Interest in the contributions of other disciplines for furthering the development of antitrust has recently emerged. This inquiry focuses on the business disciplines including marketing (Scheffman 1996). Several key issues are (1) marketing's relationship to antitrust, (2) contributions marketing may provide, and (3) challenges that are likely to result from integrating marketing thought into antitrust.

Marketing's Relationship to Antitrust

For understanding marketing's relationship to antitrust, it is useful to characterize both in terms of their subject matter, role in society, underlying processes, informing foundations, and principle methodologies. Examining antitrust and marketing across these five domains, we identify many related and complementary aspects that are suggestive of marketing's prospective role and contribution to antitrust.

Antitrust

Subject Matter: Competition

The primary subject matter of antitrust is competition. Sullivan (1977) reports that antitrust deals with both competition and the industrial structure and circumstances that stimulate competition. Considered the engine of free enterprise (Shenefield and Stelzer 2001, p. 2), competition has been defined as "an independent striving for patronage by the various sellers in a market" (Scherer 1980, p. 10).

Role in Society: To Protect and Preserve the Competitive Process in Exchange

From an antitrust perspective, ensuring competition is the best way to achieve a prosperous economic system and promote consumer welfare. Because competition enhances consumer welfare, antitrust's role in society is to protect and preserve the competitive process. A market economy functions best when numerous sellers, vying for customers, must produce goods and services of sufficient quality and at acceptable prices or be driven from the field (Shenefield and Stelzer 2001, p. 7).

Competition is considered the best means of eliminating excess profits, of allocating resources to their most efficient use, of forcing firms to produce goods of the highest quality at the lowest costs and in amounts consumers want, and of stimulating the generation of innovations. These activities also enhance consumer welfare through guaranteeing the distribution of income in rough proportion to the value of individual contributions to the economy (Shenefield and Stelzer 2001, pp. 12–13). The law of antitrust promotes consumer welfare through encouraging competitive conduct and protecting the process of competition (Gundlach 2001, p. 35; Sullivan 1983). In this respect, the antitrust laws are the set of rules meant to preserve the competitive process (Shenefield and Stelzer 2001, p. 1).

Underlying Process: A Basis for Assessing and Protecting Competition

The antitrust process provides the basis for assessing and protecting competition (see Shenefield and Stelzer 2001, pp. 30–35). This process first defines the relevant market, or the arena in which effective competition occurs, and then attempts to understand the implications of exchange conduct for consumer welfare by identifying both the threshold conditions necessary to reduce competition and the nature of firm conduct observed in the market.

Informing Foundations: Law and Economics

Beyond law, antitrust relies on the discipline of economics for applying the antitrust process. Although the Supreme Court has not fully endorsed a purely economic interpretation of consumer welfare, the federal administrative agencies and many courts have adopted a largely economic approach. Debate in antitrust currently centers on which of two schools of economic thought antitrust should rely. On the one hand, the Chicago School holds to the core beliefs that markets, by nature, tend toward efficiency and that market imperfections are transitory in nature and, for the most part, self-correcting. Through defining consumer welfare in efficiency terms and behavior in terms of output and price, enforcement authorities and the courts are viewed as equipped with objective tests for determining the effect of marketplace conduct on consumer welfare. On the other hand, proponents of the post-Chicago School believe that markets are largely imperfect and that market failures are not necessarily self-correcting. Market imperfections (particularly information asymmetries) are viewed as pervasive and durable phenomena that, rather than dissolving under market pressures, tend to corrode their efficiencies over time. Strategizing firms are found to accentuate, perpetuate, and exploit these imperfections, hampering competitive balance in the process.

Methodology: Deductive to Inductive

The differing economic perspectives of the Chicago and post-Chicago Schools result in different methodologies for antitrust. Under the Chicago School's approach to antitrust, the purpose and effect of competitive conduct are assumed to be generally determinable through deduction from analytic generalizations of neoclassical price theory. The post-
Marketing

Subject Matter: Exchange

The nexus of marketing has always been exchange, defined generally as an act of simultaneous giving and receiving (Peterson 2002). As the scope of marketing expanded beyond economics, exchange has been at the foundation as it leads to the concept of a market and a marketplace (Houston and Gassenheimer 1987). Marketing is defined as the societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others (Kotler 2003, p. 9). From a marketing perspective, analyzing, creating, delivering, and communicating superior customer value through exchange are the principal means by which firms compete. Bagozzi (1979) notes that the fundamental phenomenon to be managed in the marketplace is the exchange relationship itself. The “marketing concept” is perhaps the most famous axiom in marketing history. It serves as an important organizing principle for modern marketing practice (Sheth, Gardner, and Garrett 1988). The marketing concept holds that analyzing, creating, delivering, and communicating superior customer value are a marketer’s basis of competition (Day 1990, p. 29).

Role in Society: Delivering a Higher Standard of Living Through Superior Value in Exchange

Marketers compete by creating exchanges of superior customer value, and through these exchanges, consumers obtain what they need and want. Thus, marketing delivers a higher standard of living to society through exchange. In marketing terms, “value” is the ratio of benefits (i.e., what the customer gets) to costs (i.e., what the customer gives up). ¹ Benefits include both functional and nonfunctional (e.g., emotional) benefits, whereas the costs include the monetary, time, energy, and psychic costs associated with exchange (Kotler 2003, p. 11).

Given marketing’s broad view of benefits and costs, it can enhance value by both price and nonprice strategies. Indeed, in many cases, nonprice strategies are considered most effective. Day (1990, p. 29) notes that “superior value is created when the benefits these customers derive from this superior performance are worth more than the price premium they have to pay.”

Underlying Process: Marketing Management Process

Although the marketing perspective can be both macro and micro, modern marketing emphasizes the micro-level process of managing the firm’s marketing effort. The American Marketing Association defines marketing management as “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals” (Bennett 1995, p. 166).

Common to the managerial approach is marketing as a process that begins with the analysis of circumstances facing a firm. This situational analysis often suggests certain marketing decisions that are thought to lead to superior exchanges of value for the firm. Marketing management strives for understanding and effective decision making on the basis of a four-stage process of analysis, planning, implementation, and control. The analysis stage includes an assessment of consumers, competitors, the overall market, and the internal and external environments. The planning stage involves the identification of a sustainable competitive advantage in the form of selecting core competencies in resources and skills; segmenting and targeting customers on the basis of commonalities in needs, behaviors, and other attributes; and choosing a competitive position within a defined target market or arena of competition (e.g., Aaker 2001, p. 134). When the sustainable competitive advantage is identified, specific market strategies and product, place, price, and promotion tactics are developed and put into place. It is in this implementation stage that these plans are converted from intentions to action. The control stage requires ongoing monitoring to control and correct for deviations and changes to the environment, industry, competitors, and customer segments.

It is not coincidental that the marketing management process closely resembles other strategic planning models (e.g., see Hawker 2002). Although the frameworks are similar, the outcomes depend on the level of analysis that, like a funnel, ranges from macro to micro in perspective. That is, strategic decisions are made at the industry, market, segment, and even market niche levels. The insights gleaned from marketing’s micro-level analysis add richness to the understanding of competition, and it is this fine-grained richness that makes marketing’s contributions to antitrust particularly distinct from the inputs of strategic management and economics.

Informing Foundations: Understanding the Process of Exchange from a Variety of Perspectives

Marketing relies on a variety of theoretical perspectives. Indeed, marketing’s foundations have origins in economics. Prior to 1900, market behavior was explained chiefly through macroeconomic theory. As social and economic conditions departed from economic assumptions, new interpretations of economic activity were needed, and these nurtured the discovery of marketing (Bartels 1965). In addition to economics, marketing draws heavily from other disciplines including sociology, psychology, anthropology, biology, and law. As a multidisciplinary science, marketing casts its net broadly in an attempt to explain how consumers and marketers behave in exchange (Deshpandé 1983; Gundlach 2001).

Methodology

Whereas marketing adopts a normative approach in the sense of prescribing what marketers should do, knowledge
generation and understanding in marketing is steeped in a
tradition of induction and empirical methodology. Marketing
relies on an extensive array of methodologies for under-
standing exchange behavior, including the use of primary
and secondary data; laboratory, simulation, and field set-
tings; experimental, quasi-experimental, and survey
research designs; and analytic techniques ranging from
econometric modeling to interpretative forms of analysis.

Contributions and Challenges

Core Contributions

A basis for understanding how marketing can contribute to
antitrust is provided by comparing and contrasting the sub-
ject matter, role in society, underlying processes, informing
foundations, and methodologies of antitrust and marketing.

Subject Matter

The subject matter of antitrust is competition and the market
structure and processes that stimulate competition. The sub-
ject matter of marketing is exchange and the process of ana-
lyzing, creating, communicating, and delivering superior
value through exchange. However, because marketing
directly contemplates one competitor potentially being more
effective than another, it views competition as important.
Therefore, antitrust and marketing appear to have much in
common in terms of their subject matter. At minimum, these
commonalities suggest that marketing has relevance to
antitrust.

Role in Society

The role of antitrust is to protect and preserve the process of
competition in exchange. Competition is viewed as the pri-
mary way to achieve a well functioning and prosperous eco-
nomic system and to promote consumer welfare. Market-
ing's role in society is to provide for a higher standard of
living by providing superior value in exchange. In this
respect, marketing provides the means through which com-
petition in exchange takes place in society. However, not all
means of exchange by marketers contribute to consumer
welfare and a higher standard of living. Some exchanges,
unfortunately, are offered by marketers in order to elevate
their own interests and in ways that jeopardize consumer
welfare. Such exchanges are of interest to antitrust.

Underlying Processes

The antitrust process provides a framework for understand-
ing competitive conduct and its consequences for competi-
tion and consumer welfare. The marketing management
process provides a useful framework for analyzing, plan-
ning, and executing a firm's marketing effort to compete
against others. Given that understanding competitive con-
duct is an important outcome of the antitrust process, the
marketing management process would seem to be particu-
larly useful. The marketing management process provides a
"roadmap" as it captures and reflects the particular motiva-
tions, processes, logic, and mechanisms that underlie a mar-
keter's approach to competition. Knowledge and under-
standing of this process can only further the understanding
of competition and antitrust.

Informing Foundations

Beyond the law itself, antitrust relies on theory and insights
from economics. Few other disciplines provide an approach
for assessing the aggregate effects of competition in the
marketplace. Marketing, though having roots in economics,
has evolved to a more pluralistic reliance on theory, incor-
porating the understanding of more basic disciplines in its
pursuit of understanding exchange. These more basic disci-
plines provide a useful basis for understanding exchange
and competition at a disaggregate level. This disaggregate
and multidisciplinary understanding can provide a comple-
mentary foundation to the aggregate understanding of eco-
nomics and further antitrust in the process.

Methodology

Antitrust is evolving from the abstract, static, deductive, and
norm-based approach of the Chicago School to the more
specific, dynamic, inductive, and empirical approach of the
post-Chicago School. Marketing methodologies, though
both deductive and normative, are more inductive and
empirical in describing, explaining, predicting, and under-
standing marketing activities, processes, and phenomena in
exchange. Marketing follows more closely and may be more
helpful to the methodologies of the post-Chicago School.
Although some empirical methodologies in marketing may
have limitations in antitrust, inquiry into the utility of these
methodologies has much to offer. Over the years, econom-
ics and marketing have come closer to each other in their
methodologies. In addition to the potential of expanded
empirical methodologies, antitrust's reliance on price data
would benefit from marketing, because the source of these
data is marketing. An understanding of price data from the
perspective of those that generate and use them would yield
further understanding of their nature and utility in antitrust.

Key Challenges

Although marketing (1) shares a common subject matter
with antitrust in competition and exchange, (2) involves the
means through which competition takes place in society, (3)
possesses an organized basis for understanding competition,
(4) is complementary to economics in its disaggregate unit
of analysis and plurality of informing theory, and (5) relies
on methodologies and data that have utility for understand-
ing competition, important challenges attend its contribu-
tions to antitrust. These challenges exist in relation to the
nature of theory, approach, and likely outcomes for antitrust
practice.

Possibility Theorems

An important contribution of economics to antitrust is a gen-
eral theory for understanding the implications of competi-
tive conduct for consumer welfare. Few other disciplines
provide such an understanding as does neoclassical price
theory as applied by the Chicago School. A criticism of mar-
keting as well as the emerging post-Chicago School is that
neither provides a general explanation of aggregate competi-
tive phenomena and consumer welfare. The post-Chicago
School is often criticized for providing what are described
as "possibility theorems." Although possibility theories pro-
vide utility and understanding, they are not general theory
because they only specify what "can" occur versus what "will" occur. Marketing, though possessing general theories, has many theories of a "possibility" nature.

**Implementation Complexity**

The careful definitions, simple principles, and logical structure of the Chicago School of antitrust yield a parsimonious and coherent approach for assessing the implications of competitive conduct for consumer welfare. These can be applied easily by the courts in a cost-efficient fashion. A criticism of both marketing and the post-Chicago School is that, though they provide greater explanatory power and generalizability, their interpretive applications yield more complicated, potentially less coherent, and more costly approaches for antitrust. Adding further complex insights from marketing may compound this criticism.

**Conclusion**

Sharing a common subject matter and related in many ways, marketing has much to offer antitrust and has the potential to complement and extend extant understanding. The observations reported here are intended to begin to develop the linkages of marketing to antitrust in ways that thoughtfully delineate its contributions and challenges. This article represents a modest contribution to this effort. Further work is needed, and those involved in antitrust and marketing are encouraged to join in this effort.

**References**


Peterson, Robert A. (2002), "Marketing is ... a Body of Knowledge," working paper, Marketing Department, University of Texas at Austin.


