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PERSPECTIVE ARTICLE

Marketization and its limits

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Abstarct This commentary provides a short reflection on what marketing should be rethinking. We suggest that marketing should reconsider its relationship to markets, namely in the light of the so-called marketization wave (i.e., the use of market exchange as the principal mode of the coordination of socio-economic life based on the belief that markets are an inherently superior way of organizing the conception, production and exchange of goods). Our argument is that by dissolving economic into generic exchange, marketing unwittingly finds itself unable to pass comment on marketization whilst occluding its own contribution to the spread of marketization. The question that concerns us is whether marketing, as an academic discipline and as a set of professionalized practices, should engage with the marketization debate and if so, what form should this engagement take. We conclude and call for a more systematic assessment of how marketing practices have societal impact. We argue that marketing theory should pay closer attention to how it contributes to marketization by providing an ideology, a toolkit and expertise to expand the scope of markets. A more reflexive attitude as to how marketing contributes to marketization opens up a space of debate and critique on both the appropriate scope of markets as well as the role of marketing in making and operating markets.

Keywords Marketization · Rethinking marketing · Subsistence markets

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The purpose of this commentary is to provide a short reflection on a theme of this special issue, namely what should marketing be rethinking about? Our answer is that marketing should be reconsidering its relationship to markets, namely in the light of the so-called marketization wave that has gripped the world since the early 1980s (Djelic 2006). Our starting point is the foundational notion that marketing is concerned with generic rather than purely economic exchange (cf. Bagozzi 1975; Shaw and Jones 2005). We understand marketization as the use of market exchange as the principal mode of the coordination of socio-economic life based on the belief that markets are an inherently superior way of organizing the conception, production and exchange of goods. But marketization is not just about the espousal of a market ideology. As Caliskan and Callon (2010: 3) note, marketization is also about the "…entirety of efforts aimed at describing, analyzing and making intelligible the shape, constitution and dynamics of a market socio-technical arrangement". This includes rules and conventions, methods and instruments of valuation of goods, the organization of property rights, the deployment of scientific and technical knowledge, including expert knowledge on how markets work, and so on.

Our argument is that by dissolving economic into generic exchange, marketing unwittingly finds itself unable to pass comment on marketization whilst occluding its own contribution to the spread of marketization. The question that concerns us is whether marketing, as an academic discipline and as a set of professionalized practices, should engage with the marketization debate and if so, what form should this engagement take.

The notions that markets have penetrated every nook and cranny of social life and are sweeping everything in their wake, are by now well-established in social science and philosophy discourses (Slater and Tonkiss 2001; Satz 2010; Sandel 2012; Roscoe 2014). The purported triumph of marketization is thus seen as the crowding out of a variety of forms of exchange by ever-more powerful market systems invading traditional non-market spaces in developing economies, as well as occupying the terrain vacated by a retreating public sector in advanced economies.

In developed economies marketization is often understood as the process of transferring the provision of goods and services hitherto supplied by bureaucratic, political or professional means, to market-based arrangements (Crouch 2009). In this context, the marketization framework is applied and, more often than not, heavily criticized in the context of market-oriented reforms in sectors such as healthcare (cf. Cribb 2008) or higher education (cf. Molesworth et al. 2010). In developing economies, marketization acquires a more nuanced meaning. It is also concerned with the withdrawal of the state from the provision of goods and services. Policy prescriptions from international institutions such as the World Bank, inspired by the so-called Washington consensus, have emphasized the need to roll back the frontiers of the state and give markets free rein under the slogan "stabilize, privatize, liberalize" (Rodrik 2006).

In addition, since the landmark World Development Report of 2000/2001, entitled *Attacking Poverty* marketization has also been regarded as an important weapon in the fight against poverty. In the foreword to the report, James Wolfensohn (then President of the World Bank) argued that "…major reductions in human deprivation are indeed possible, and that the forces of global integration and technological advance can and must be harnessed to serve the interests of poor people. Whether this occurs will depend on how markets, institutions, and societies function—and on the choices for public action, globally, nationally, and locally". The report struck an optimistic note on how markets might be a force for inclusion, enabling poor people to sell their labor products, finance investments and insure against risks. But it also warned that creating markets could not be accomplished overnight and market-led reforms would produce winners as well as losers.

Schwittay (2011) argues that these interventions led to the "marketization of poverty", the belief that market interventions should be seen as solutions to alleviate poverty. The work of the late Prahalad (2006), for example, urged us to see poverty in terms of untapped potentials, and the base of the pyramid (BoP) brimful with budding entrepreneurs and aspiring consumers. The exhortations of Prahalad were followed by efforts to further quantify the size of this market (Hammond et al. 2007) with a view to attract investment interest. Multinational corporations, facing saturated markets in developed markets, were urged to see themselves as part of the war on poverty by adapting their business models to cater for this large and untapped market (London and Hart 2004; Lodge and Wilson 2006; Prahalad and Hammond 2002).

In short, the marketization thesis suggests that markets are or should be displacing alternative models of resource allocation across the world. Whereas in developed economies this takes the form of rolling back public provision of goods and services, in the developing world markets are seen as vehicles for combatting poverty. In the remainder of this piece, we will focus on how marketing academia has reacted to marketization.

Within marketing, the marketization thesis has induced enthusiasm and antagonism in equal measure. Advocates of marketization such as Quelch and Jocz (2007: 15) contend that the marketplace offers consumers benefits equivalent to a democracy, namely: (1) free and fair transactions; (2) control and choice over offerings (choice); (3) active participation in shaping the marketplace; (4) informed understanding; (5) nearly universal inclusion; (6) the ability to satisfy needs, wants and preferences. In short, promoting the notion of citizens as consumers highlights the similarities of the benefits provided by marketing to consumers and representative democracies to voters

(Jocz and Quelch 2008)—for a critique of the problematic link between consumer and political choice see Schwarzkopf (2011a, b).

Critics of marketing theory (e.g., Morgan 2003; Shankar et al. 2006) have berated marketing for promoting the notion that all problems in social life can be reduced to individual preferences and choices. Similarly, Sandel (2012) is at pains to make a distinction between market economies and market societies. Whilst acknowledging the effectiveness of market economies in generating unprecedented prosperity and affluence in developed economies, Sandel rallies against the notion of a market society, where everything is seemingly for sale and utilitarianism pervades social and political life.

In our view, the narrative of marketization sketched above can be faulted on a number of grounds:

- First, there is little empirical evidence that markets are sweeping aside all other forms of economic activity in both developed and developing economies.

  There is a remarkable dearth of studies that have examined where and how marketization is taking root. In a rare exception, Williams (2004) contends that rather than markets extending their tentacles everywhere, the large sphere of economic practices outside the market appears to be either stable or even expanding in most advanced economies. If anything, the focus on marketization has obscured the plurality of economic practices that co-exist alongside markets in both developed and developing economies.

  The literature on subsistence marketplaces (Ritchie and Sridharan 2007; Viswanathan et al. 2009a, b, 2012; Viswanathan and Sridharan 2009, 2010) shows that buyer–seller exchanges among the poor in the global south occurs mainly in unique, socially embedded environments that have little to do with formal markets. Viswanathan et al. (2012) present the conclusions of a 5-year-long field study in southern India. They identify three layers of subsistence marketplaces. At the center, they identified buyer–seller dealings, characterized by three themes: "buyer–seller responsiveness" (i.e., given the few customers they can serve, there is a deep knowledge of their customer base circumstances and, as a result, a high responsiveness to ad hoc situations); "fluid transactions" (i.e., given the high level of uncertainty, quantity and quality of the goods transacted are highly variable); and "constant customization" (i.e., this relates to the lack of homogeneity and the acknowledgment of multiple realities in exchange relationships).

  The next layer relates to the interactional marketplace environment, reflecting the norms governing all interactions. Here two themes were identified, which they label "interactional empathy" (i.e., empathy is present as actors are heavily invested in their common futures and simultaneously socially isolated from other formal marketing systems) and "enduring relationships" (i.e., long-term relationships are cultivated and lifetime value of a customer is very present).

  Finally, the market context layer reflects the backdrop of subsistence life in which exchanges take place. Here two additional themes were identified, "pervasive interdependence" (i.e., interdependence involves both their economic and noneconomic dealings encompassing not just buyers and sellers but also family, friends, neighbors, and other members of the person's social network) and "pervasive orality" (i.e., the predominance of oral communication and non-written agreements heavily influencing negotiation tactics).

  In short, this and other empirical studies of subsistence marketplaces illustrate the plurality of exchange systems and the struggles involved in extracting formal market systems from a host of other influences.

- Secondly, the stylized picture of markets, common to both enthusiasts and adversaries of marketization, appears to hark back to a unitary view of the market mechanism portrayed by the neoclassical economics ideal.

  Mainstream marketing's view on markets builds—often implicitly—on neoclassical economics (Sheth et al. 1988; Buzzell 1999; Johanson and Vahlne 2011). Hence, the notion of market has rarely been discussed within the marketing discipline (Alderson 1965; Venkatesh et al. 2006; Ellis et al. 2010; Johanson and Vahlne 2011).

  It is only recently that this picture of the market as a spontaneous, self-organizing phenomenon where buyers and sellers converge to exchange for mutual benefit, has been re-viewed and replaced by more sophisticated analysis of "really existing markets" (Boyer 1997). Several weaknesses of the neoclassical economics legacy have been highlighted (Mele et al. 2015). First, extant views of market exchange accentuate the role of the "product" as the central ingredient in all business activities. Despite long-standing warnings against seeing markets from a narrow product-centric perspective (see e.g., Levitt 1960; Day et al. 1979), mainstream marketing literature persists in using a product-category lens to study markets. Secondly, a neoclassical view of markets emphasizes the importance of exchange value (i.e., the value created by making and selling a product) at the expense of the relational engagement of firms (e.g., Sheth et al. 1988; Grönroos 1990; Webster 1992; Sheth and Parvatiyar 1995) or the concept of use value (Vargo and Lusch 2004; Lusch and Vargo 2014). Thirdly, the focus on the buyer–seller dyad blinds us to the fact dyads are not only part of a broader value system, but also of a larger network of actors who actively contribute to the creation of value (e.g., Morgan and Hunt 1994; Håkansson and Snehota 1995; Chesbrough 2011). Fourthly, the focus on a stage model to explain market evolution (Levitt 1965) means that development is seen as a succession of demand/supply equilibria (Dekimpe and Hanssens 1995).

Within the marketing literature, we finally begin to see streams of research on markets mechanisms that acknowledge the poverty of the neoclassical market concept. Though there are divergent views on how best to proceed, there is nonetheless a clear trend: scholars are concerned about the neglect of markets in the marketing literature as well as rejecting the neoclassical caricature of market exchanges. Inspiration for alternatives is being sought in new institutional economics (Coase 1998; North 1990), economic sociology (Granovetter 1992; Swedberg 1994), behavioral economics (Colin and George 2004), evolutionary economics (Dopfer et al. 2004), as well as science and technology studies (Callon 1998; Cochoy 2007). Even though these different research streams have little in common, they all point to a move away from the "rationality–individualism–equilibrium nexus" that underpins the neoclassical view of markets and towards an "institutions–history–social structure nexus" as a way to study markets (Davis 2008).

Thus new conceptualizations of markets shift the focus away from *market structures* (e.g., entities, players, actors) towards *market processes* (e.g., linkages, behaviors, exchanges). Put differently, they propose a move from markets-as-nouns or markets as ready-made entities, to markets-as-verbs or markets in-the-making (Kjellberg and Helgesson 2007; Mele et al. 2015). Within the latter strand, two main streams have been identified: scholars who focus on "market sense-making" (Rosa et al. 1999); i.e., how markets emerge, evolve, and are perceived by participants, and those who privilege "market shaping" (Araujo and Kjellberg 2009); i.e., the practices that are involved in organizing markets. The practice-based approach (Callon 1998; Callon and Muniesa 2005) sees markets as performed (Araujo et al. 2008). The focus here is on the work performed by calculative agencies, devices, socio-material arrangements and professional expertise in constructing and reconfiguring markets (Callon et al. 2007; Araujo et al. 2010). In both traditions, the work required to set up and perform market exchanges is an object of enquiry rather than hidden from view by appealing to the hard-wired dispositions of economic agents or the invisible hand of the market mechanism.

- Finally, the role of marketing in promoting or enabling marketization is left untheorized despite the fact that both enthusiasts and opponents seem to agree that marketing ideology and toolkits can be a powerful driver of marketization (Araujo et al. 2010).

  The marketing literature has long since adopted the broadened concept of marketing (Kotler and Levy 1969) to portray marketing as a function of 'universal applicability' and marketing as a toolkit ready to be deployed in any domain, market and non-market alike. And yet, as Willmott (1999) pointed out, the widespread belief in the market as the default mode of economic coordination has hardly helped to augment the credibility and authority of marketing theory or the marketing profession at large. As other critics have noted, the forms of professional expertise required to make markets have received scant attention in the literature (Cochoy and Dubuission-Quellier 2013). In stressing the need to study marketing's role in marketization, we should not forget that markets are shaped by a multitude of, often competing, professional efforts (e.g., purchasing, accounting). Marketing is but one form of expertise involved in promoting and implementing the marketization agenda, regardless of what advocates and opponents of marketization would have us believe.

In conclusion, and following Wilkie's (2007) call for a more systematic assessment of how marketing practices have societal impacts, we suggest that marketing theory should pay closer attention to how it contributes to marketization by providing an ideology, a toolkit and expertise to expand the scope of markets. It has often been said that marketing reacts to critiques of its own practices by resorting to arguments about the inherent superiority of the market system (see e.g., Shaw 2011). Our suggestion is that a more reflexive attitude as to how marketing contributes to marketization opens up a space of debate and critique on both the appropriate scope of markets as well as the role of marketing in making and operating markets (see Marion 2006). We might then be able to engage in a more fruitful dialogue as to what type of markets and marketing we favor as well as contemplate alternatives to markets, wherever appropriate.

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