

# Preface

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The ‘theory of the marketing firm’ (Foxall 1999a) draws upon operant psychology, economic theory, marketing and consumer research to propose an embryonic theory of the firm. Its distinctiveness lies in the argument that all firms exist to market, i.e., to acquire and retain customers. The theory assumes the Coasean notion that the reduction of transaction costs involved in such customer-related endeavours is central to the *raison d’être* of the firm. From the theory’s operant perspective, firm behaviour, the sole focus of inquiry, is assumed to be a function of the consequences it produces in the environment. Behaviour is directly manifest in the marketing mix variables deposited and optimised by marketers to encourage favourable customer and supplier behaviour and to compete effectively. The second incorporated Coasean notion is that of firms being a system of contracts or interdependent relationships characterised by associated bilateral expectations and behaviour between parties. However, operant theory goes beyond, suggesting that parties to relationships are interlocked in mutually reinforcing relationships where the behaviour of one party acts as a stimulus to the other by signalling the positive and negative consequences contingent upon certain actions within that relationship. Firms shape and maintain favourable behaviour within the relationships by deploying marketing stimuli to compel behaviour in a given direction and/or to signal rewarding and punishing consequences contingent upon favourable and unfavourable actions. These stimuli, however, take meaning only in the presence of a learning history and/or through a process of deliberation.

Employing the strengths of case study design and utilising secondary data published by the UK Competition Commission in connection with Birds Eye Wall’s Limited (BEW), this book seeks to establish an appropriate methodology by which to operationalise the central constructs of the theory of the marketing firm to evaluate its explanatory power in an early bout of empirical research. The findings support the central propositions on firm action and provide insights valuable in expanding theory.

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