

72-3422

PALMORE, Glenn Loyd, 1926-  
MARKETING ECONOMIC DEVELOPMENT.

The University of Oklahoma, D.B.A., 1971  
Economics, general

University Microfilms, A XEROX Company, Ann Arbor, Michigan

THE UNIVERSITY OF OKLAHOMA  
GRADUATE COLLEGE

MARKETING ECONOMIC DEVELOPMENT

A DISSERTATION

SUBMITTED TO THE GRADUATE FACULTY

in partial fulfillment of the requirements for the  
degree of

DOCTOR OF BUSINESS ADMINISTRATION

BY

GLENN LOYD PALMORE

Norman, Oklahoma

1971

MARKETING ECONOMIC DEVELOPMENT

APPROVED BY:

James A. Constantin  
Robert E. Davis  
Wm. G. Seaborn  
W. H. Church  
Jim E. Reese

DISSERTATION COMMITTEE

**PLEASE NOTE:**

**Some Pages have indistinct  
print. Filmed as received.**

**UNIVERSITY MICROFILMS**

## ACKNOWLEDGMENTS

I am most grateful to Professor James A. Constantin who conceived the idea that the modern marketing concept is applicable to economic development. I am indebted to him for his teachings, time, patience, and many constructive criticisms of the manuscript.

Professors Jim E. Reese, Malcolm L. Morris and William R. Southard were called on to read the manuscript. I owe then a special thanks for their suggestions and comments that improved the work.

I appreciate the teachings of Professor Dennis M. Crites in Marketing Theory, Professor Marion C. Phillips in Marketing Research and International Business, and Professor Vernon C. Upchurch in Cost Accounting, Cost Analysis and Controllershship.

I owe a special debt to Professor James E. Hibdon for his teachings in Microeconomics and to Professor Cris Lewis for his assistance in research and references on locational, regional and urban economic analysis.

## TABLE OF CONTENTS

	Page
ACKNOWLEDGMENTS.....	iii
LIST OF TABLES.....	v
LIST OF FIGURES.....	vi
INTRODUCTION.....	1
Chapter	
I. PLANNING FOR AND MARKETING ECONOMIC DEVELOPMENT.....	8
II. PARALLELS BETWEEN MARKETING GOODS AND SERVICES AND MARKETING ECONOMIC DEVELOPMENT.....	37
III. AN APPROACH TO MARKETING ECONOMIC DEVELOPMENT.....	65
IV. LOGISTICS ASPECTS OF MARKETING ECONOMIC DEVELOPMENT.....	105
V. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS..	131
APPENDIX	
A. Types of Firms Represented in Sample of Products Recommended for Manufacture in Oklahoma.....	139
B. Agencies and Institutions Represented in the Survey of Sources of Financial and Technical Assistance.....	141
BIBLIOGRAPHY.....	144

## LIST OF TABLES

Table	Page
1    Date Statutory Economic Development Boards Established in Southern States and Amount of Federal Funds Appropriated for Economic Development Planning Assistance.....	14
2    Selected Public Facility Requirements Projects Submitted to the Ozarks Economic Development Regional Commission during Fiscal Year 1970 by Member States.....	21
3    Firms' Ranking of Ten Major Locational Factors.....	67
4    Products Sold in Oklahoma but Manufactured Outside Oklahoma: Suggested as Candidates for Manufacturing in Oklahoma..	79
5    Sources of Financial and Technical Assistance for Entrepreneurs and Small Businessmen.....	86

## LIST OF FIGURES

Figure		Page
1	Conceptual Parallels in Marketing Goods and Services and Marketing Economic Development.....	40
2	Strategic, Managerial and Operational Parallels in Marketing Goods and Services and Marketing Economic Development.....	53

## MARKETING ECONOMIC DEVELOPMENT

### INTRODUCTION

Economic development in the United States has come to mean an attempt at equalization of economic opportunity for the total population, wherever residing, through creation of additional opportunities for meaningful employment. Economic development has been defined by the Economic Development Administration, U.S. Department of Commerce, as:

"... a continuing process of area self-analysis, planning, and actions to create a new economic activity, and improve community facilities and services... the development process involves the establishment of development goals, the identification of actions to reach these goals, and the organization of local citizens to do the job on a continuing basis."<sup>1</sup>

---

<sup>1</sup>U.S. Department of Commerce, Economic Development Administration. Area Overall Economic Development Programs (Washington: U.S. Government Printing Office, 1969), p. 1.

Economic development planning has traditionally been concerned with improvements in public works, conservation or exploitation of natural resources, improvements in public or social services, and major programs to study, analyze and promote the environment of a given area.

During the 1960's the national focus on economic development turned inward to underdeveloped regions and communities in the United States which contained pockets of poverty in the midst of national affluence. Numerous federal programs designed to foster economic development have been established. They require the preparation of complete and comprehensive overall economic development programs. Few, if any, provide specific guidelines on how to achieve the objectives of economic development planning. There is a paucity of information and guidelines to the planners and managers of economic development on how to effectively market their product to realize the true objectives of economic development.

The purpose of this study is to illustrate that marketing economic development is analogous to marketing goods and services, and to suggest applications of the marketing concept to economic development. The aim is to supplement the existing literature on methods and procedures for preparation of overall economic

development programs.

The term economic development is a description that implies increased industrialization of a region or an area. Industrialization provides job opportunities and the resulting increases in income. The planning objective of economic development is to attract industries that will provide these increased job opportunities and through the economic multiplying effect increase overall economic welfare.

Public economic development planning by region or area is a relatively new phenomenon in the United States. The several states have organized economic development planning groups to take advantage of the numerous federal programs that provide for full or participating funding. The formation of regional, area, city and community development groups has been encouraged and under some federal programs required for participation.

The concepts of marketing have been almost totally neglected in the literature on economic development. The result has been that economic development planners are handicapped because they are not responsible for nor do they participate in the developmental phases of economic development. Marketing has matured from the analysis of planning and decisions made at and by corporate level managers who are charged with

the responsibility of not only planning but also development of the programs.

The application of the concepts of marketing to economic development has been commented on by a senior official of the Economic Development Administration. He said:

"... if we can market a foul tasting mouth wash with the concept; that the worse it tastes the better it is for you, then we certainly should be able to market higher incomes, more material goods and a better way of life to both people and companies."<sup>2</sup>

The data reported in this study are the result of research of the literature on economic development and marketing in the United States. The approach is to review the backgrounds of both economic development planning and the development of the marketing concept, and to illustrate several parallels between marketing goods and services and marketing economic development. The suggestions for the application of the marketing concept to economic development planning are supported

---

<sup>2</sup>Letter from Dr. Pat Choate, Director, Mid-eastern Region, Economic Development Administration, U.S. Department of Commerce, April 22, 1971.

by the following studies:

- a. A study made on primary locational factors of firms that located in the State of Oklahoma during the period 1959-1969.<sup>3</sup>
- b. A survey of businessmen in Norman, Oklahoma to obtain samples of products that are sold in Oklahoma but manufactured in states other than Oklahoma.
- c. A survey of U.S. Government agencies, State of Oklahoma agencies, finance companies in Oklahoma, banks in the Oklahoma City, Oklahoma SMSA, and banks located in major cities outside Oklahoma to determine possible sources of financial and marketing assistance.

A summary of the background of economic development planning in the United States and a summary of the development of the marketing concept in the United States is contained in Chapter I. Economic development planning is traced from the early studies made by the New York State Commission on Housing and Regional Planning in 1926 and the establishment of statutory

---

<sup>3</sup>Samuel Ben-Zvi, "Locational Determinants of Manufacturing: An Econometric Model for Oklahoma" (unpublished Ph.D. dissertation, Department of Economics, University of Oklahoma, 1970).

economic development boards by the several states. The marketing concept is traced from the early 1900 era of commerce and trade in the United States to the change in the emphasis of marketing that focuses on consumer satisfaction.

The analogy of marketing goods and services and marketing economic development is contained in Chapter II. Several parallels are shown under the broad categories of conceptual, strategic, managerial and operational. They demonstrate that exactly the the same types of analysis precede attempts at economic development as precede the introduction of a new product.

A suggested approach to marketing economic development is contained in Chapter III. The chapter builds on the prior chapters in the study that contain the backgrounds of economic development planning and the marketing concept, and the analogy of marketing goods and services and marketing economic development. The emphasis in Chapter III is on analysis of the external and internal environments. In the analysis of the external environment, the key factors of industrial locational decisions are reviewed. They are grouped under marketing and physical distribution oriented wants and needs, labor and public oriented wants and needs, and other least-cost oriented wants

and needs. In the analysis of the internal environments several candidates for marketing targets for economic development are suggested. The sources of financial and marketing assistance for the four market target segments are discussed.

The primary factors that impact with the greatest force on successful economic development are identified in Chapter III as the logistics factors. Because of their importance, therefore, the logistics aspects of marketing economic development are reviewed in Chapter IV.

Logistics considerations have been determined to be the primary factors of successful economic development because through logistics the intra-regional and the inter-regional physical, economic and temporal connections from producer to the marketplace are provided. The logistics environment, including resistances, is analysed in Chapter IV and the importance of logistics-related environmental adapters to marketing economic development are demonstrated.

## CHAPTER I

### PLANNING FOR AND MARKETING ECONOMIC DEVELOPMENT

#### Introduction

This chapter contains a summary of the background of economic development planning in the United States, a summary of the development of the marketing concept in the United States, and lays the foundation for illustrating the analogy of marketing goods and services and marketing economic development in Chapter II.

The broad guidelines that have been used for economic development planners are analyzed. The background of economic development planning begins with a New York State Commission report on resources and land-use trends. The background of the marketing concept begins with the developers of marketing thought and describes the development of the marketing concept in the United States from 1900.

#### Economic Development Planning-Background

Since the early 1900's economic development

planning has followed eight subject outlines:

1. Design of a master plan of public works.
2. Controlled and classified use of private properties according to a general zoning system.
3. Programming of public improvements.
4. Scheme for conservation or exploitation of natural resources (land, water, minerals).
5. Scheduling of public or social services such as education, health, and recreation.
6. Development and promotion of agricultural, industrial, and commercial enterprise.
7. Management planning on such subjects as fiscal programs, reorganization of government functions, and administrative programs.
8. General governmental research.<sup>1</sup>

These broad subject outlines have been sufficient to classify, re-classify and file among them the tracings of the histories of economic development of almost any region of the United States. They are too broad to work with, meaningfully.

In 1926 the New York State Commission on Housing and Regional Planning published a historic

---

<sup>1</sup>Albert Lepawsky, State Planning and Economic Development in the South. National Planning Association Committee of the South Report No. 4 (Kingsport: Kingsport Press, Inc., 1949), pp. 1-2.

report which combined an inventory of the state's resources with a description of its land-use trends. This report is frequently cited as the first "comprehensive" state planning report since Jefferson's Notes on Virginia in 1782.<sup>2</sup> When Franklin D. Roosevelt succeeded Alfred E. Smith as Governor of New York in 1929 he was able to use the experiences and studies of the New York State Commission in designing his legislative plans for economic development of the State of New York and subsequently that of the United States. In an address at the Oglethorpe University in Atlanta he said:

"We cannot review carefully the history of our industrial advance without being struck with its haphazardness, the gigantic waste with which it has been accomplished, the superfluous duplication of production facilities, the continual scrapping of still useful equipment, the tremendous mortality in industrial and commercial undertakings, the thousands of dead-end trails into which enterprise has been lured, the profligate waste of natural resources.

---

<sup>2</sup> Ibid, pp. 8-9.

"I had the opportunity to do something about it in the most populous State of the Union... so, after somewhat of a tussle with a legislature that did not understand what it was all about, after two years, we persuaded the legislature to initiate a survey of every one of the thirty million acres in the State. As a result of that survey, which is still in progress and will take another four or five years to complete, we shall know in at least one State of the Union what every acre in that State is most suited for...at the same time, in making this survey, it was just as easy to make it a survey of human and social needs as it was to make it a survey of merely soil and trees and streams...

"We are starting something absolutely new...

You cannot possible make a plan and seek to attain big objectives for the State of New York that would apply in Georgia, or vice versa. There are all kinds of planning, not just forty-eight plans, but probably a hundred of them, all of which should be tried out, some of which will succeed and others...fail." <sup>3</sup>

---

<sup>3</sup> Public Papers and Addresses of Franklin D. Roosevelt (New York: Random House, 1938), I, p. 642, III, pp. 194-195.

In December 1933 the U.S. Public Works Administration and the National Resources Planning Board offered to allot federal funds to states for employment of consultants if the Governors of the several states would give the following assurances:

1. Appointment by the Governor of a non-paid state planning board.
2. Sponsorship by the Governor of legislation to make the board a continuing agency.
3. Assignment to the planning board of drafting and stenographic staff from existing state agencies or on the basis of an application made to the Civil Works Administration.
4. Development of a planning program including an outline of specific studies to be undertaken, such as a land-use study, a ten-year public works program, and possibly a study for the integration of the transportation system within the state.
5. Suggestions from the Governor or the state planning board of a qualified planner to direct the work.
6. Willingness on the part of the Governor to appoint the planning director or the chairman or the state planning board as the state's representative on any regional or

interstate planning committee that might  
be created.<sup>4</sup>

The southern states responded to the offer. Table 1 shows the date each southern state created state economic-industrial development planning boards and the federal appropriations allotted to each state during selected early years.

The early accomplishments of the state economic development planning boards were primarily in the fields of research investigations and surveys. The Louisiana Economic Development Committee reported in June, 1937:

"So far, the great bulk of planning work has been on the survey side. Ninety percent of all reports submitted deal solely with accomplishments in the field of research investigations, studies, correlations of scattered information, map making, charting and graphing. The value of these accomplishments is a real and important one. A tremendous amount of information has been brought together, much of it has never before been available; much has been available only in piece-meal form. For the

---

<sup>4</sup>Lepawsky, pp. 13-14.

TABLE 1

Date Statutory Economic Development Boards Established  
in Southern States and Amount of Federal Funds  
Appropriated for Economic Development  
Planning Assistance

State	Date Statutory Board Created	Federal Funds 1938-1939	Federal Funds 1941-1942
Alabama	Sep 1935	\$ 8,500	\$10,000
Arkansas	Feb 1935	15,000	20,100
Florida	Jun 1935	25,000	25,000
Georgia	Mar 1937	15,000	20,500
Kentucky	Apr 1934	5,000	.....
Louisiana	Jun 1936	25,000	30,000
Maryland	Dec 1933	10,000	9,900
Mississippi	Mar 1936	20,000	25,000
Missouri	Jun 1935	5,000	5,000
North Carolina	May 1935	7,500	.....
Oklahoma	Apr 1935	35,000	10,000
South Carolina	Mar 1938	12,500	10,600
Tennessee	Feb 1935	25,000	55,000
Texas	Mar 1935	33,000	.....
Virginia	Feb 1938	24,000	52,570

Source: Albert Lepawsky, State Planning and Economic Development in the South. National Planning Association Committee of the South Report No. 4. (Kingsport: Kingsport Press, Inc., 1949), pp. 14-15.

first time, we are enabled to see the many relationships that exist between what have hitherto been considered different kinds of facts." <sup>5</sup>

Economic development planning, for the sake of planning itself, led to competing ideas among state and federal planners and the means to activate plans into meaningful economic development projects. The Association of State Planning and Development Agencies posed the problem when in 1947 it reported that:

"... discussions with those directing the work of these agencies reveal sharp differences of opinion concerning both the subjects to be dealt with and the ways in which the state agencies can function most effectively in different states." <sup>6</sup>

The original Oklahoma State Economic Development Planning Board made a series of studies on the physical resources of the state and later, under the sponsorship of the University of Oklahoma Bureau

---

<sup>5</sup>Ibid, p. 17.

<sup>6</sup>Ibid, p. 32.

of Business Research, on the history of the state and the analysis of demand-supply relationships of agriculture, food processing, timber, petroleum and petro-chemical industries.<sup>7</sup> It was not until February, 1955, long after the dust-bowl era of John Steinbeck's Grapes of Wrath that the Oklahoma legislature created the State Department of Commerce and Industry that was given the overall responsibility for development of a comprehensive plan for economic-industrial development in Oklahoma.<sup>8</sup> As Choate reports, one of the first programs undertaken by this new department was with Fantus Area Research, Inc. which collected in one document those assets that might attract industry to Oklahoma.<sup>9</sup> In 1965 the Oklahoma legislature combined the Oklahoma Planning and Resources Board and the Department of Commerce and Industry into the new Oklahoma Industrial Development and Park Department that was expected to combine the functions of planning and development actions for economic development of

---

<sup>7</sup> Pat Choate, "An Economic Development Program for Oklahoma," (unpublished Ph.D. dissertation, Department of Economics, University of Oklahoma, 1969), pp. 19-20.

<sup>8</sup> Ibid, pp. 22-23.

<sup>9</sup> Ibid, p. 23.

the state.

Private economic development groups such as divisions of transportation companies, utilities, and banks have established objectives for the economic development analyst on their staff. For example, railroad groups are very careful about the industries they will try to attract to their region. Furthermore, they are highly selective about the industry and firms they will sell land to. With limited land, they want their efforts directed to industries and firms which use rail transportation in large amounts. Their analyses are directed toward finding certain candidates for location.

Business firms establish objectives based partially upon analyst's work showing feasible alternative methods of reaching those objectives. After the analyst's recommendations are accepted and the product decided on, in collaboration with the marketing staff, the total marketing effort begins.

The eight points of economic development planning that have been identified by Lepawsky suggest guidelines for strategic and operational planning objectives at regional, state and city levels.<sup>10</sup> The

---

<sup>10</sup>Ibid, pp. 1-2.

designing of a master plan of public works (point 1), programming or scheduling of public improvements (point 3) and the formulation of a scheme for the conservation or exploitation of natural resources (point 4) have been the subject of pork-barrel appropriations and debates at both federal and state levels for several years. In the macroeconomic sense these types of public projects do result in regional developments however the projects are generally unsupported by specific forecasts against which meaningful and timely measurements can be made.

The controlled and classified uses of private properties in accordance with some master plan or some general zoning system (point 2) has traditionally been left to the cities and the communities. In the case of the Arkansas River development project, there exists an opportunity to establish a precedence for public regulation of the uses of the numerous port and industrial sites along the waterway in a manner similar to that practiced by railroad companies.<sup>11</sup> Economic development

---

<sup>11</sup>The Arkansas River Waterway crosses Arkansas and comes within 15 miles of Tulsa, Oklahoma. The year-round navigable route provides access to industrial sites along a 150-mile stretch in northeastern Oklahoma and a 300-mile stretch in Arkansas. See Miles H. Sonstegaard and James C. Lilly, Jr., Navigation-Related Sites on the Arkansas River Waterway (Little Rock: Industrial Research and Extension Center, College of Business Administration, University of Arkansas, 1969).

planners at the Oklahoma and Arkansas state levels and the Ozarks Regional Commission have begun to realize that firm controls over the types of industry that will occupy the limited number of sites along the waterway is desirable. A plan to give priority to those industries which foster economic development of the region is being developed.<sup>12</sup>

The scheduling of public or social services such as education, health and recreation is generally on a year to year basis at the state and regional levels. Requests for appropriations are a part of budget requests. The State of Oklahoma describes the projects as one-year action programs accompanying budget requests.<sup>13</sup> Regional economic development organizations such as the Ozarks Regional Commission are coordinating projects within their respective regions that require federal funding. The Economic Development Administration (EDA), U.S. Department of Commerce, requires that comprehensive overall

---

<sup>12</sup>The Ozarks Regional Commission 1970 Annual Report (Little Rock: The Ozarks Regional Commission, 1971), p. 32.

<sup>13</sup>Letter from the Industrial Development and Park Department, State of Oklahoma, May 24, 1971.

economic development programs be submitted for approval and funding at the federal level. In the Ozarks region the projects listed in Table 2 have been submitted by the states to the Ozarks Regional Council for coordination, approval and submission to the Economic Development Administration for approval and funding.

The development and promotion of agriculture, industrial and commercial enterprise (point 6) suggests an area in which marketing may make a significant contribution by changing the concept of what we can get to what we need and want. A suggested approach is contained in Chapter III of this study.

Management planning on such subjects as fiscal programs, reorganization of governmental functions, and administrative programs (point 7) and general government research (point 8) have seen some significant improvements in recent years. At the federal level there is a concerted effort to coordinate economic development planning, programs and funding. Regional councils representing each federal department have been established as coordinating bodies. At the state level the requirements for development of overall economic development programs (OEDP's) have caused a greater degree of forced coordination and long-range planning.

TABLE 2

Selected Public Facility Requirements Projects  
Submitted to the Ozarks Economic Development  
Regional Commission during Fiscal Year 1970  
by Member States  
( \$ millions )

Project	Arkansas	Kansas	Missouri	Oklahoma
Technical Training Facilities	4.20	4.70	18.85	10.85
Industrial Parks, Sites and Utilities	8.65	4.14	8.9	22.46
Leisure and Tourism	16.98	1.69	15.00	4.80
Transportation Related Investments:				
Roads (access only)	5.50	1.05	7.80	5.60
Airports	3.30	.37	6.25	5.43
Health Facilities	7.75	1.08	7.34	8.30

Source: The Ozarks Regional Commission 1970 Annual Report, The Ozarks Regional Commission.  
(Little Rock: The Ozarks Regional Commission, 1971).

### The Marketing Concept-Background

Marketing is a 20th century phenomenon that has developed primarily in the United States. It is an activity and a pattern of a way of life which western societies have adopted. Marketing is a social institution, an economic function, a business undertaking and a consumer oriented service.<sup>14</sup> It is the institution that society takes to supply its physical needs. As an economic function it creates values through the market mechanism of allocating scarce resources. As a business undertaking it is the compound activity of business management that assembles, sorts and disperses goods, and controls the flow from creation to final ownership. As a customer oriented service it is the primary external function of a business enterprise that seeks to provide satisfaction to society.<sup>15</sup>

Marketing has been defined by McCarthy as:  
 "...the performance of business activities

---

<sup>14</sup>Robert Bartels, Marketing Theory and Meta-theory (Homewood: Richard D. Irwin, Inc., 1970), p. 156.

<sup>15</sup>Ibid, pp. 157-158.

which direct the flow of goods and services from producer to consumer or user in order to satisfy customers and accomplish the company's objectives."<sup>16</sup>

The emphasis of marketing has shifted over time from the purely functional how-to-do-it approach to the more sophisticated, and indeed realistic, concepts of consumer satisfaction embodying the social scientist's theories of consumer behavior. It has not always been the case. Although marketing as a function of business, known earlier as trade and commerce, has been conducted during all of the days of man and coded under the Laws of Hammurabi, the Romans, and the Aztecs,<sup>17</sup> the American Marketing Association as late as 1948 had not yet recognized the consumer satisfaction philosophy when it defined marketing as:

"... the performance of business activities that direct the flow of goods and services from producer to consumer or user."<sup>18</sup>

---

<sup>16</sup>E. Jerome McCarthy, Basic Marketing: A Managerial Approach. 3d. ed. (Homewood: Richard D. Irwin, Inc., 1968), p. 9.

<sup>17</sup>Edward C. Bursk, Donald T. Clark and Ralph W. Hidy, The World of Business, Vol I (New York: Simon and Schuster, 1962), pp. 9-10.

<sup>18</sup>Journal of Marketing, Vol XIII (Oct, 1948) p. 209.

## Historical Events in the United States

The business of America<sup>19</sup> was, during the 1800's, a massive industrial drive to satisfy utilities through material goods for a growing population that was settling the nation. The means of production, the economy and industrial might of the nation grew more during the fifteen year period following the Civil War than it had before or has since during an equal period of time. To the businessman of the 19th century the insatiable demands of the American public gave him a license to satisfy the public at any cost.

The means of transporting the material wants of the public were also constructed during the 19th century. In 1830 there were 23 miles of railroad track in the United States: by the outbreak of the Civil War the railroad network east of the Mississippi river had been completed: by 1890 there were 166,723 miles of railroad track being operated on that linked the industrial centers of the eastern seaboard with cities, towns and the countryside across the land.<sup>20</sup> The railroads created the economic take-off stage in the

---

<sup>19</sup>The business of America is "business" according to Calvin Coolidge in a speech before the Society of American Newspaper Editors, January 1925. New York Times, January 18, 1925.

<sup>20</sup>Alfred D. Chandler, Jr. (ed), The Railroads: The Nation's First Big Business. (New York: Harcourt, Bruce and World, Inc., 1965), p. 3.

United States.<sup>21</sup> The era has been amply described by Thorstein Veblen in two of his classical works.<sup>22</sup> Veblen describes the businessman as a saboteur with vested interests which gives him a marketable right to get something for nothing.

According to Henry H. Bakken the manifesto of 1890, the Sherman Anti-Trust Act, sprang from a conviction in America that economic power vested in a few hands must be subdued to attain an ideal state of morality in relation to material things.<sup>23</sup> The laissez-faire policy of the great philosophers came to a dampened end in the United States by passage of the following Acts:

Interstate Commerce Act.....	in 1887
Sherman Anti-Trust Act.....	in 1890
Hepburn Act.....	in 1906
Federal Trade Commission Act.....	in 1914
Clayton Anti-Trust Act.....	in 1914
Adamson Act.....	in 1916
Transportation Act.....	in 1920

---

<sup>21</sup>W.W. Rostow, The Stages of Economic Growth: A Non-Communist Manifesto (Cambridge: The University Press, 1961), p.4.

<sup>22</sup>Thorstein Veblen, Theory of the Leisure Class (New York: The Vanguard Press, 1926) and The Theory of Business Enterprise (New York: Charles Scribner's Sons, 1920).

<sup>23</sup>Henry H. Bakken, Theory of Markets and Marketing (Madison: Minor Publishers, Inc., 1953), p. 247.

## The Development and the Developers of Marketing Thought

Serious study of marketing as a new discipline began during the 1900-1910 decade, characterized by Bartels as the Period of Discovery.<sup>24</sup> Early teachers began to offer courses in the distribution trades. The conception of marketing was recognized and the name Marketing given to the new discipline. The idea of time, place and possession utility assumed new meanings in a nationwide market of eager consumers where the means of transportation was at hand. The roles of wholesalers and channels of distribution were established. Large industries existed, under the names of Gould, Vanderbilt, Carnegie, Armour, Cudahy, Rockefeller and Morgan. The era saw a completely different type of talent emerge--those of the entrepreneurs whose skills in marketing management gave rise to large retail operations: names such as Wanamaker, Gimble, Straus, Marshall Field, Lazarus, Woolworth, Kresge, Sears and Aaron Montgomery Ward.<sup>25</sup>

The first courses offered at the University level in the distribution industries were:

---

<sup>24</sup>Robert Bartels, The Development of Marketing Thought (Homewood: Richard D. Irwin, Inc., 1962), p. 41.

<sup>25</sup>Ibid, pp. 24-25.

- 1902 University of Michigan, by E.D. Jones
- 1902 University of California, by S. Litman
- 1902 University of Illinois, by G.M. Fisk
- 1903 University of Pennsylvania, by W.E. Kreusi
- 1904 University of Pennsylvania, by H.S. Person
- 1905 The Ohio State University, by J.E. Hagerty
- 1908 Northwestern University
- 1909 University of Pittsburg
- 1909 Harvard University, by P.T. Cherington
- 1910 University of Wisconsin, by R.S. Butler<sup>26</sup>

Ralph Starr Butler's experience with the Procter and Gamble Company convinced him that personal selling and advertising had to do simply with the final expression of the selling idea and that marketing was something more than just selling. He was one of the first to introduce the total system concept.<sup>27</sup>

The Period of Conceptualization in marketing thought occurred during the 1910-1920 decade when marketing concepts were initially developed, classified, and terms defined.<sup>28</sup> The University of Wisconsin offered a course entitled, "The Marketing of Farm Products" taught by Louis D. H. Weld.<sup>29</sup> Other

---

<sup>26</sup> Ibid., p. 29.

<sup>27</sup> Ibid., p. 32.

<sup>28</sup> Ibid., p. 41.

<sup>29</sup> Ibid., p. 33.

contributors were P.D. Converse, C.S. Duncan, F.L. Vaughn, R.S. Alexander, H.H. Maynard, M.P. McNair and H.R. Tosdal.<sup>30</sup> In 1911 Charles C. Parlin conducted the first marketing research study--on the agriculture implements industry--a 460 page report. He coined the term, "The Customer is King" and identified "convenience good."<sup>31</sup> L.D.H. Weld presented a paper, in 1914, before the American Economic Association on Marketing Distribution.<sup>32</sup> The American Marketing Association was founded as a result of an early meeting in 1915 and the first issue of the Journal of Marketing appeared in 1934.<sup>33</sup>

The period 1920-1930 has become known in the history of marketing thought as the Period of Integration. Principles of marketing were postulated and the general body of thought integrated.<sup>34</sup> The structural dimensions of advertising, salesmanship, sales management, credit, market research, wholesaling, retailing, general marketing and other miscellaneous subjects were brought under the general heading of Marketing.<sup>35</sup>

The integration of Marketing thought continued through the Period of Development, from 1930 to 1940.

---

<sup>30</sup> Ibid, p. 34.

<sup>31</sup> Ibid, p. 108-109.

<sup>32</sup> Ibid, p. 36.

<sup>33</sup> Ibid, p. 36.

<sup>34</sup> Ibid, p. 41.

<sup>35</sup> Ibid, p. 42.

Specialized areas of study began to develop such as the temporal and spatial dimensions of demand.<sup>36</sup> Consumer acceptance theory began developing with early writers on Advertising such as Leo V. Aspinwall.<sup>37</sup>

The Period of Reappraisal of marketing thought occurred during the 1940-1950 years, especially during the post-World War II years of 1946-1950. New needs for marketing information knowledge was seen and scientific approaches such as the means for data gathering and mass data storage and analysis became available.<sup>38</sup>

Marketing studies made during the period 1950-1960, the Period of Reconception, were the forerunners to development of the modern marketing concepts of the 1970's. Traditional institutional approaches were supplanted by emphasis on managerial marketing; the interdisciplinary approach developed bringing together the disciplines of economics, psychology, sociology, accounting, statistics, law, political science, and others to make marketing a truly interdisciplinary science.<sup>39</sup> Wroe Alderson began the school

---

<sup>36</sup>Ibid, pp. 41-42.

<sup>37</sup>Leo V. Aspinwall, "Consumer Acceptance Theory," Theory in Marketing, 2d. ed. Ed. by Reavis Cox, Wroe Alderson and Stanley J. Shipiro (Homewood: Richard D. Irwin, Inc., 1964), p. 247.

<sup>38</sup>Bartels, Development of Marketing Thought, p. 41.

<sup>39</sup>Ibid, pp. 41-44.

of a systems approach to marketing in 1957.

Alderson emphasized the relationship to and the integration of marketing thought with other social sciences in his functional theory of marketing. He regarded the starting point toward an understanding of marketing and the development of marketing thought as the study of group behavior; relating group behavior to problem-solving action.<sup>40</sup>

Howard emphasized analysis, planning and the managerial approach to marketing in his 1957 textbook, defining the controllable and non-controllable elements of the external and internal environments.<sup>41</sup>

Lazer and Kelly also introduced the study of marketing from a managerial viewpoint in their source book of 1958, Managerial Marketing.<sup>42</sup>

The first basic textbook useful in an introductory course in managerial marketing was published in 1960. McCarthy's work embodied the new concepts of the importance of the consumer, goal orientation of marketing, the role of strategic

---

<sup>40</sup> Wroe Alderson, Marketing Behavior and Executive Action (Homewood: Richard D. Irwin, Inc., 1957), Ch. III.

<sup>41</sup> John A Howard, Marketing Management: Analysis and Planning (Homewood: Richard D. Irwin, Inc., 1957).

<sup>42</sup> William Lazer and Eugene J. Kelly, Managerial Marketing: Perspectives and Viewpoints (Homewood: Richard D. Irwin, Inc., 1958).

planning and the marketing mix, and marketing communications systems. He coupled managerial marketing with social and historical institutions by introducing and developing the four environmental adapters of marketing: the four "P's" of Product, Place, Price and Promotion.<sup>43</sup>

Marketing science moved from a functional and a social institutional approach to a systems-planning-management and consumer behavior approach during the 1960's. Wroe Alderson acknowledged economics as having some claim to the origin of the science of marketing: that of the idea of heterogeneity of both needs and resources (conceptions of consumer behavior developed by Bohn-Bawerk).<sup>44</sup> He argues that the allocation process on which economics is built is made possible only by the process of sorting in the marketplace. Alderson claims sorting as the central concept of marketing that fullfills the economic theories of utility satisfaction. He writes:

"To understand marketing behavior the marketing man takes a closer look at the nature of the participants. He is thus obliged to come

---

<sup>43</sup> McCarthy, Basic Marketing.

<sup>44</sup> Wroe Alderson, "The Analytical Framework for Marketing," Marketing and the Behavioral Sciences. Ed. by Petty Bliss (Boston: Allyn and Bacon, Inc., 1963), pp. 25-27.

to grips with the organized behavior system. Marketing behavior is primarily group behavior."<sup>45</sup>

In 1963 Bartels wrote:

"Marketing is a social process: it is more than a business technique or even an economic activity. Marketing is an arm of the social body, a pattern of behavior, an institution."<sup>46</sup>

Developments in the concepts of marketing have led to several studies on consumer behavior and the proliferation of marketing research firms that are well endowed with psychologists and sociologists who attempt to relate human and group behavior to the science of marketing individual products. Howard first presented his marketing-consumer behavior model at the University of Massachusetts on February 24, 1966.<sup>47</sup> Two other marketing-consumer behavior theories (among the many) were published in 1967-1968 by Douglas, Field and Tarpy, and Engel, Kollat and Blackwell. Douglas, Field and Tarpey claim that

---

<sup>45</sup> Ibid, p. 32.

<sup>46</sup> Robert Bartels (ed.), Comparative Marketing: Wholesaling in Fifteen Countries (Homewood: Richard D. Irwin, Inc., 1963), p. 295.

<sup>47</sup> As a Visiting Lecturer, School of Business, University of Massachusetts. The complete model is in John A. Howard and Jagdish N. Sheth, The Theory of Consumer Behavior (mimeo.), Graduate School of Business, Columbia University, 1965.

the swing to the customer-minded philosophy has brought the marketing-oriented manufacturing company into full bloom today.<sup>48</sup> Engel, Kollat and Blackwell claim that the Howard model was the first truly integrative model of buyer behavior; that the interdisciplinary contributions to marketing thought (i.e., learning theory, clinical or psychanalytic theory, Gestalt psychology, cognitive theory, social influence theory) have led to the modern-day marketing concept that focuses on consumer satisfaction.<sup>49</sup>

The application of the modern marketing concept: that of first determining the wants and needs of the potential consumer; of designing or re-designing the product to meet the customer's wants and needs; of developing a plan and a program to influence the external and the internal environments through the environmental adapters, is clearly applicable to and required for marketing economic development.

---

<sup>48</sup> John Douglas, George A. Field and Lawrence X. Tarpy, Human Behavior in Marketing (Columbia: Charles E. Merrill Books, Inc., 1967), p. 5.

<sup>49</sup> James F. Engle, David T. Kollat and Roger D. Blackwell, Consumer Behavior (New York: Holt, Rinehart and Winston, Inc., 1968), pp. 27-36.

## Marketing and Economic Development

The concepts of marketing have progressed from a concept of sterile trade and commerce to a concept that has bypassed the institutionalisms of Veblen to that which embodies the systems concepts of marketing and logistics management--total systems concepts that focuses on consumer satisfaction.

Marketing has been almost totally neglected in the literature on economic development. Most of the historical and the current literature on economic development stresses the importance of capital formulation, land reform, educational reform and improved production techniques.<sup>50</sup> Even a greater misfortune is that the literature of our day totally neglects the steps and the techniques of planning for economic development, notwithstanding the several references to the need for comprehensive planning and the development of an overall economic development plan as specified by the several federal agencies that provide financial and technical assistance for planners and managers of economic development.

The modern marketing concept teaches us

---

<sup>50</sup> Reed Moyer and Stanley C. Hollander (Eds.), Markets and Marketing in Developing Economies. (Homewood: Richard D. Irwin, Inc., 1968), p. 1.

that for a business to be successful in the 1970's that business must consider its customers--their needs and desires, likes and dislikes, habits and attitudes--at every stage and level of the business operation.<sup>51</sup> We can see at almost every turn of events, whether political, scientific, economic or in free enterprise the growing influence of the consumer. The daily television media coverage of demonstrations and demands for equality have had significant effects on the political structure and policies in our society and are having their effects on business structures at all levels.

The growing influence of consumer demands is being strongly supported by government regulation and legislation. Marketing theorists have, since the early 1900's, been writing about and teaching the concepts that we identify today as the modern marketing concept. That concept simply and most directly says that the businessman must concentrate his analysis on the consumer: that a marketing strategy always begins with a study of the target consumer.

---

<sup>51</sup> Edward W. Smykay and Joan Breibart, Introductory Marketing (New York: The Macmillan Co., 1971), p. 8.

This chapter has presented the background and developments in the fields of economic development and marketing. Economic development planning has been shown as requiring extensive analysis and establishment of specific objectives and goals that are fully coordinated, meaningful, and measurable. Marketing, through commercial enterprise, has developed the systems concept of extensive analysis, establishment of specific objectives and goals that are fully coordinated, meaningful, and measurable. These analogies are illustrated in Chapter II.

## CHAPTER II

### PARALLELS BETWEEN MARKETING GOODS AND SERVICES AND MARKETING ECONOMIC DEVELOPMENT

#### Introduction

The purpose of this chapter is to illustrate that marketing economic development is analogous to marketing goods and services. To lay the foundation for analysis, some of the basic aspects of planning for state and national development were briefly discussed in a historical context in Chapter I. Another portion of the foundation was the discussion of the marketing concept and its components. This chapter illustrates the analogy of marketing goods and services and marketing economic development by drawing parallels in concepts and applications.

The first step in this process is to identify several parallels between marketing economic development and marketing a product. For analytical purposes, the parallels are divided into the broad categories of conceptual, strategic, managerial and operational.

Conceptual Parallels in Marketing Goods and  
Services and Marketing Economic  
Development

**Missions and Objectives**

In commercial business, though there is no uniformity in statements of purpose, aims, goals or missions, the generally accepted theory is that all firms have multiple aims toward attainment of a central mission. The maximization of profits aim is but one of several. In recent years there has been, both in the business and academic world, a growing recognition of the social responsibilities of business. The question of which comes first, profits or social responsibilities, is a moot point because in the 1970's the commercial business firm, because of the pressures of intense competition, cannot expect to remain in business lacking a satisfactory return-on-investment nor can it expect to remain continuously in business without fulfilling certain social responsibilities.

Economic development looks to similar aims and goals. The parallels of the number of persons employed in the region equate to the commercial term that describes return-on-investment. The parallel of jobs (income) per thousand population in economic development equates to income per share in the modern

corporation. Figure 1 has been developed to suggest these conceptual parallels.

The network of corporate aims can be illustrated as a pyramid with the number of statements associated with each segment increasing as the pyramid is descended.

In Figure 1, under Missions and Objectives, the several sub-elements listed have been emphasized by Steiner.<sup>1</sup> Under Goals there is reflected only the one overriding and paramount goal of consumer satisfaction that is all important in business enterprise and in economic development.

Goals refer to short-term specific aims and are expressed in a specific dimension: concrete and definite. The statements of missions and objectives in the arena of economic development are broad and all-inclusive. Statements of goals are guides to action that can and should be established for all levels of management, planning and execution of actions for marketing economic development: they are benchmarks for measuring progress toward long-term

---

<sup>1</sup> George A. Steiner, Top Management Planning, Vol I (New York: The Macmillan Co., 1969), pp. 150-153.

FIGURE 1

**Conceptual Parallels in Marketing Goods and Services  
and Marketing Economic Development**

Activity	Marketing Goods and Services	Marketing Economic Development
Mission and Objectives	Viable Development	Viable Development
Return	Percent Return on Investment	Percent Population Employed
Growth	Income per Share	Jobs (income) per thousand Population
Sales/Markets	Growing Share	Growing Economy
Products	Increasing Technology	Increasing Technology
Goals	Consumer Satisfaction	Consumer Satisfaction
Customers	Buyers of Products	Firms Seeking Locations
Products/Services Industries	Aardvark Feed to Zoo Supplies	Regions, States, Areas, Cities
Requisites of Satisfaction	Good Product Reasonable Price Provides Utility Satisfaction Good Service to Customer	Total Environment Competitive cost of Production and Distribution Improve/maintain the Environement
Managerial Activities	Executive Level Management	Executive Level Management
Decision to Act	Analyze: Environments	Analyze: Environments
Act	Rationalize: Efficiently	Rationalize: Efficiently

objectives and provide the basis for appraisal and re-evaluation of actions designed to reach established objectives. The ultimate goal is consumer satisfaction, as is the ultimate goal in application of the marketing concepts.

### Customers

There is no need to belabor the point of who the customers of commercial enterprise are, but who are the customers of economic development? Figure 1 states that firms seeking locations are the customers. These customers may be spoken of in terms of the market for economic development. Four separate and distinct segments of the markets for marketing economic development have been suggested by Constantin and Southard.<sup>2</sup> They identify external targets for economic development that would tend to provide job opportunities (as opposed to jobs resulting from internal improvements in the regional-area infrastructure) segmented into four market targets as follows:

First. A potential segment of the people who have an idea and a desire to be an entrepreneur but nothing else; no finances, no knowledge

---

<sup>2</sup>James A. Constantin and William R. Southard, Marketing and Logistics Planning for Economic Development. Paper prepared for the American Marketing Association Workshop in Business Logistics, The Ohio State University, May 18-19, 1971.

of the steps to be taken to test the idea; no understanding of what must be done to test the economic feasibility; and no knowledge of how to put together an organization to exploit the idea.

Second. A segment closely related to the first: products that are consumed almost everywhere, produced at some distant point, for which brand names mean relatively little, and which require very unsophisticated manufacturing or assembly processes. This segment consists of opportunities waiting to be exploited, but no exploiters. The authors, Constantin and Southard, refer to this group of potential manufacturers as "barbeque-tub" manufacturers.

Third. Another segment closely related to the first and second segments: the local firm which would like to expand but thus far has been unable to do so for a variety of reasons, such as financial.

Fourth. This segment is the part that receives almost 100 percent of the attention of planners of economic development: existing firms seeking places to relocate or to locate branch plants.

Each segment provides an almost endless range of alternatives, according to Constantin and Southard, from the manufacture of aardvark feed to the processing of zoological specimens.

The four market segments listed above provide the planner for marketing economic development the first step in his hierarchy of planning. Simple consideration of the four as separate entities and on the other hand as interlocking, one supporting the other, is a giant step in the direction of problem resolution. The resources of an expert economic development planning staff are required: one that is innovative, farsighted and courageous.

At this point in the process of planning for marketing economic development the planners have made general observations as to what they wish their area to look like in 5, 10, 15 or 20 years, types of industries desired, and types of supporting and service type industries required. If they have done their planning properly, likely industries and perhaps even firms which are potential customers may have emerged. The entrepreneurial target market may be subdivided for marketing purposes into several groups and programs begun not only for the creation of an attractive environment for the desired groups and/or industries and/or firms but also for plans to attract

the customer. In the entrepreneurial group for example a city or state may develop what we may call Project 128 after Boston's famed Route 128 along which many high technology firms are born.

Project 128 would consist of among other things analysis to find out who the customers are and what will attract them. The analysis would disclose that many firms along Route 128 were formed by professors and/or graduate students and that they need financing. The economic development planners could improve local environments by arranging for financial assistance programs of a venture nature. They could contact potential customers in the same way a soap marketer does: go see the potential customer. Teams to recruit such entrepreneurs under Project 128 could visit campuses which spawn these people; they could help create a similar environment on their own nearby campuses.

### Products or Services

Figure 1 suggests that the products or services to be marketed run the gamut from A to Z--from the manufacture of aardvark feed to the processing of zoological supplies. The products or services to be marketed by economic development groups are the geographical areas themselves: the regions; states;

areas; cities; communities; products to be marketed in exactly the same sense that soap is a product to be marketed. Also, just as soap has to satisfy the customer, the state or other locations has to satisfy the customer.

### Requisites of Satisfaction

In the commercial enterprise the product must be a good one in order to satisfy the consumer. The parallel in the region is the total environment which must be good. Again, as there are many sides to a good product, there are many facets to a good total environment: economic; social; cultural; political.

Economic aspects of the environment are of varying degrees of importance to the several target markets. To the firm looking for a place to put a branch plant, economics may be paramount. However, after reducing location possibilities to a few where economic factors are more or less the same other aspects become more important. In short the region, city, or state--the product--must be economically competitive in terms of economic factors including nearness to market; nearness to raw materials. These two factors are logistics related, and are discussed fully in Chapters III and IV.

Another requisite of satisfaction to the consumer of commercial goods and services is good service. On time deliveries, post-sale service to customers and product, etc, are illustrations. The parallels in maintaining good service to the customer of economic development are similar: continued improvement in all economic, social, and cultural aspects of the environment.

### Managerial Activities

The functions of managements of commercial firms and economic development groups are exactly the same. The businessman at all levels of our free enterprise society analyze in order to develop a base for rational decisions. A business is nothing more than an organization of human, material and intangible resources created to bring satisfaction to its owners and managers. In a closely held business satisfaction is realized by the owner-manager by successful continuation of the business. In a widely held corporation the business provides satisfaction to its managers in much the same manner as the closely held owner-manager firm.

The function of business is to create, retain, and satisfy customers as a means to an end: the creation, retention and satisfaction of consumers assures the

business firm of adequate profits so as to continue to provide satisfaction to its owners and managers.<sup>3</sup>

Figure 1 shows two facets of managerial activities: the decision to act and the act itself. These two facets constitute the foundation for one definition of management, as follows:

"Management is the analysis and rationalization of all environments, functions, components, and activities of the organization for the dual purpose of establishing aims, plans, and policies at all levels and for the effective, efficient, and systematic use of resources."<sup>4</sup>

Implicit in this definition is that managements first decide to do something (analysis) and then they do it (rationalization).<sup>5</sup> To ensure the desired continuity of the organization the managers plan. Planning begins with analysis. Analysis is the first step in the decision process. Business managers,

---

<sup>3</sup>Definition of functions tentatively put forth in the manuscript for a book in process by Professors James A. Constantin, Malcolm L. Morris, and William R. Southard, The University of Oklahoma.

<sup>4</sup>Ibid.

<sup>5</sup>The following is based in part on a paper which discusses this subject in another context. See James A. Constantin, The Logistics Concept: Its Application to Small Shipments. Paper presented at a Small Shipments Conference, The American University, Washington, D.C., May 4-7, 1971.

marketing managers, logistics managers, and even economic development managers analyze. Analyses includes the study of:

1. Environments, for clues to developing alternative purposes, missions, and objectives.
2. Internal environments for strengths and weaknesses of its human, material, and intangible resources and their capacity to be used or adapted for use in meeting various alternatives.
3. Alternative types of resources and alternative methods or resource allocation and acquisition.
4. External environments to identify the nature of opportunities to be exploited and resistances to be overcome in order to meet the purposes, missions, and objectives.

Analyses culminate in the development of alternatives that in themselves may be subjected to further analyses within the overall system. The most desirable alternative is selected and that alternative constitutes the objective for that business, marketing, logistical or economic development plan.

Attainment of an objective requires a decision to do something. In doing whatever is decided upon, management wants to do it efficiently; so managers

rationalize; that is, they use modern methods of efficiency in doing things to reach their objectives.

They rationalize:

1. All of the human, material, and intangible resources of the internal environment to assure the most effective and most efficient use of those resources to meet the stated objectives.
2. Those aspects of the external environment which are related to the achievement of the objectives of the organization.
3. The relationship between the internal and external environments to meet the objectives.

A parallel definition to management may be developed for economic development management and stated in similar terms:

Economic development management is the analysis of all environments, functions, components, and activities of the region to help establish regional aims, plans, and policies, and it is the rationalization process which assures the most efficient, effective, and systematic use of the resources used in the economic development effort.

The discussion of management's analysis and rationalization functions and the general definition of economic development management emphasizes several major features of a concept of economic development. In the context of economic development those features include:

1. The recognition of the integrated relationship of economic development management and management of other functions and activities of the organization.
2. The contemplation that the appropriate managers will perform their functions to further the integration.
3. The visualization of the potential contribution of economic development programs to the area being developed and the population of the area.
4. The perception of the mutual interdependence of those economic development activities of the organization with those of all other activities.

The economic development manager, during his analysis and preparation of his plan for marketing economic development, first concentrates, as has been previously stressed in this study, on his primary

market target, the consumer for his product. The consumer is classified, for our purposes, as the primary element of the external environment. The external environment consists of those forces that are normally beyond the immediate control of the organization. Some elements of the external environment are capable of being influenced, some are not. Those obviously not capable of being influenced are the elements of nature. Those capable of being influenced are the potential consumers of the economic development product, their manufactured products and the selling price of those products, their raw material requirements, their land, labor and capital needs, their competitors and the consumers for their manufactured products. Those not so obvious that are, for the purposes of economic development planning, not subject to immediate influence, are the economic and the demographic characteristics of the national market outside our product area of influence.

The internal environments of our product also fall into the categories of adaptability and subject or not to influence. The reasons for the analysis of the internal environment by the planner for marketing economic development is to determine those elements that can be adjusted, and the cost, to meet the needs, the wants, and the desires of the potential market target

segment. All of the considerations that firms employ in locational analysis are candidates for these analysis, and perhaps more given particular times, objectives and situations.

Adaptation of the internal environment is the greatest challenge to the planners and managers of economic development so as to make the product attractive to potential consumers. Planners and managers of economic development look at the opposite side of the economist's coin: where economic locational theory teaches us that industry locates or expands at the point of least cost (least cost to produce products and proximity to markets for his products) the planners and managers of economic development recognize that there may be many locations that would fit this same requirement.

Strategic, Managerial and Operational Parallels  
in Marketing Goods and Services and Marketing  
Economic Development

There are several parallels in strategic, managerial and operational activities between marketing goods and services and marketing economic development. A brief overview of those parallels are listed in Figure 2. The parallels can be generally classified into those generally associated with strategic planning and those generally associated with managerial and operational

FIGURE 2

**Strategic, Managerial and Operational Parallels in Marketing  
Goods and Services and Marketing Economic Development**

Activity	Marketing Goods and Services	Marketing Economic Development
<u>Strategic Planning:</u>		
Analysis of the Environments	Select Missions and Objectives	Select Missions and Objectives
Alternative Objectives	Product mix; development of technological innovations	Industrial mix; light-heavy, capital-labor, technology levels required
Human and Material Resources	Strengths and Weaknesses	Strengths and Weaknesses
Identify Resistances	Exploit Opportunities Competing Companies  Inadequate Capital  Insufficient technical know-how	Exploit Opportunities Competing Regions and States Absence of Financing for Entrepreneurs Access to Markets; Energy; Materials; Transport Rates and Services
Identify Opportunities	To Meet Objectives	To Meet Objectives
The Competition	Other Producers	Other Regions, States, Areas, Cities
The Market	Potential Customers	Location "buyers"
Nature of Opportunities	Create Venture Div. Farm-out the idea  Enlarge Local Plant  Build Branch Plant	Develop Entrepreneurs Develop the idea; locate Entrepreneur Expand Existing Businesses Attract Branch Plants

FIGURE 2 (continued)

Activity	Marketing Goods and Services	Marketing Economic Development
<u>Managerial and Operation Control</u>		
Rationalization of Processes and Methods	Improve Efficiency	Improve Efficiency
Marketing	Identification of Customers Reaching Customers Advertising Personal Selling Agents, other Preparation of Information	Identification of Customers Reaching Customers Advertising Personal Selling Agents, other Preparation of Information
Financing	Financing Operations and Growth of Companies	Arranging methods for helping financing of customers
Production	Reduction of Operating Costs	No direct parallel (may consider "production" of information; of customers, etc. as production)
<u>Environment Adapters</u>		
Product	Aardvark Feed to Zoo Supplies	Region, State, Area, City
Price	Determined by Market Considerations	Cost to the location "buyer" Cost of Manufacture and delivery to customers of the the location "buyer" Manufacture Transportation
Promotion	Designed for Target Markets	Designed for Target Markets
Place-Channels of Distribution	Typical Channels	Part of Promotion as in Service Industry No direct parallel to manufacturers

control. Under strategic planning the analysis to be performed concentrates on both the external and the internal environments. The objectives of the analysis, from both the economic development arena and the business enterprise arena, is to identify those elements of the environment that seek to ensure opportunities, growth, continuity, opportunities, and to identify resistances.

### Strategic Planning

One of the purposes of environmental analysis by commercial enterprises is to select missions for the firms and establish objectives to reach these objectives. This is also the purpose of such analyses by economic development groups. There are so many possible alternative objectives of either commercial or economic development groups that any list almost is sure to be incomplete.

Among objectives which commercial enterprise might establish are those relating to adjustment of the product mix to remove the effects of seasonal or cyclical variations or to provide a better rounded offering for customers. This objective has a parallel in economic development when the goal relates to the industrial mix for better use of natural and other resources or to provide a basis for agglomeration.

Furthermore, an objective may relate to the steady introduction of technological or conceptual innovations. Similarly, an economic group may have similar objectives, such as those referred to as Project 128. (Page 44, this study).

As for human and material resources available to help reach objectives, the analyses of both groups have identical purposes: to identify strengths and weaknesses. By the same token, the analyses to identify resistances are similar for both groups. Each has to face up to competition (from other companies; from other regions); each may have the problem of inadequate capital (to finance expansion; to finance entrepreneurs); each may have technological deficiencies (insufficient know how; poor access to markets because of disparate transport rates).

We have already mentioned in another context the parallels in identifying opportunities and the composition of the competition and the composition of the market. In the previous section we referred to four possible target markets which present opportunities to the economic development groups. Figure 2 illustrates that there are exact parallels to certain alternatives of business groups. One of our target markets was to design programs designed to develop entrepreneurs, both of the technologically sophisticated Project 128

type as well as ordinary types. A number of our largest firms have created venture divisions to accomplish the same goals within the corporate framework. A second market suggested was to develop an idea, do all necessary work to effect it, and find an entrepreneur to do it. The counterpart in business is when a company develops an idea and licenses it to some other firm to manufacture or otherwise pursue it to perfection.

The practices of firms in enlarging their plants or locating branch plants have their counterparts in economic development activity. One of the potential markets we referred to was the expansion of existing firms in the region and another was to attract branch plants.

#### Managerial and Operational Control

Figure 2 illustrates the managerial and operational control activities of commercial enterprise that have very close parallels in the rationalization process with comparable activities of economic development groups. The production process is ordinarily thought of as the aspect of the manufacture of goods. Accordingly, there is no direct parallel in the marketing of economic development.

### Environmental Adapters

Analysis of the external environment includes the classification and identification of consumer markets for the manufactured products of users of the economic development product (the area) and the economic, spatial and temporal dimensions of reaching those markets. These analyses are ever-present in all classifications or hierarchies of planning and are continued under the marketing analysis performed under managerial and operational controls. Also, they are subjected to alternative courses of actions under application of the environmental adapters.<sup>6</sup>

The environmental adapters are employed under the parallels of strategic, managerial and operational actions to influence the infrastructure as well as the services provided.

The rationalization process that was discussed above under conceptual parallels becomes effective subsequent to the analysis of the environments and the analysis of the environmental adapters.

---

<sup>6</sup>The environmental adapters are the four P's (Product, Price, Place, Promotion) defined by McCarthy. See E. Jerome McCarthy, Basic Marketing: A Managerial Approach. 3d. ed. (Homewood: Richard D. Irwin, Inc., 1968), pp. 31-33.

Rationalization means to use modern methods of efficiency to do something and at this point in time that doing something means that the manager, either in business enterprise or economic development, makes a decision that seeks to reach the goals established for the firm or corporation or economic development group.

Parallels in Planning for Marketing Goods and Services and Marketing Economic Development

The cardinal purpose of planning is to discover future opportunities and make plans to exploit them.<sup>7</sup> Exploitation planning could be long-range, strategic planning, or short-range functional planning that is based on goals. Strategic planning determines major objectives. It is action oriented. Objectives include missions, purposes and aims, and establishes the guidance, guidelines and policies to be followed in achieving them.<sup>8</sup>

In the military sense, a classic example of a strategic plan would be the plan that was developed by the Allies to re-capture the European mainland in 1944. An example of a corporate strategic plan is one

---

<sup>7</sup> Steiner, p. 33

<sup>8</sup> Ibid, p. 34

that seeks to capture and retain a share of the national market for a stated period of time. An example of a strategic plan for economic development is one that seeks to capture sufficient industry, manufacturing or service, so as to provide employment for a growing population over a stated period of time. The parallels are identical: all seek an objective and establish policies, procedures, means and resources to achieve the stated objectives.

The organizational levels where strategic-vs-functional planning is conducted is almost entirely a reflection of the size of the firm, government level or internal organization. Management controls are retained by the executive levels and the allocation of resources needed to achieve the objectives of the plan is a major function of management. According to Anthony, management control is defined as:

"...the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives."<sup>9</sup>

---

<sup>9</sup> Robert N. Anthony, Planning and Control Systems: A Framework for Analysis (Boston: Graduate School of Business Administration, Harvard University, 1965), p. 17.

Operational control is the function of delegating authority to action-levels of management that seek to achieve goals through the accomplishment of tasks. Anthony defines operational control as:

"...the process of assuring that specific tasks are carried out effectively and efficiently."<sup>10</sup>

Economic development planning as with commercial enterprise planning begins at the top management level in establishment of strategic objectives and the policies and general procedures to achieve the objectives. Operational control, and the resources needed, is delegated to a planning-action-management group to perform analyses and make rationalizations to achieve goals through individual tasks.

Marketing planning is the keystone to success in economic development and in the corporate enterprise marketing planning is generally synonymous with marketing success.<sup>11</sup> Marketing is the action phase of planning that focuses upon exchange between firms and groups. It creates time and place utility in consumer satisfactions; the objectives of the business enterprise as

---

<sup>10</sup>Ibid, p. 18.

<sup>11</sup>Steiner, Vol 3, p. 520.

well as the manager for marketing economic development. The principal importance of marketing is that its functions match needs, wants and desires with resources through the process of marketing analysis and marketing rationalizations. Successful marketing begins at the executive level of management and is carried out through the functional echelons.

### Summary

The analogy of marketing goods and services and marketing economic development has been illustrated in this chapter. Conceptual parallels in planning for both commercial endeavors and economic development have been shown to begin with establishment by top management of missions and objectives. Once established, the ultimate goal is consumer satisfaction, the foundation on which the modern marketing concept lies.

Customers for the products of commercial enterprise and economic development differ only on the level of consumption. The customer for economic development planners is the commercial enterprise level that produces the goods and services for consumption. Several levels of economic development customers have been suggested for analysis and consideration by managers and planners for marketing economic development.

Requisites of satisfaction apply equally to

commercial enterprise as to economic development. The marketing concept stresses continuous analysis to ensure continuous consumer satisfaction. Commercial enterprise seeks to achieve this goal by product improvements and supporting services. The parallel in economic development is continuous improvements of the environment which both attracts and retains customers in the long run.

Managerial planning activities are exactly parallel at both the commercial enterprise and the economic development levels. The analysis and rationalizations that are performed both seek to optimize their respective efforts to achieve the objectives and goals established by top management.

Strategic, managerial and operational parallels in marketing goods and services and marketing economic development have also been illustrated. The significance of strategic planning is that it requires positive actions to establish missions and objectives that are meaningful, obtainable, and that the resources for achieving them are identified. The analysis of resistances provide the planner with the foundation for goals for adaptation of the elements of the environment.

Managerial and operational controls have been shown to be parallel with the exception of the production activity. Marketing is the significant parallel

activity between commercial enterprise and economic development as it reaches-out to achieve the goals of both profit and non-profit activities.

The environmental adapters are useful as tools of management at both the commercial enterprise and economic development levels. They are useful for classification and identification of problem areas and serve to guide in the analysis and rationalization processes.

## CHAPTER III

### AN APPROACH TO MARKETING ECONOMIC DEVELOPMENT

#### Introduction

The previous chapters of this study have emphasized the historical and conceptual aspects of marketing and economic development and illustrated the analogy of marketing economic development and marketing goods and services. This chapter suggests an approach to the application of the concepts of marketing to economic development. The purpose of this chapter is to support the analogy of marketing goods and services and marketing economic development. Emphasis in this chapter is on analysis of the environments to identify primary factors and market targets for economic development, and suggest steps toward improvements in the infrastructure that makes a region or area competitive.

#### Analysis of the External Environment

In a broad sense the external environment is non-controllable. It requires extensive analysis on the part of managers and planners of economic development to determine the elements of the internal

environment that may be adapted to meet potential consumer needs, wants and desires.

The analysis of external environments concentrates on manufacturing type industries. Manufacturing includes three broad operations:

1. Accumulation of productive factors and raw materials in one point.
2. Processing raw materials into a finished product.
3. Distribution of the product to markets.<sup>1</sup>

The executive management level of commercial enterprise seeks to optimize the inputs-outputs of production and marketing at the least-cost location consistent with optimum efficiencies.

Ben-Zvi conducted a study of 200 firms that had located in the State of Oklahoma during the period 1959-1969 to determine the elements that attracted each firm to the state. He found that the firms emphasized the ten major locational factors shown in Table 3. They are discussed below under major resources groupings. The ten factors have been regrouped to combine similar factors for discussion under common sub-headings. The arrangement has been made with one aspect of the marketing concept in mind: that of deter-

---

<sup>1</sup>Samuel Ben-Zvi, "Locational Determinants of Manufacturing: An Econometric Model for Oklahoma," (unpublished Ph.D. dissertation, Department of Economics University of Oklahoma, 1970), p. 3.

TABLE 3

## Firm's Ranking of Ten Major Locational Factors

(Study of 200 firms that had located in the State of Oklahoma during the period 1959-1969)

Locational Factors	Rank 1 to 3 Percent of Firms	Rank 4 to 6 Percent of Firms	Total Percent of Firms
1. Labor supply	38	17	55
2. Proximity to markets	41	13	54
3. Labor and community attitude	20	34	54
4. Future markets	30	14	44
5. Proximity to raw materials	29	6	35
6. Wage rates	20	7	27
7. Competition	15	9	24
8. Transportation facilities	10	13	23
9. Taxes	7	11	18
10. Energy	10	6	16

Source: Samuel Ben-Zvi, "Locational Determinants of Manufacturing: An Econometric Model for Oklahoma" (unpublished Ph. D. dissertation, Department of Economics, University of Oklahoma, 1970), p. 151.

mining what the potential customer's wants and needs are and the steps necessary to satisfy them. For example, proximity to markets, proximity to raw materials, and transportation facilities are primary marketing and physical distribution oriented wants and needs: they relate to nearness to markets in terms of economic and temporal factors. They are the primary factors in marketing the economic development of any region, area or city. As Ben-Zvi reports:

"Two prime reasons account for a firm's decision to locate near its market. First, the reduction of delivery costs might enable the firm to successfully participate in price competition. Secondly, for some products, the importance of prompt delivery and fast service is of a major magnitude."<sup>2</sup>

#### Marketing and Physical Distribution Oriented Wants and Needs

Five major factors are grouped under marketing and physical distribution oriented wants and needs.

They are:

- ...Proximity to markets
- ...Proximity to raw materials
- ...Transportation
- ...Future markets
- ...Competition

---

<sup>2</sup>Ibid, p. 145.

Marketing considerations were shown in the Ben-Zvi study to have been primary considerations in locational analysis and locational decisions.<sup>3</sup>

Proximity to raw materials was found to be favored by firms engaged in extractive or agricultural products processing and the weight-loss factors of minimizing transport costs to initial processing points was found to be overriding.<sup>4</sup>

Transportation was ranked by 23 percent of the firms that located in Oklahoma during the 10 year period as being an important factor. Although a small percent showed transportation as the prime factor a large percent indicated that transportation facilities were closely scrutinized.<sup>5</sup> Firms who are producers of industrial goods selling their products in national markets were more concerned with transportation rates, modes and facilities than the consumer goods producer selling in the regional market.<sup>6</sup> These considerations are what the marketer terms as nearness to markets. The factors of logistics however impact to a degree not generally revealed in the questionnaire type survey that list functional activities for evaluation in locational analysis. Logistics impacts

---

<sup>3</sup>Ibid, p. 145.

<sup>5</sup>Ibid, p. 87.

<sup>4</sup>Ibid, p. 117.

<sup>6</sup>Ibid, p. 116.

most directly on marketing considerations that have been shown as the primary consideration in location decisions. Logistical considerations as a major aspect of economic development are therefore discussed in Chapter VI.

#### Labor and Public Oriented Wants and Needs

Three major factors are grouped under labor and public oriented wants and needs. They are:

- ...Labor supply
- ...Labor and community attitude
- ...Wage rates

Firms locating in Oklahoma have shown labor supply as being a strong motive in their locational decision.<sup>7</sup> While the ingredients of this factor are difficult to analyze, the aspects of numbers of available labor force, level of education and expenditures on vocational education either presently or anticipated are meaningful. Among the states comprising the Ozarks region (Missouri, Kansas, Arkansas, Oklahoma) and Texas, the State of Oklahoma ranks second ( behind Texas) in the percent of population in the 18-44 age group.<sup>8</sup> In education, Oklahoma ranks second (behind

---

<sup>7</sup>Ibid, p. 60.

<sup>8</sup>Ibid, p. 62.

Kansas) in percent of population with a high school or above level of training for persons 25 years of age or over.<sup>9</sup> In expenditures on vocational training, Oklahoma ranks first in per capita expenditures.<sup>10</sup>

In the planning stage Oklahoma has submitted programmed requests for six technical training facilities to the Economic Development Administration (EDA) amounting to \$10,850,000. Oklahoma ranks second (behind Missouri) in planned technical training facilities projects.<sup>11</sup>

Meaningful measurement of labor and community attitudes is at its best a value judgement by those concerned with these aspects of both the labor force and the community as a whole. Ben-Zvi's study revealed that 54 percent of the firms that located in Oklahoma during the ten year period studies indicated that labor and community attitudes were attractive locational factors.<sup>12</sup> The attributes of worker's willingness to be trained, low absenteeism and low turnover become meaningful as does cooperative union leadership. In general, the larger the work force required by the firm the more important the factors of labor and community attributes become.

---

<sup>9</sup>Ibid, p. 65.

<sup>10</sup>Ibid.

<sup>11</sup>Ozarks Regional Commission 1970 Annual Report, p. 14.

<sup>12</sup>Ben-Zvi, p. 70.

Only 27 percent of the firms locating in Oklahoma during the period studied indicated wage rates as an important locational factor.<sup>13</sup> Among the range of earnings of machinists, mechanics, tool and die makers, labors, packers and truckers, no particular state in the Ozarks region offered a "lowest" range. For example, mechanics earn less in Oklahoma than in the other states while in the other skills the state of Oklahoma is about in the middle range.

#### Other Least-Cost Oriented Wants and Needs

The significant factors of taxes and energy are grouped under other least-cost oriented wants and needs. Taxes as a locational factor are not as important as other factors yet they do warrant consideration. For example, 18 percent of the firms locating in Oklahoma during 1959-1969 indicated Oklahoma's tax structure as a favorable locational factor. Taxes however lead to overall financial considerations that impact on business investment decisions. The Ben-Zvi study concludes that state's funds would be better utilized in improving the physical features of the infrastructure and vocational training programs rather

---

<sup>13</sup>Ibid, p. 54,

than offered as inducements in the form of low-cost loans or tax exemptions.<sup>14</sup> Among the five states, only the State of Texas offers no financial inducement program, yet Texas is again the only state among the five that levies no corporate or personal income tax. The tax factor appears to be an element of the overall costing analysis rather than a significant single element.

Energy as a locational factor is the least significant factor among the top ten reported by firms locating in Oklahoma during 1959-1969. The firm that is a large user of energy considers both availability and cost as important variables in his analysis.

#### Competing External Environments

The common characteristics of competing regions, states, areas, cities and communities are such that in the 1970's the number of competitors facing the managers and planners for marketing economic development is indeterminable. The United States market alone is so closely linked by mass transportation and mass communications media that boundaries have become meaningless. As such, managers and planners

---

<sup>14</sup>Ibid, pp. 103-107.

for marketing economic development must first evaluate the current and potential assets that exist in their respective locations with the view of possibly realizing a greater degree of successful achievement of goals in a more narrow range yet in less time than is required to attract major branch plants of the larger corporations. The first three market target segments that were suggested in Chapter III, listed by short-title below, provide planners with meaningful targets that are already under the local area of influence:

One: Entrepreneurs

Two: Products consumed locally.

Three: Expansion of local firms.

Four: Firms seeking places to relocate or establish branch plants.

#### Analysis of the Internal Environment

The internal environment constitutes the various elements of the infrastructure that is subject to adaptation to meet the needs, wants and desires of potential consumers that were identified in the analysis of the external environments. It has only been in recent years that the national focus has been brought to bear on the internal regional, state and local levels. The Public Works and Economic Development Act of 1965 was a milestone in the economic development

history of the United States.<sup>15</sup> The Act provides for financial and technical assistance for underdeveloped areas and regions of the United States. The Economic Development Administration (EDA), U.S. Department of Commerce, administers the various programs under the Act. During 1970 a total of 808 projects were approved to help create employment opportunities that included:

...\$157,896,000 for 308 public works projects in 126 areas.

...\$ 49,360,000 for 40 business loans in 25 areas.

...\$ 14,670,000 for 216 new technical assistance and research projects in 75 areas.

...\$ 10,235,000 to support the planning programs of local communities, counties, and multi-county development districts.<sup>16</sup>

In 1969 Choate suggested a program of economic development research and demonstration projects for

---

<sup>15</sup>U.S. Congress, Public Works and Economic Development Act of 1965, Public Law 136, 89th Congress 2d. Sess., 1965.

<sup>16</sup>Jobs for America: Annual Report, 1970, Economic Development Administration (Washington: U.S. Government Printing Office, 1970), p. 1. The EDA

the State of Oklahoma.<sup>17</sup> His study contains a thorough analysis of the internal environments of the state and recommends several programs on the macroeconomic level to improve the infrastructure, to improve the level of vocational training, and to develop demonstration projects that are designed to accelerate the expansion of industry in the state. His study is useful to the executive (top) management level in establishing missions and objectives and to managers and planners of economic development in establishing goals for achievement of the missions and objectives established.

---

programs are but one source of financial and technical assistance for improvements of the internal environment. The EDA programs and other federal programs which constitute the primary source of financial and technical assistance for regional and area economic development are not discussed in detail in this study. A study published by the Brookings Institution in 1969 contains a comprehensive review of the proliferation of federal programs designed to create economic opportunity in various regions and areas in the United States. See James L. Sundquist, Making Federalism Work (Washington: The Brookings Institution, 1969). Further, the Office of Economic Opportunity (OEO) publishes a report of the 1019 programs administered by 57 federal departments and agencies of the United States government that offer varied programs for financial and technical assistance. See Catalog of Federal Domestic Assistance, Executive Office of the President (Washington: U.S. Government Printing Office, 1971).

<sup>17</sup>Pat Choate, "An Economic Development Program for Oklahoma" (unpublished Ph.D. dissertation, Department of Economics, The University of Oklahoma, 1969).

Development of action plans for marketing economic development, on a micro level, are based on the major factors determined through analysis of the marketing and physical distribution oriented wants and needs of potential customers, labor and public wants and needs and others as identified through analysis of the external environments. Competitive factors are considered as they may impact greatest when all other factors are about on an equal plane. The factors of logistics impacts on competition among competing regions and states because logistics provides the means to influence the most important factor of location decisions: the markets for products factor.

#### Survey of Products: Candidates for Market Target Segments One, Two and Three

With market target segments one, two and three in mind (market target segments identified in Chapter II ), a survey of several local (Norman, Oklahoma) business firms was conducted to obtain samples of products that are sold in Norman, but manufactured in states other than Oklahoma. The survey was conducted by personal interviews with local businessmen and letters requesting businessmen to suggest products that are sold in their stores that had been manufactured in a state other than Oklahoma. A

list of the firms sampled is at Appendix A. The respondents were enthusiastic about the possibility that someone would encourage more local (state) manufacture of products sold to the residents.

A sample of the specific products sold in Oklahoma and recommended by Norman merchants for manufacture in Oklahoma is shown in Table 4.

Data on specific products and quantities sold in a given city or area are easily estimated. One method is the survey approach used in this study. This procedure is simple and direct, and will identify a myriad of products and possibly uncover demands for products not currently available in local retail outlets, but fails to determine the magnitude of the demand for each product. For example, one hardware store owner seldom knows the quantity of all "barbecue-tubs" sold in the area, but he certainly knows that they are sold. A primary source for obtaining the data is through trade journals. For example, the leading liquor store manager in Norman reports that sales of Old Charter bourbon, manufactured in Kentucky, amounted to \$3,000,000 per year in the state. The data was quoted from the liquor industry trade journal for Oklahoma. Another example is data published by the Association of Laundry and Dry Cleaners that contains the number and size of these establishments in states and major cities. Computation

TABLE 4

Products Sold in Oklahoma but Manufactured Outside  
Oklahoma: Suggested as Candidates for  
Manufacturing in Oklahoma

Product	State Manufactured
<u>Automotive</u>	
131,347 Chevrolet parts	Michigan, Illinois
MAG Wheels	Ohio
<u>Construction</u>	
Hand Power Tools	Tennessee
Aluminum Windows and Doors	Missouri
Gypsum Wallboard	Texas
Hand Tools	Connecticut
Builders Hardware	Connecticut
Cabinet Hardware	(Japan)
<u>Dental</u>	
Banding materials	California
Dental Pliers	California
Dental Cement	California
Face Bows and Neck Pads	Indiana
Headgear	Indiana
Impression Trays	Colorado
Elastic Leg. Thread	Colorado
Elastics (mouth)	California
Hand Instruments	California

TABLE 4 (Continued)

---



---

<u>Education</u>	
Duplicating (mimeo) equipment	Illinois
Drawing supplies	Illinois
Writing Paper and Notebooks	New York
Text and Trade Books	New York
Art Supplies	Illinois
Mat and Poster Boards	Illinois
Paperback Books	New York
<u>Fabrics and Clothing</u>	
Towels and Linens	Michigan
Swim Suits	California
Ladies Wear	New York
Buttons	Kansas
Aprons	Minnesota
T-Shirts	Kansas
Sweatshirts	Kansas
Jackets	Kansas
<u>Food</u>	
Sugar	California
Fruit Cocktail	California
Dog Food	Missouri
Pork and Beans	Texas

---

TABLE 4 (Continued)

---



---

<u>Laundry-Dry Cleaning</u>	
Hangers	Texas
Plastic covers	Texas, Arkansas
Industrial Chemicals	Texas
<u>Liquor</u>	
Cutty Sark	Scotland
Kentucky Gentleman	Kentucky
Ten High	Illinois
Ole Crow	Kentucky
Smirnoff	Michigan
Windsor	Canada
Seagram 7-Crown	Kentucky
Tvarseki	Illinois
Jim Bean	Kentucky
Ole Charter	Kentucky
<u>Mobile Homes</u>	
Mobile Homes (complete)	Indiana
Air Conditioners for Mobile Homes	Indiana
Mobile Homes Windows, Doors	Kansas and Texas
<u>Motorcycles</u>	
Springer Front Forks	California
Helmets	Texas and Calif.
Reflectors	New Jersey
Gas Tanks	California

---

TABLE 4 (Continued)

---



---

<u>Other</u>	
Church Furniture	Arkansas
Greeting Cards	Massachusetts
Hand Lotion	Ohio
Hair Spray	New Jersey
Suntan Lotion	Texas
Vitamins	Texas
Light Bulbs	Ohio
Megaphones	California
Parts Control Index System	Illinois
Film	New York
Pillows and Mattresses	Texas
Lawn Mowers	Ohio, Michigan, Nebraska
Barbecue Grills	Illinois
Lamps	Arkansas
BB Guns	Arkansas
Small Home Electrical Appliances	Illinois
Luggage Racks	California
Paper Towels	Tennessee
Filters for Air Conditioners and Heating Systems	Pennsylvania
Attic Power Vents	Texas

---

Source: Survey of businessmen in Norman, Oklahoma  
conducted by the author during May-June, 1971.

of products and quantities used in the industry by city and state can be estimated. In a study conducted of the household laundry equipment industry the researchers were able to estimate the demands for home laundry equipment and manufacturing-distribution costs based on data obtained from reports of manufacturers, trade journals and public documents.

The Bureau of Business Research, University of Oklahoma, provides a monthly report of dollar sales in the state by SIC groupings. The data is obtained from tax records by type of retail store. These data are useful indicators as are data on commodities shipped inbound or outbound. The information may be translated to useful statistics through correlation analysis. For example, the average number of housing starts in any city or area provide an excellent source of data to project the demands for hundreds of different products that are needed to construct the units and estimate the increased demands for products that most households purchase when moving into a new home. It is a safe assumption that each new home will have several types of utility features installed and most will require a new "barbecue-tub".

The significance of the above comments is that the step following the identification of products that are candidates for market target segments one,

two or three is to determine the effective demand for specific products.

There are several generalizations that can immediately be made from a review of the products listed in Table 4. The first, perhaps, is that the list of products has no bearing on the first market target segment. Such a generalization would be partially correct, yet ideas are provoked from the ideas of others. Another generalization is that the products listed may or may not be suitable for promotion by the second or third market segment. Again partially true: the earnestness of the local businessman cannot be denied, however, when he suggests products that he knows from experience are in continuous demand, are profitable to the manufacturer, and hopes to see the benefit accrue to the citizens of his state. The market target planners must therefore be selective and the reader must of course keep in mind that the list of products in Table 4 are a scant sample of the total number of consumables and industrial products sold in Oklahoma that are manufactured in states other than Oklahoma.

### Sources of Financial and Marketing Assistance for New Products Manufacturing

A survey was conducted of several possible sources of financial and marketing assistance to aid the person with an idea, the entrepreneur, or the local businessman. The study made use of a questionnaire, personal letters, and personal interviews. The four questions asked in the questionnaire are shown under Table 5. Questions A and C stress the financial aspects of assistance while questions B and D combine both the financial and the marketing aspects. The mix in questions was deliberate and intended to seek opinions and willingness to provide assistance beyond financial assistance only.

The results of the study are reported in Table 5. Questions were asked of a sampling of U.S. Government agencies, State of Oklahoma agencies, finance companies in Oklahoma, banks in Norman, Oklahoma and banks in the Oklahoma City SMSA, and several banks in major cities outside Oklahoma. A list of the agencies and institutions represented in the sample is at Appendix B.

The survey of financial institutions, as with the survey of local retailers, serves as an

TABLE 5

Sources of Financial and Technical Assistance  
for Entrepreneurs and Small Businessmen

Source	(Percent YES response) Questions			
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
U.S. Government Agencies	38	38	38	38
State of Oklahoma Agencies	0	50	50	50
Finance Companies in Oklahoma	0	0	33	33
Banks in Norman, Oklahoma	75	50	100	75
Banks in Oklahoma City, Oklahoma	38	25	88	50
Banks in the Oklahoma City SMSA less Norman and Oklahoma City	20	20	80	80
Banks Outside Oklahoma	64	64	73	64

Question A: "Do you have a program that will provide financial and technical assistance to a person who has an idea for a new product that could be manufactured and marketed?"

Question B: "Do you have a program that would provide financial and technical assistance to a person to establish a manufacturing plant and help him locate markets for his product?"

Question C: "If a person knows of products that are now being sold in the local community but manufactured outside the state, and wants to establish a manufacturing capability in the community, would you assist him?"

Question D: "If a person is now a small manufacturer and wants to expand into other product lines would you help him identify products that are marketable?"

Source: Survey conducted by the Author, May-June, 1971.

indicator of the cooperation and expectations that the entrepreneur or small businessman might expect to receive from the various sources of financial assistance represented in the sample.

The individual or the small businessman can expect little hope for financial or any other types of assistance from the various federal agencies. There is one exception: the Small Business Administration. The fact is that the federal agencies prefer to work through state and local community development organizations although their announced programs are not necessarily so stated. Several of the Small Business Administration's programs are reviewed briefly in this section followed by a review of the comments received from State of Oklahoma agencies, a sampling of finance companies in Oklahoma and commercial banks.

#### Small Business Administration (SBA)

The SBA is a direct source of assistance, financial and managerial, to planners for marketing economic development. The SBA administers several types of economic development assistance programs that focus primarily on the small businessman but do have programs to assist the entrepreneurs. A few

SBA programs are described in the following paragraphs.

Business Loans--direct and immediate participation loans, guarantee plans and simplified early maturity loans. This program covers such assistance as business construction, conversion or expansion, purchase of equipment, facilities machinery, supplies or materials, and provides working capital. The maximum loan under this program is \$100,000 to any single businessman or guarantee up to 90 percent of a maximum loan of \$350,000 made by a commercial bank. The maturity period is 6 years for working capital and 10 years for other than working capital. Collateral is required and may take the form of real estate or chattel mortgage, warehouse receipts, assignment of contracts, guarantees or personal endorsements or current accounts receivable. SBA loans under this program average \$25,000 per contract.<sup>18</sup>

Economic Opportunity Loans (EOL)--designed for low-income or disadvantaged persons who have lacked the opportunity to start or strengthen a small business and cannot obtain the necessary financing from other sources on reasonable terms.

---

<sup>18</sup> Key Features of SBA's Principal Lending Programs. Small Business Administration (Washington: U.S. Government Printing Office, 1969), p. 1.

The maximum loan amount under the EOL program is \$25,000 to any one borrower with working capital loans limited to 10 years and construction, machinery, etc. loans limited to 15 years maturity. Any worthwhile collateral is suitable.<sup>19</sup>

State Development Companies--any corporation organized by the state with authority to assist the growth and development of business concerns. The funds are available direct from the SBA in the amounts authorized and approved by the state economic-industrial development corporation. The maturity period of the loan is 20 years.<sup>20</sup>

Local Development Companies--any corporation formed by public spirited citizens of the community interested in planned economic growth of that community. The Local Development Company may use the loans to buy land, build a new factory, acquire machinery and equipment, expand or convert an existing plant, construct a shopping center or numerous other projects. The SBA limit on 90 percent guarantee loans for these projects is \$350,000 for each identifiable small business assisted. It is expected that the Local Development

---

<sup>19</sup> Ibid, p. 1.

<sup>20</sup> Ibid, p. 2.

Company would generate 20 percent of the cost of the project. The maturity period for loans under this program is 25 years.<sup>21</sup>

Small Business Investment Company (SBIC)-- a SBIC must be licensed under the SBA Investment Act. Minimum private capital is \$150,000. An SBIC is eligible to borrow \$2 for every \$1 of private capital up to a maximum of \$7.5 million or up to \$10.0 million if a substantial amount has been invested in venture capital. The maturity period for loans under the SBIC program is 15 years.<sup>22</sup>

Further research into the SBA programs indicate that the SBA would not necessarily be receptive to assisting the person with only an idea and a strong desire, lacking knowledge, financing and experience, i.e.--the first market target segment. According to the SBA literature as confirmed during a personal interview with a SBA official in the Oklahoma City Office of the SBA the agency does not engage in venture loans to persons who have only ideas and the entrepreneurial desire, lacking all other means.<sup>23</sup>

---

<sup>21</sup> Ibid, p. 2.

<sup>22</sup> Ibid, p. 3.

<sup>23</sup> SBA: What it is...What it does. Small Business Administration (Washington: U.S. Government Printing Office, 1970), pp. 3-4, and conference with Mr. Frank Stegall, Loan Officer, Small Business Administration, Oklahoma City, Oklahoma on May 17, 1971.

Those under market target three, existing firms who desire to expand, could expect financial and managerial assistance from the SBA subject to the firm's past earnings record, future potential, ability to repay, repayment period and collateral such as real estate, warehouse receipts, etc. The existing owner-manager would normally be required to be able to show collateral or owner investments up to about 50 percent of the amount required for expanding the firm's capacity and/or entering into the new product line.<sup>24</sup>

Every applicant under the SBA Economic Opportunity Loan Program is expected to have some of his own money or other assets invested in the business. Management assistance, in addition to financial assistance, is provided under the program, but, again according to the Oklahoma City SBA official, there is no existing program that would provide assistance to any applicant in the field of marketing research or determining marketing opportunities for his product. The management assistance programs are limited to internal efficiencies and accounting records and some technical training assistance. The applicant, using

---

<sup>24</sup> Ibid.

his own resources, would be required to contract with a marketing research firm for product and marketing development assistance. Mr. Stegall of the Oklahoma City SBA office indicated that the lack of a marketing assistance program was perhaps one of the greatest weaknesses of the SBA programs.<sup>25</sup>

#### State of Oklahoma Agencies

State of Oklahoma agencies are not a direct source of financial and technical assistance for the entrepreneur or small businessman, but are much more directly responsive to location of sources of assistance for him within the state. The State of Oklahoma Industrial Development and Park Department replied to Questions A through D as follows:

Question A. "We do not have a program to assist someone who has nothing more than an idea for a new product. However we can provide market information to him on his product."

Question B. "Yes, for example the Industrial

---

<sup>25</sup>Ibid.

Financial Authority. The Industrial Development and Park Department will assist him with the application. However, the entrepreneur must have his own plan completely developed to include a realistic budget, a confirmed market for his operation, a payback plan, his anticipated agenda or mode of action, and a capable management expertise."

Question C. "If the individual has the background or expertise to manage the proposed operation and has done the necessary research, either with or without the help of the Research Division to establish such an operation, financing help could possibly be obtained...we are presently designing a program to identify the products you mention and would encourage new production or expansion into these lines by in-state firms."

Question D. "Yes, however...a great deal depends on thorough market research by the company to ascertain the best market plan, the implementation of the plan, and overall

management expertise."<sup>26</sup>

### Finance Companies in Oklahoma

Finance companies do not provide a source of financial or technical assistance for the entrepreneur or the small businessman. Finance companies were almost unanimous in their negative responses. One commented that he might make a small personal loan if it were completely secured, preferably by real estate.<sup>27</sup>

### Banks

Banks are a source of assistance for the entrepreneur or small businessman but do not lean too favorably toward the more risky ventures. Banks

---

<sup>26</sup>Letter, Industrial Development and Park Department, State of Oklahoma, Oklahoma City, Oklahoma, May 10, 1971.

<sup>27</sup>Leading nationwide Finance Company, Norman Office, Norman, Oklahoma.

located in Norman, Oklahoma are responsive to the idea man but not nearly so much when asked if assistance could be provided him to establish his manufacturing capability and market the product. Banks located in Oklahoma City and the Oklahoma City SMSA (less Norman) have a negative outlook as regards the idea man or entrepreneur.

When the aspects of specific products and markets for existing products was discussed, all banks were more receptive to providing financial and other assistance to the businessman. Again, the local Norman, Oklahoma banks were more favorable to providing assistance than those banks located in the Oklahoma City SMSA (other than Norman) or outside Oklahoma. The survey of banks located in major cities outside Oklahoma show them to be more responsive to providing all forms of assistance than the banks in Oklahoma. The Bank of America is leading the way in overcoming the legal and time-honored lending practices of granting loans only to sure bets.<sup>28</sup>

Least the reader obtain the view that all banks have a decided posture, the following comments

---

<sup>28</sup>"The Biggest Bank Bets More on High Risk," Business Week (May 22, 1971), pp. 80-81.

will shed some light on these considerations.

Bank in Norman, Oklahoma. "We sincerely strive to work with any new business or entrepreneur desiring to locate in the Norman area. Several concerns in Norman at the present time were financed originally by the \_\_\_\_\_ Bank. We believe it is the responsibility of the local banks to encourage new business and development of existing business."

Banks in the Oklahoma City SMSA (less Norman).

"...assuming he put some capital in our bank ...would not be interested in providing the bulk of the equity."

"Yes-depending on the security and dollar amount subject has to put in business."

"No"

"Our bank, as most aggressive commercial banks, would be interested in helping finance business ventures and have no particular hangup concerning new companies or new products, as long as the loan can be supported by financial information on collateral, i.e.-capital would have to be sufficient to support credit."

"...we would not be able to assist a new

business to the fullest extent financially."

Bank in the Chicago, Illinois area

"We certainly are in a position to, and do, offer financial counseling to someone with a new product idea. The degree of ...assistance ...would depend entirely on the nature of the new product idea...we would be interested in assisting him in every way possible, if his ideas seem to have genuine merit and supported by adequate professionally-prepared feasibility data. At the same time, it is still not the customary province of commercial banks to undertake the investment banking function providing venture capital, particularly for an untested type of enterprise. Currently we are participating in a number of exceptions to this general principal in the course of our minority enterprise assistance activities."

Planning for Market Target Number Four

Market target segment number four--existing firms seeking places to relocate or to locate branch plants--receive the major portion of state and community expenditures for economic development planning and promotion. A search for a sample of advertising that would announce the need for a firm to produce X-thousand

"barbecue tubs" to serve a specific market of X-thousand would, it is strongly suspected, prove to be a fruitless meandering through the dusty stacks. Georgia, "the unspoiled," has published the most beautiful brochures this side of heaven, all in color, but on NO page was this author able to find an advertised need for a (or another) "barbecue tub" manufacturer in the state.<sup>29</sup> The State of Virginia's brochures are also most impressive. One publication is directed toward encouragement of the cosmetics industry (several thousand products) but no specifics on "barbecue tubs."<sup>30</sup> Iowa also flunked-the-course although their literature contains a list of 31 newly organized industries, 36 branch plants and 155 expansions during 1970. One may assume that there are "barbecue tub" manufacturers among the lot but not with any assured degree of certainty.<sup>31</sup>

Economists have come to the conclusion that industry locates at the point of least cost.<sup>32</sup> And they are absolutely correct!

---

<sup>29</sup>Brochures from the Department of Industry and Trade, State of Georgia.

<sup>30</sup>Brochures from the Division of Industrial Development, State of Virginia.

<sup>31</sup>Brochures from the Iowa Development Commission, State of Iowa.

<sup>32</sup>See any economist's bibliography on the economic theory of plant location.

This does not say that transportation for the sake of transportation alone is the critical factor in plant location; transportation is the means to the end of the production-marketing chain of events. Transportation analysis seeks to determine the optimum balance between bringing the factors of production together at the point where the economic and temporal factors of physical distribution are at least cost for that product, not the entire industry. The implication is that there must first exist a market for the firm's product either at the present time or in the foreseeable future.

#### Infrastructure Improvements

Selection of specific programs and projects for infrastructure improvements are the result of analysis at all levels of planning. At the regional and state levels the macro-level estimates are evaluated for the impact of major development programs such as roads, highways, rivers, harbors, rail networks, distribution centers, freight rates and other elements of the transportation and physical distribution system. The regional and state levels of economic development planning also study vocational, public and higher

education facilities designed to improve the qualifications of the labor force and the general public; taxation, laws and major financial programs for attracting industry; identification and designation of primary industries that are desirable and will be beneficial and meet the objectives of the region or state; the types of programs and long-range projects that are human oriented such as recreation, leisure and retirement.

Area, city and community infrastructure improvements are more effectively identified by planners at these levels consistent with the overall economic development program that has been generated at the regional and state levels. They would include direct planning for specific goals and indirect planning for the improvement of means (such as venture capital) of achievement of the goals established.

#### Selection of Market Target Segments

The four market target segments suggested in Chapter II of this study provide the planner for marketing economic development concrete examples of where to begin after the external analysis phase of the planning process is completed. The area, city and community levels are nearest to market target segments one, two and three.

There are products that are universally consumed and are candidates as a market target segment that could not be produced economically at several locations. Planning studies on the products of these industries are more appropriately performed at the state and regional level although the desires and goals of area, city and community planners considered. An example follows:

In 1968 a comprehensive study of the household laundry equipment industry was published that used the State of Oklahoma as a proposed location for the industry. The authors suggested five major steps in the procedure for analysis of marketing patterns and for the linkage of specific production centers with specific market centers for the household laundry industry. They are:

Step 1. Determine which states produce the commodity being studied and determine which of those producing states supply Oklahoma.

Step 2. Determine the pattern of movement of laundry equipment from the production center to other state markets.

Step 3. Group data for several states to form regional markets for comparison.

Step 4. Compare the estimated manufacturing costs in the production center with those of

possible Oklahoma locations.

Step 5. Compare estimated transportation costs from the production center and proposed Oklahoma production locations to the Oklahoma oriented regional market.<sup>33</sup>

The work being performed by the Ozarks regional commission on economic opportunities in the Arkansas river region is another example of market target analysis at the regional-state macro level. The criteria for selection of industries along the Arkansas river extensions is being established and include such factors as attractive freight rates, industries that typically pay higher wage rates, industries expanding in own lines or diversified lines and current-potential markets for the products of industries desired. Significant in these studies is that if the regional or state level planners fail in their strategic planning responsibilities, then the possibility of undesirable and less economically productive industries will fill the void. Once located and occupying the prime locations they become next to impossible to dis-locate.

#### Marketing Rationalizations

The analysis of the external environments

---

<sup>33</sup>James A. Constantin and Jo N. Bond, "A Method of Analyzing Key Market Patterns and Cost Data for Plant Decisions." (Norman: Oklahoma Economic Development Foundation, Inc., 1968), pp. 2-6.

provide the economic development planner with the wants, needs and desires of potential customers for his product. The four segments of the market target provide an opportunity for analysis of specific products and industries. Emphasis was placed on analysis of already existing industrial assets in the short-range and larger corporation branch plants in the long-range. Successful execution of the development plans are contingent upon financial and technical assistance from several sources beginning at the local bank.

Communications is the cornerstone to overall economic development planning, from the regional level down to the local community level. Macro level planning belongs at the regional and state levels, incorporating the area, city and community development programs. The selection of market target segments is a function of the analysis performed of both the external and internal environments and the adapters that can feasibly be brought to bear on the infrastructure of the region or the area. Industries that are shown, after careful analysis, to be desirable for that particular region, state, area, city or community become the primary market targets.

This chapter has suggested applications of the concepts of marketing to economic development, supporting the analogy of marketing goods and services

and marketing economic development as illustrated in Chapter II. Emphasis was given to analysis of the factors that cause industrial firms to locate in a given region or area, or expand. The primary locational factors relate directly to logistical considerations, therefore, the analysis of the logistics aspects of marketing economic development was postponed to Chapter IV so that they may be fully treated. They are dealt with in Chapter IV.

Marketing is a several-sided tool of analysis and execution for managers and planners. This chapter has used only the analysis side: rationalizations follow analysis. They must address the functional elements of the marketing mix such as advertising, etc. They are not a part of this study.

## CHAPTER IV

### LOGISTICS ASPECTS OF MARKETING ECONOMIC DEVELOPMENT

#### Introduction

The logistics aspects of marketing economic development, from the viewpoint of the economic-temporal utility dimension, are contained in this chapter. Among the locational determinants of manufacturing that were reviewed in Chapter III the marketing and physical distribution oriented wants and needs were shown to be primary factors (combination of locational factors 2, 4, 5, 7 and 8 in Table 3: factors 2 and 5 relate directly to factor 8). The locational factors point to logistical considerations to a degree that warrants a more fully analysis of logistics than could have been given in Chapter III. They are treated here.

Logistics was suggested as the primary force in economic development considerations because through logistics:

...goods physically move from the place of production to the marketplace to provide place utility.

...goods are physically stored near the marketplace to provide both place and time utility.

...goods of many descriptions, sizes, shapes and forms are moved through a continuous physical distribution pipeline providing form, place and time utility to producers, the marketplace, and consumers.

Logistics considerations have added a new dimension to the familiar time, place and form utility: an economic-temporal utility. Absolute dollar costs are no longer relevant in economic locational analysis least-cost studies. The combined factors of least cost (economic) and least time (temporal) are now relevant.

### Logistics and Locational Analysis

The patterns of commerce which have developed over the years shift and change with changes in local conditions. Natural distribution points such as St. Louis, New York, Chicago, Memphis, San Francisco and Seattle were established decades ago because they

were located on major waterways. As population and other relevant patterns began to change, stabilize in a region or area and create new opportunities, other major distribution points began to develop such as Dallas and Houston in the southwestern region. As reported in the sesquicentennial year edition of the Arkansas Gazette:

"The first phase of our growth as a nation was influenced by water transportation. Even the coming of the railroads, as would be expected, emphasized the growth of those cities located on water because of the established trade routes. Both railroads and motor trucks stimulated development of inland points...a very significant aspect of (economic development) involves transportation."<sup>1</sup>

In previous chapters of this study the major factors that have caused industry to locate in particular inland regions have been identified. Those most significant to long-range economic development are proximity to markets, future markets and proximity to raw materials. These factors form the basis for the economist's "least cost" locational theories. They are brought together for meaningful and useful systems

---

<sup>1</sup>James A. Constantin, "Arkansas---Renaissance of a River, The Arkansas Gazette, November 9, 1969.

analysis of the logistical aspects of economic development.

For purposes of illustration let us assume that cost of production is universally consistent and due to mass consumption markets and communications technology that the retail sales price for consumer and industrial products is also universally consistent. The variable remaining in the marketing analysis process is logistics. Distance is no longer the measuring stick of proximity to markets or from sources of raw materials: cost (economic) and time (temporal) are the relevant factors in the 1970's. The quantity of service is no longer relevant but instead the quality of logistical, total logistical systems services, is relevant. The aggregate of all factors are considered. This process is known as logistical systems analysis. The editor of Transportation and Distribution Management reports:

"The systems approach to a problem involves not only a recognition of the individual importance of the various elements of which it is composed, but an acknowledgement of their interrelationships. Physical Distribution is the child of systems analysis. It is a discipline that attempts to combine a number of disparate elements into a cohesive

whole. Its goal is optimization of efficiency in the distribution of goods...and, in pursuit of that end, the physical distribution generalist must be prepared to accept gross inefficiencies in any or all of the components so long as the overall good is served thereby. For example, air carriage is, in terms of direct costs, the most expensive available method of freight transportation. But a company may, by using air transport, be able to greatly reduce its inventory control expenses. If the result is a net gain for the company--that is, if the extra costs of shipping by air are less than the potential inventory savings--then this is clearly the best method. Transportation costs efficiency has been sacrificed for the sake of distribution cost efficiency."<sup>2</sup>

Not only may air transport actually reduce total distribution costs, it may so improve the quality of service by taking producers closer to their markets that new customers are acquired or old ones retained.

---

<sup>2</sup>Colin Barrett, Transportation and Distribution Management (April, 1971), p. 3.

Thus, even if air transport adds to cost, it may prove economic because of the marketing implications of economic-temporal utility.

### The Logistics Environment

The logistics environment encompasses the physical characteristics of transportation and distribution systems, storage and inventory facilities, redistribution centers, interconnections among modes, the quantity and quality of various modes to serve specific and all-purpose needs, the economic-temporal cost of the utility provided by the total system, and the information-control systems that provide effective, efficient and coordinated management of the total system. The adequacy of the total logistics system will in the final analysis be the single most important aspect of the internal environment that impacts on economic development marketing. Simply said: if the logistical system of one region or area is inferior to another, the competitive position of that region or area is also inferior.

Physical connections are important as they provide the base upon which economic-temporal studies are made. The current development of physical distribution facilities in a region or area determines the

isolation, or intra-regional and inter-regional connections to markets. The degree of the quantity and quality of the services available, being improved and planned, are indications of the effectiveness of economic development planning and interest in a given region or area. For example, the State of Oklahoma has either existing facilities or planned improvements to provide physical connections with ports along the newly developed Arkansas riverway in the forms of highways (motor freight), railroads (rail freight), ports (water freight), pipelines (special purpose freight), airports (air freight), warehouses (storage), and distribution centers (freight forwarders).

Physical connections, however, are not enough. Economic and temporal proximity are the key factors in the 1970's simply because most competing regions in the economic development race now have physical connections in one form or the other.

Economic proximity considerations are more closely aligned to the locational factor of least cost consideration. Coupled with temporal considerations, they provide today's locational yardstick. The means of providing economic-temporal utility is through intermodal distribution systems which are discussed in the following pages.

## Intermodal Distribution System Improvements

Intermodal distribution systems include all modes of transport (rail, motor, air, water, pipeline) and the efficient means of switching and interconnection of the flow of products between any and all modes that carry products of all sorts. This is not to say that the flexibility of the system must include a pipeline that would carry bulk coal (there is such a system in operation) but instead a network of carriers and central distribution-redistribution points that continue the product on its route in the least amount of time at least cost to the shipper. The effectiveness, efficiency and cost of the system is a factor of several available means and utmost coordination among the means of transport. In addition, some one central point, agency or commercial enterprise must act as the overall coordinator. For illustrative purposes we refer to this point of coordination as the super-forwarder.

The availability of the intermodal system of logistics during the 1970's is expected to have a profound effect on economic development of regions and areas that are efficiently served by such a network. The experiences of the Dallas-Ft. Worth

intermodal system during the 1960's serve as an illustration of full-service components of logistics that include the availability of all modes of transport, except water, distribution centers where large shipments are received for break-bulk and trans-shipments in small lots regionally, direct physical transfer of cargo and containers from one mode to another, consolidated local pick-up and delivery, staging for export shipments, and the immediate availability of the several types of firms that support the central distribution center or centers.

According to the editor of Transportation and Distribution Management, the 1970's promise to become a "soaring" decade in logistics and physical distribution systems. The general movement is toward unitization and consolidation of shipments in a variety of forms, from palletization to piggy-back. For example the Chesapeake and Ohio/Baltimore and Ohio railroads are experimenting with a prototype car that could stretch to as long as 200 feet, with a capacity of 470 tons of coal, which may become operational during the next few years. Unit trains are already carrying bulk commodities on a contract basis between two points and there is talk and planning for land bridges to interconnect ports and inland destinations for bulk shipments. Piggy-back services

and trans-shipments of containers is expected to improve during the decade with closer coordination between railroad, water and motor industry planners.<sup>3</sup>

Thus far airlines have not been able to share in the intermodal container movements, but with the Boeing 747 and the super-cargo aircraft expected to be in full service during the decade there will be a greater flexibility of shipments of containers of common sizes among the various modes.<sup>4</sup>

The greatest flaw in the intermodal physical distribution and transportation systems now is the lack of a central location in large industrial centers, potential industrial centers or marketing centers where the super-forwarder can efficiently coordinate all inter and intra shipments, from local pick-up and delivery (that last  $\frac{1}{2}$  mile) to transloading bulk containers for national or international movements. According to A. Scheffer Lang, former Federal Railroad Administrator:

"...the key to the success of an intermodal system is specialization. Each mode of transport does a particular job better than another. The railroads are best at carrying

---

<sup>3</sup>Colin Barrett, "Physical Distribution in the 1970's: A 'Soaring' Decade." Transportation and Distribution Management (Jan, 1970), pp. 18-20.

<sup>4</sup>Ibid.

bulk cargo inland and the water transport industry best at carrying cargo on waterways, both slowly, at minimum transportation costs. The motor freight industry is best and most efficient in short-haul (less than about 300 miles) freight movements and less-than-carload lots. Pipelines are dedicated. The air cargo industry is best and has the greatest potential for movement of large tonnages of packaged or containerized cargo over long distances at minimum time. The super-forwarder could and should coordinate the shipments among the various modes, NOT coordinate the modes but instead select the mode of transport and route that will provide maximum efficiencies within the total system at least cost to the shipper.<sup>5</sup>

In addition, automation of the distribution concepts of routing of cargo over the most efficient means and routes that provide the desired economy and keeping track of the shipments enroute, plus billing, inventory control of cars and/or other major items

---

<sup>5</sup>"Transportation Needs a Drastic Overhaul," Business Week (Nov 14, 1970), pp. 68-76.

of transport equipment, rate making and retrieval, can be facilitated by the electronic computer. Barrett believes that automation of the intermodal systems has great promise for the 1970's however he sees an entirely insufficient amount of long-range planning for introduction and operation of the intermodal systems concept. He comments:

"Lack of planning has condemned the transportation industry of the past to the present (yesterday's future) unsatisfactory situation. Unfortunately, the industry shows few signs of learning its lesson--and with some reason, for the uncertainties of the present make the future course of action highly conjectural. The problem is that little solid planning has been done by anyone for any but the most immediate future. The physical distribution community is much too engrossed in its present problems at the moment to deal rationally with the distant (even, say, as much as five or ten years) future, and appears likely to remain so. The railroads, for example, have an immediate survival problem which they must first transcend before looking forward: the motor carriers can only see the future as an expanded continuation of the present:

the airlines are continually wrestling with the problem of technology."<sup>6</sup>

The significance of the aspects of physical distribution systems lie in the ability of those systems to make the region or area competitive in terms of quality and cost of service with other regions. They can be summarized as follows:

1. The recognition that without adequate physical distribution facilities an area is handicapped in an economic development program.
2. The recognition that seeds of radical change in the use of transportation and physical distribution systems have been sown.

#### The Public Regulation Dilemma

In the previous section the greatest flaw in the intermodal distribution and transportation systems was identified as the lack of efficient coordination or the means to achieve coordination within

---

<sup>6</sup>Letter from Mr. Colin Barrett, Editor, Transportation and Distribution Management, dated Feb 9, 1971

the system. The purpose of this section is to identify another major resistance to economic development: discriminatory practices of the federal government in regulation of transportation.

An example of freight rate differentials on grain from competing producing points to a market area will serve to illustrate a logistics related environmental resistance to economic development which faces the managers and planners for economic development. A study of the existing freight rates for shipments of grain from Oklahoma or Kansas to Harrisonburg, West Virginia reveals the following:<sup>7</sup>

<u>From</u>	<u>Via</u>	<u>Distance</u>	<u>Rate</u>
Oklahoma	Memphis (direct route)	1339	127.2¢
Kansas	Kansas City (direct route)	1397	105.1¢
Oklahoma	Kansas City ( <u>i</u> ndirect route)	1416	116.1¢

The reader may note that the Oklahoma grain grower is at a decided disadvantage. Not only is Oklahoma at a disadvantage in competing for raw material markets, studies have shown that for both raw materials and

---

<sup>7</sup>James a. Constantin and William R. Southard, Marketing and Logistics Planning for Economic Development. Paper prepared for the American Marketing Association Workshop in Business Logistics, The Ohio State University, May 18-19, 1970.

manufactured goods the structure of existing freight rates favor manufacturing in the eastern states of the United States.<sup>8</sup>

The problems created by present regulatory policies are unacceptable social costs and major resistances to regional and area economic development. The continued centralization of freight regulation at the federal level continue to result in inefficient traffic allocations, excess transportation capacity in some modes and shortages in others, and continue to stifle technological change and/or innovation. Only the airlines have been able to forge ahead in technology and innovation. The advantages of present federal regulation as has been exercised since 1887 is to maintain the status quo. According to a Brookings Institution report, in terms of economic efficiency alone, a policy that ended all rate regulation would create benefits far in excess of the cost.<sup>9</sup>

Federal freight rate regulation began with the Act to Regulate Commerce approved by the President on February 4, 1887. The early Act applied only to

---

<sup>8</sup>Ibid.

<sup>9</sup>Ann F. Friedlaender, The Dilemma of Freight Transport Regulation (Washington: The Brookings Institution, 1969), p. 164.

interstate and foreign commerce but as the years passed federal regulation became law over all modes of transport and down into intrastate commerce. The Act resulted from the complaints of the agricultural interests mainly in the central and mid-western states claiming unreasonable rates, discrimination and favoritism on the part of railroads which at the time provided the only means of transporting their products to the large eastern markets.<sup>10</sup> The Interstate Commerce Commission (ICC) was formed as the national transport regulatory body by the Act. During the early development years of the west the Act, through the ICC regulators, served to encourage raw materials productions in the western and southern states, and manufacturing in the eastern states. The rate structure that exists today and most regulations and regulatory controls over this largest of private industries, 83 years after passage of the Act, is about on the same keel as it was in the beginning. The arguments for minimizing or even abolishing freight regulation, and regulation of the industry, have continued to the present with almost negative results.

---

<sup>10</sup>D. Philip Locklin, Economics of Transportation, 6th ed. (Homewood: Richard D. Irwin, Inc., 1966), see especially Chapters 10 and 11.

A conference of experts in the field of transportation was held at the Brookings Institution on December 14-15, 1967 to provide a forum for discussion of the current issues raised by federal regulatory policies. The conference revolved around two basic issues: What are the costs associated with current regulatory practices? Are any alternative policies or practices preferable? The participants agreed generally that continuation of federal regulation in the present form contributed to poor investment decisions, excess capacity and excessively high costs of transport service. There was virtual unanimity that the present regulatory policies do not contribute to the economic objectives of the nation yet were hesitant to suggest adoption of alternative policies. They agreed that a form of integration of the means of transport was desirable yet had little faith in present management's ability (especially railroads) to assume these coordinating responsibilities.<sup>11</sup>

In current years, according to the July, 1970 issue of Traffic Management, the Administration is looking at several alternatives for revamping transportation regulations. The proposals include abolishing the Interstate Commerce Commission and the Civil Aeronautics Board and transferring their functions to

---

<sup>11</sup>Friedlaender, pp. 175-186.

the Department of Transportation. One Senator believes that the present regulatory structure "...increasingly impedes the development of intermodal transportation and that a merger of the three existing agencies would alleviate such problem areas as through rates and shipper-carrier liability for cargoes."<sup>12</sup> Another Senator believes that the transportation industry has suffered from a "...chaotic patchwork of laws, regulations, subsidies and policies which lack all coordination." He recommends national policies that will promote competition and result in more efficient use of resources; that this goal can be achieved through price competition, freedom of entry and combinations among carriers.<sup>13</sup> Lindley H. Clark, Jr, writing for the Wall Street Journal, says:

"It certainly appears to be dubious national policy to preserve a rate structure for purposes like keeping inefficient trucking firms in business and discriminating in favor of some types of shippers (among the chief beneficiaries of such discrimination are rural areas). Nonetheless the pressures

---

<sup>12</sup>"The Washington Report," Traffic Management (Jul, 1970), p. 17.

<sup>13</sup>Ibid.

exerted on Congress in the past indicate that it is indeed highly improbable that there will be any early move to free competition in transportation."<sup>14</sup>

Senate Majority Leader Mansfield said recently that the ICC is no longer an effective regulating body and has introduced legislation to abolish the ICC.<sup>15</sup>

McLaren, head of the Justice Department's anti-trust division, in a speech delivered to the New York Bar Association argued that competition as a regulator has a better track record than the administrative agencies. He suggested that federal laws encumbering transport competition be discarded.<sup>16</sup>

The removal of freight rate disparities is a process of negotiations with carriers and/or seeking regulatory relief. Six distinct phases of analysis have been suggested. They are:

---

14

Lindley H. Clark, Jr. "Regulating Freight: Cost Far Exceeds Gain," The Wall Street Journal (Jan 19, 1970).

15

"Congressmen Warn of Danger to Independence of Commission," Oklahoma Motor Carrier (March 15, 1971).

16

"Washington Wire," Transportation and Physical Distribution (Mar, 1971), p. 9.

1. Identification of the major raw materials shipped from the region.
2. Identification of present production points of finished products made from the raw materials produced in the region.
3. Determination of the percent of transportation cost to total manufacturing cost, both for raw materials and related finished products.
4. Determination of market areas for products of the region with the products selected on a systematic basis.
5. Determination of the raw materials and finished products on which freight rate adjustment requests are most likely to be successful.
6. In this phase, the first five should be brought together and analyzed as a package.

A showing must be made of:

- a. Where the region's raw materials are going and why.
- b. Where and why other areas are producing finished products from these raw materials, and where these finished products are marketed.
- c. The market areas the region could serve if freight rate discriminations were

removed.

d. Those products and materials which are most susceptible to favorable freight rate adjustments.<sup>17</sup>

After these studies are completed, regional and area economic development officials have a basis for action with two options available. First, they can prepare the appropriate material for presentation to the carriers concerned requesting rate changes. The second option is to seek relief from the regulatory agency.

#### Importance of Logistics-Related Environmental Analysis to Marketing Economic Development

Logistics has been shown in this chapter as the element of the internal environment that impacts with the greatest force on industry locational decisions. After the first chapter in this study that examined and discussed the historical developments of economic development planning and the marketing concept, and the second chapter that illustrated the analogy of marketing goods and services and marketing economic development, the locational factors that industry seeks in making location decisions were reviewed in the third chapter. The knowledge and the realization of these factors comes about

---

<sup>17</sup>James A. Constantin and William R. Southard, Marketing and Logistics Planning for Economic Development, pp. 33-35.

through analysis, by economic development planners, of the external environments that determine the potential customer's wants, needs, and desires.

Proximity to markets, proximity to raw materials and transportation facilities were identified as the three overriding locational factors that make a region or area both attractive and competitive toward obtaining additional industry. The first two proximity descriptives rely on the third; transportation. It has been shown that proximity to markets = nearness to markets: the economist describes the environmental factor as being at least cost location which means at a point of minimum cost to produce and transport goods to the marketplace. The marketer describes the phenomenon in its modern setting among technology in transportation and control communications as optimizing the economic and temporal factors.

#### Physical and Economic Proximity to Markets

Physical proximity to markets, in the modern marketing sense, is as old fashioned as apple

pie yet still a delightful subject when discussing the road miles between the production centers of Oklahoma City or Tulsa to the Dallas, Texas market. It is certainly true that it requires a physical means of distribution to interconnect the markets: means that can receive, temporarily store, transport, sort and deliver all sizes, shapes and forms of goods. And it is helpful in the psychological sense to be able to see modern vehicles and supporting equipment. Neat lines can be drawn on maps and walls decorated.

Beyond the historical value of physical proximations however, there exists the modern marketing considerations that are relevant to the analysis of logistics considerations: economic and temporal considerations. Economic considerations relate to total distribution costs which require analysis of all phases of the physical distribution system and all competing modes. It is not enough to weigh the cost of transport alone. The cost of such factors as preservation, packaging, packing and marking are as significant as the cost of storage or inventory awaiting movement, distribution or delivery. It serves little purpose to rapidly move large tonnages if there is a breakdown at the distributing point or at that last  $\frac{1}{2}$  mile. Economic considerations coupled with the time to deliver to the final consumer of the product are the two relevant

measurements in the provision of economic-temporal utility. In these times it is immaterial to the consumer where the production base is located. He is interested in delivery, on time, at the least cost to him. With today's modern means of transport, overnight delivery to the Dallas market, for example, through the Dallas-Ft. Worth intermodal complex is just as feasible for an Oklahoma supplier as one located in Los Angeles or Kansas City. The economic-temporal considerations are, as has been said before, today's locational yardstick.

#### Logistics-Related Resistances to Economic Development

In this chapter two primary logistics-related resistances to economic development have been identified and discussed. They are related because both stem from federal control of the physical distribution industry.

The most significant is the control of and establishment of freight rates that have proven to be discriminatory and costly, especially to economic development planners in the southern and western states. As long as there exists this degree of federal protection over the industry, the same protective rules that helped win the west, the economic development planners will be at a disadvantage to competing industry in the eastern states. Several distinct phases

of analysis have been suggested in this chapter for economic development planners to follow in seeking temporary relief. If the planner for economic development will observe the suggestions contained in this study to first identify the industry that is suitable for his product, and analyse the full aspects of the external environments of that industry, emphasizing markets for products and sources of required raw materials, then he need not try to overturn the laws, rules, regulation and habits that have grown for several decades to protect the industry. The planner for economic development can make a useful contribution to his area by concentrating on phases that he can influence.

Another significant logistics-related resistance to economic development discussed was the need for improvements in full-service intermodal distribution systems. The example of the Dallas-Ft. Worth intermodal complex was cited as a shining example, yet there are several improvements that are required before a truly full-service logistics system, a fully intermodal physical distribution system, is economically efficient. For example the physical distribution industry suffers from the lack of a true coordination among competing carriers. It is generally recognized that each mode is a specialist

in his own field, yet there does not exist a super-forwarder that is empowered to coordinate the flow and distribution of goods among competing physical distribution means. Again, the planner for economic development need not wait for the resolution of a problem that will eventually surface. There are several examples, including the Dallas-Ft. Worth complex, of highly efficient intermodal physical distribution systems that may be analysed. They have proven successful within the system and provide a necessary service and contribution to regional and area economic development.

## CHAPTER V

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### Summary

Several parallels between marketing goods and services and marketing economic development were illustrated in this study. The conceptual parallels of missions and objectives, return, growth, sales and markets, products and goals were shown to be almost identical. Managerial activities which include decisions to act and the act of the decision itself were revealed to be absolutely parallel. Strategic, managerial and operational parallels in marketing goods and services and marketing economic development were described as being almost identical. The managerial and operational control parallels of marketing and financing, and the environmental adapters were listed as closely parallel in the actions required for thorough analysis and rationalizations.

This study suggests an approach to marketing economic development. Ten major locational factors that industry emphasizes in locational decisions were analyzed. They were grouped under marketing and physical

distribution oriented wants and needs, labor and public oriented wants and needs, and other least-cost oriented wants and needs. The three most significant (proximity to markets, proximity to raw materials, and transportation services) that industry designates as deciding factors all relate directly to logistical considerations.

Labor supply and labor-community attitudes were identified as significant locational factors that impact on logistical decisions, yet they and the remainder of the ten primary factors were determined to be secondary to those factors that depend on logistics to interconnect the producer to the marketplace.

The internal environments that make an area attractive and competitive in marketing economic development were analyzed. Four market target segments were suggested. They are:

First, entrepreneurs with an idea, but limited means or capabilities to develop their products.

Second, products that are universally consumed but produced outside the region or area being developed.

Third, local firms seeking expansion in their own or other lines but requiring financial and marketing assistance.

Fourth, firms seeking places to relocate or establish branch plants.

Emphasis was given to the means of identifying market targets that are under the local control and immediate influence of planners for marketing economic development.

A survey of sources of financial and marketing assistance for new products was conducted. The results of the survey show that the first market target segment would be hard pressed to obtain financial assistance. For the small businessman, the Small Business Administration (SBA) was found to be the primary source of assistance for development of additional lines or for increasing present capacity. Commercial banks are not receptive to assisting the entrepreneur. There are several programs, however, that benefit the economically deprived that possibly could be expanded. Although the survey respondents indicated several sources of financial assistance for the small businessman, there was no indication of any sources of assistance readily available.

Selection of market target segments for regional and area economic development were described as requiring definite steps in analysis to determine the feasibility of identifying industries that are desirable and suitable for the region or area being developed. The idea that all or any industry is good for every region or area was discarded.

Logistics was classified in this study as the principal determinant of successful economic development because through logistics goods are physically moved from producer to the marketplace to provide place utility; goods are physically stored near the marketplace to provide both place and time utility; goods are moved continuously through the distribution pipeline to provide form, place and time utility. The study illustrated that logistical considerations impact with the greatest force on locational decisions because of economic-temporal utility requirements. Distance (physical proximity), only, is no longer relevant. It is economic (cost) and temporal (time to reach the marketplace) that are the relevant factors. The logistics environment was discussed under two primary requirements for improvements in the internal environments that will make the region or area attractive and competitive: intermodal distribution systems improvements and the public regulation delinma.

Intermodal distribution system improvements were stressed as requiring an effective and efficient means of coordinating the movement of traffic among the several modes of transportation and provision of all of the several parts of the logistics system to support increased industrialization of the region or the area.

The study suggested that the federal controls established over the physical distribution industry in the 1800's are inadequate for efficient and economic logistical operation. The fixing of rates for movement of manufactured goods still favors the eastern states of the United States, which results in ineffective and inefficient traffic allocations, stifles technological change and innovation, and discriminates against economic development in the southern and western states.

The importance of the logistics-related environments to marketing economic development was suggested as the most important factor in regional or area development.

### Conclusions

Economic development planning requires modernization of those methods, procedures and guidelines that have been used since the early 1900's. It is well and entirely appropriate to develop regional studies of climates and the existing infrastructures of a region or a community, but effective economic development planning requires several additional dimensions that are synonymous with marketing.

The marketing concept is not now being applied to management or planning for effective economic

development. The marketing concept requires analysis of all aspects of the external environments of industries that are potential candidates for use of the economic development product, identification of the specific industry that is desirable and suitable for the particular region or area, adaptation of the internal environments which will make the region or area more attractive and competitive, and development of a marketing plan to market the product of economic development.

Logistical considerations are the primary determinants of locational decisions by industry. Those regions and areas that provide the most effective and efficient means of intermodal physical distribution are the most competitive. Extensive analysis and positive actions are required to improve the logistical environments of any region or area.

### Recommendations

The basic recommendation that results from the summary of findings and conclusions in this study is that the concepts of marketing be applied to economic development planning, analysis and rationalization. To accomplish this objective, several specific actions are required. They are:

First, the highest levels of public administration establish the missions, objectives and goals of economic development planning for the region, state, area or city; a broad plan be drawn that shows the proposed composition and environment of the region, state, area or city at 5, 10, 15 and 20 year intervals; the plan be submitted to the general public or their representatives for approval and endorsement.

Second, economic development planners seek to achieve the goals of strategic economic development by analysis of the external environments to include the selection of specific industries that are desirable and appropriate for the development of that region or area.

Third, the goals of economic development planning of the regional, state, area and city levels be recognized, established and coordinated.

Fourth, the various strata of planners recognize opportunities and meaningful limitations at their level of planning. Among the four market target segments suggested the first three are appropriate for city and area planning objectives and goals; the fourth is more appropriate for the state and regional levels of planning and coordination.

Fifth, financial and marketing assistance programs be sponsored by all levels of economic

development planning.

Sixth, logistical considerations be recognized as the primary factors of the environment that foster economic development of the region or the area; that aggressive actions be taken to overcome logistical resistances to include abolishment of the existing antiquated federal controls over the physical distribution industry.

## APPENDIX A

TYPES OF FIRMS REPRESENTED IN SAMPLE  
OF PRODUCTS RECOMMENDED FOR  
MANUFACTURE IN OKLAHOMA

Types of Firms Represented in Sample  
of Products Recommended for  
Manufacture in Oklahoma

---

Air Conditioning and Heating Sales and  
Service

Automobile Sales and Service

Automobile Repair and Replacement Parts

Book Stores-Education/School Supplies

Construction-commercial buildings

Construction-homes

Dental

Department Stores-mixed merchandise

Grocery Sales and Wholesale Distributor

Laundry and Dry Cleaning

Liquor-retail Sales

Lumber and Building Materials

Mobile Homes

Motorcycle Sales and Service

Newspaper

---

APPENDIX B

AGENCIES AND INSTITUTIONS REPRESENTED IN  
THE SURVEY OF SOURCES OF FINANCIAL  
AND TECHNICAL ASSISTANCE

Agencies and Institutions Represented In  
The Survey of Sources of Financial  
And Technical Assistance

---



---

Agency or Institution	Number Responses
<hr/>	
U. S. Government Agencies:	16
Departments:	
Agriculture	
Commerce	
Defense	
Health, Education and Welfare	
Housing and Urban Development	
Interior	
Transportation	
Other	
Office of Economic Opportunity	
Veteran's Administration	
Small Business Administration	
State of Oklahoma Agencies	2
Finance Companies in Oklahoma	4
Banks in Norman, Oklahoma	4
Banks in the Oklahoma City SMSA (less Norman)	13
Banks outside Oklahoma	15
Sampling from:	
Phoenix, Arizona	
Denver, Colorado	
Chicago, Illinois	
New York City, New York	
Atlanta, Georgia	

---

## BIBLIOGRAPHY

## BIBLIOGRAPHY

### Public Documents

- Small Business Administration. Key Features of SBA's Principle Lending Programs. Washington: U.S. Government Printing Office, 1969.
- Small Business Administration. SBA: What it is...What it Does. Washington: U.S. Government Printing Office, 1970.
- U.S. Congress. Public Works and Economic Development Act of 1965. Public Law 136, 89th Congress, 2d. Sess., 1965.
- U.S. Department of Commerce, Economic Development Administration. Area Overall Economic Development Programs. Washington: U.S. Government Printing Office, 1969.
- U.S. Department of Commerce, Economic Development Administration. Jobs for America: Annual Report, 1970, Economic Development Administration. Washington: U.S. Government Printing Office, 1970.
- U.S. Department of Commerce, Economic Development Administration. The Ozarks Regional Commission 1970 Annual Report. Little Rock: The Ozarks Regional Commission, 1971.

### Books

- Alderson, Wroe. Marketing Behavior and Executive Action. Homewood: Richard D. Irwin, Inc., 1957.
- \_\_\_\_\_. "The Analytical Framework for Marketing," Marketing and the Behavioral Sciences. Edited by Perry Bliss. Boston: Allyn and Bacon, Inc., 1963.

- Anthony, Robert N. Planning and Control Systems: A Framework for Analysis. Boston: Graduate School of Business Administration, Harvard University, 1965.
- Aspinwall, Leo V., "Consumer Acceptance Theory," Theory in Marketing, 2d. ed. Edited by Reavis Cox, Wroe Alderson and Stanley J. Shipiro. Homewood: Richard D. Irwin, Inc., 1964.
- Bakken, Henry H. Theory of Markets and Marketing. Madison: Minor Publishers, Inc., 1953.
- Bartels, Robert. (Ed.) Comparative Marketing: Wholesaling in Fifteen Countries. Homewood: Richard D. Irwin, Inc., 1970.
- \_\_\_\_\_. Marketing Theory and Metatheory. Homewood: Richard D. Irwin, Inc., 1970.
- \_\_\_\_\_. The Development of Marketing Thought. Homewood: Richard D. Irwin, Inc., 1962.
- Bursk, Edward D., Clark, Donald T., and Hidy, Ralph W. The World of Business. Vol I. New York: Simon and Schuster, Inc., 1962.
- Chandler, Alfred D., Jr. (Ed.) The Railroads: The Nation's First Big Business. New York: Harcourt, Brace and World, Inc., 1965.
- Douglas, John., Field, George A., and Tarpy, Lawrence X. Human Behavior in Marketing. Columbia: Charles E. Merrill Books, Inc., 1967.
- Engle, James F., Kollat, David T., and Blackwell, Roger D. Consumer Behavior. New York: Holt, Rinehart and Winston., Inc., 1968.
- Friedlaender, Ann F. The Dilemma of Freight Transportation Regulation. Washington: The Brookings Institution, 1969.
- Howard, John A. Marketing Management: Analysis and Planning. Homewood: Richard D. Irwin, Inc., 1957.
- Lazer, William and Kelly, Eugene J. Managerial Marketing: Perspectives and Viewpoints. Homewood: Richard D. Irwin, Inc., 1958.

- Lepawsky, Albert. State Planning and Economic Development in the South. National Planning Association Committee of the South Report No. 4. Kingsport: Kingsport Press, Inc., 1949.
- Locklin, Philip D. Economics of Transportation. 6th. ed. Homewood: Richard D. Irwin, Inc., 1966.
- McCarthy, E. Jerome. Basic Marketing: A Managerial Approach. 3d. ed. Homewood: Richard D. Irwin, Inc., 1968.
- Moyer, Reed and Hollander, Stanley C. (Eds.) Markets and Marketing in Developing Economies. Homewood: Richard D. Irwin, Inc., 1968.
- Public Papers and Address of Franklin D. Roosevelt, Vol. I, III. New York: Random House, 1938.
- Rostow, W.W. The Stages of Economic Growth: A Non-Communist Manifesto. Cambridge: The University Press, 1961.
- Smykay, Edward W. and Breibart, Joan. Introductory Marketing. New York: The Macmillan Co., 1971.
- Steiner, George A. Top Management Planning, Vol I. New York: The Macmillan Co., 1969.
- Sundquist, James L. Making Federalism Work. Washington: The Brookings Institution, 1969.
- Veblen, Thorstein. The Theory of Business Enterprise. New York: Charles Scribner's Sons. 1920.
- \_\_\_\_\_. Theory of the Leisure Class. New York: The Vanguard Press, 1926.

#### Articles and Periodicals

- Barrett, Colin. "Physical Distribution in the 1970's: A 'Soaring' Decade," Transportation and Distribution Management. (Jan, 1970), pp. 18-20.
- \_\_\_\_\_. Transportation and Distribution Management. (Apr, 1971), p. 3.
- Clark, Lindley H., Jr., "Regulating Freight: Cost Far Exceeds Gain," The Wall Street Journal. January 19, 1970.

"Congressmen Warn of Danger to Independence of Commission,"  
Oklahoma Motor Carrier, March 15, 1971.

Constantin, James A. "Arkansas---Renaissance of a  
River," The Arkansas Gazette, November 9, 1969.

Journal of Marketing, Vol. XIII (Oct, 1948), p. 209.

"The Biggest Bank Bets More on High Risk," Business  
Week. (May 22, 1971), pp. 80-81.

The New York Times, January 18, 1925.

"The Washington Report," Traffic Management, (Jul, 1970),  
p. 17.

"Transportation Needs a Drastic Overhaul," Business  
Week, (Nov 14, 1970), pp. 68-76.

"Washington Wire," Transportation and Physical  
Distribution, (Mar, 1971), p. 9.

#### Other

Ben-Zvi, Samuel, "Locational Determinants of Manufacturing:  
An Econometric Model for Oklahoma " Unpublished  
Ph.D. dissertation, Department of Economics,  
The University of Oklahoma, 1970.

Choate, Pat. "An Economic Development Program for  
Oklahoma." Unpublished Ph.D. dissertation,  
Department of Economics, The University of  
Oklahoma, 1969.

Constantin, James A. and Bond, Jo N. "A Method for  
Analyzing Key Market Patterns and Cost Data for  
Plant Location Decisions." Oklahoma Economic  
Development Foundation, Inc., 1968.

Constantin, James A. and Southard, William R. "Marketing  
and Logistics Planning for Economic Development."  
Paper prepared for the American Marketing  
Association Workshop in Business Logistics, The  
Ohio State University, May 18-19, 1971.

Constantin, James A. "The Logistics Concept: Its  
Application to Small Shipments." Paper  
presented at a Small Shipments Conference,  
The American University, Washington, D.C., May  
4-7, 1971.

Sonstegaard, Miles H. and Lilly, James C. Jr.,  
"Navigation-Related Sites on the Arkansas River  
Waterway." Industrial Research and Extension  
Center, College of Business Administration,  
The University of Arkansas, 1969.

Ipse Dixi