline.

Notes: I adapted and updated this table from Kerin (1996).



**V. Kumar**

Selected as a "Marketing Legend" by Jedgish Sheth editor of Sage Publications. Professor of Marketing, and the Goodman Academic-Industry Partnership Professor, at the Goodman School of Business, Brock University, ON, Canada. He has held several Distinguished Faculty Marketing positions at Univ of Houston, Univ of Connecticut, Georgia State University, and St. John's University. He holds a Ph.D. in Marketing from the University of Texas at Austin.

**Every decade, the marketing philosophy is being altered. Why? What is driving the marketing thought?**





# Value Propositions: Theory and Cases.

*There is another proposal about the evolution of marketing thought, that has been supported by Professor Kotler (2005). It is called the 4 eras of marketing thought by Professors William Wilkie and Elizabeth Moore.*

Table 1. The “4 Eras” of Marketing Thought

Era	Distinctive Characteristics
<b>“Pre-Marketing”</b> (Before 1900)	<ul style="list-style-type: none"><li>• No distinguishing field of study; issues are embedded within the field of economics.</li></ul>
<b>I. “Founding the Field”</b> (1900–1920)	<ul style="list-style-type: none"><li>• Development of first courses with “marketing” in title.</li><li>• Emphasis on defining purview of marketing’s activities as economic institution.</li><li>• Focus on marketing as distribution.</li></ul>
<b>II. “Formalizing the Field”</b> (1920–1950)	<ul style="list-style-type: none"><li>• Development of generally accepted foundations or “principles of marketing.”</li><li>• Establishment of knowledge development infrastructure for the field: professional association (AMA), conferences, journals (<i>Journal of Retailing</i> and <i>Journal of Marketing</i>).</li></ul>
<b>III. “A Paradigm Shift—Marketing, Management, and the Sciences”</b> (1950–1980)	<ul style="list-style-type: none"><li>• Growth boom in U.S. mass market and marketing body of thought.</li><li>• Two perspectives emerge to dominate the marketing mainstream: (1) the managerial viewpoint and (2) the behavioral and quantitative sciences as keys to future knowledge development.</li><li>• Knowledge infrastructure undergoes major expansion and evolution.</li></ul>
<b>IV. “The Shift Intensifies—A Fragmentation of the Mainstream”</b> (1980–present)	<ul style="list-style-type: none"><li>• New challenges arise in business world: short-term financial focus, downsizing, globalization, and reengineering.</li><li>• Dominant perspectives are questioned in philosophy of science debates.</li><li>• Publish-or-perish pressure intensifies on academics.</li><li>• Knowledge infrastructure expands and diversifies into specialized interest areas.</li></ul>



## William Wilkie

Professor Emeritus  
Aloysius and Eleanor  
Nathe Professor of  
Marketing, at University  
of Notre Dame.  
He holds a Ph.D. in  
Marketing from  
Stanford University  
(1971)



## Elizabeth Moore

Emerita Associate  
Professor of Marketing  
University of Notre  
Dame.  
She holds a Ph.D.  
Marketing from  
University of Florida



# Value Propositions: Theory and Cases.

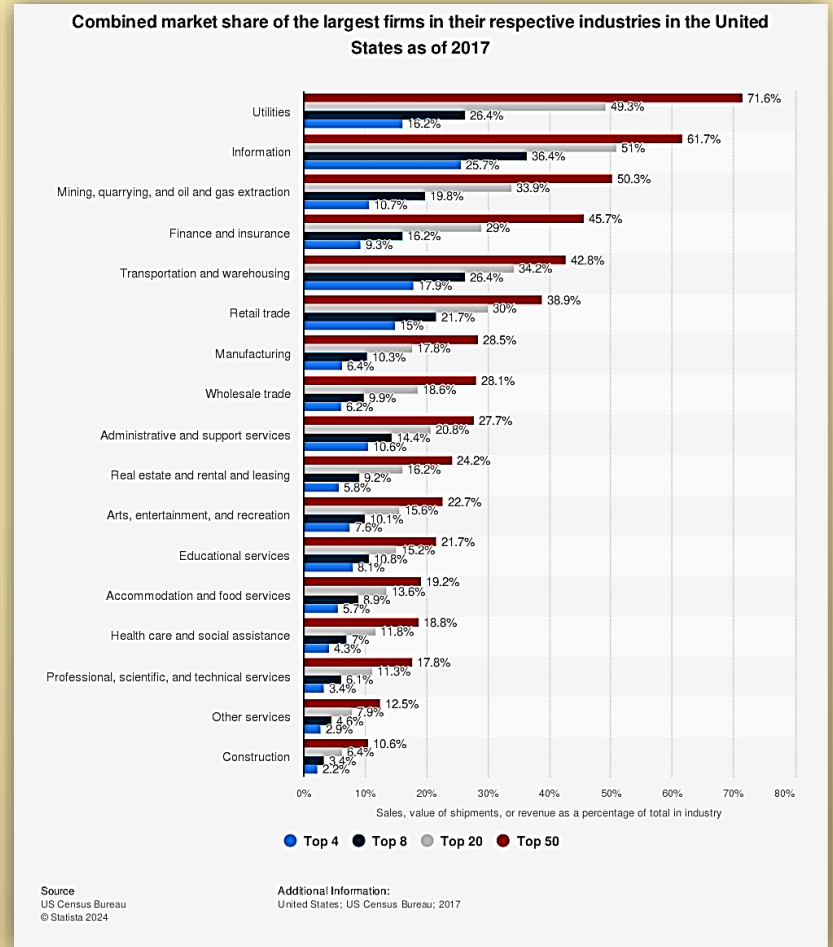
**Concluding: Our journey to the history of marketing thought leaves us with several strategic inferences. Three of them are significantly the most relevant ones.**

**There is a discrepancy and abysmal deviation between economics and marketing theories, marketing practice, regardless of the school of marketing thought.**

**The customer is not the king anymore. During the last 25 years, the marketing practice obeys to a profound social and psychological manipulation of the masses using the Internet tools.**

**The current digital "je ne sais quoi" era of economics is suppressing the marketing tradition of scholar inquiry that privileged humans' well-being in their communities.**

***When a new economic-political-social system emerges with the premises of the feudalism, we can observe how the digital marketing is inherently helping to create a global lumpen-begging era backed by a global behemothic collusion of the current most important existing monopolies and oligopolies in the world...***







Our next publication is about the definition of the term value proposition.





# Value Propositions: Theory and Cases

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