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Fields of opportunity: How marketers design the transaction game with transaction field maps

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ABSTRACT

While the importance of transaction institutions, or rules, has long been established in the area of marketing governance, marketers and academics alike would benefit from guidance in the strategic use of the rules of the transaction game. This is particularly important in B2B and industrial markets where innovations in the rule-making environment have a significant effect on innovation. Strategically, the organization achieves its customer objectives by creating arenas for transacting, termed transaction fields, in which social actors transact. The fundamental argument is that organizations create transaction fields to depict the benefits of transacting to customers. Accordingly, managers must focus on strategic transactions; those that fundamentally change the way that transacting takes place in the transaction field. Using a historical case of the American cotton factor, this research demonstrates how marketers overcome factors that limit transacting by mapping their actions in transaction fields using rules. This specialization may result in the emergence of marketing intermediaries and lead to competitive advantage.

1. Introduction

1.1. The need for institutional thinking about B2B marketing strategy

Rules, or institutions (Hodgson, 1997, 1998; North, 1999) are an important part of marketing today and a vital part of marketing tomorrow in industrial and B2B markets.[1] Marketing researchers have demonstrated a number of ways in which B2B marketers use rules as governance mechanisms both formally through contracts and formalization (Bengtsson & Kock, 1999; Dahlstrom & Nygaard, 1999; Gundlach, 1994) and informally through informal contracting and norms (Heide, 1994; Kumar, Scheer, & Steenkamp, 1995; Wathne & Heide, 2001).

Further, there are a number of frameworks useful for institutional strategy analysis (Carson, Devinney, Dowling, & John, 1999; Ghosh & John, 1999; John & Reve, 2010; Wallman, 2009). However, due to the diminishing emphasis on marketing strategy in the marketing literature, a growing gap exists between the interests of marketing academics and the specialized needs of marketers (Reibstein, Day, & Wind, 2009). This is particularly true in the area of institutional marketing strategy.

While academic research is relevant to other academic researchers, it is too often irrelevant to the increasingly complex role of marketing strategy executives today (Jaworski, 2011) particularly in B2B markets. Further, this increasing complexity has created demand for new thinking about marketing capabilities (Day, 2011). B2B marketers need new ideas from institutional theorists to meet their strategic needs. That is, how institutional capabilities are used strategically to reach organizational objectives.

Both North (1999) and Williamson (2012) have noted the strategic importance of the rules of the transaction game. Further, since the inception of institutional economics scholars have contended that transaction rules are used strategically to overcome factors that limit transacting (Commons, 1934). However, there has been little guidance for marketers and marketing academics about how this is done.

Because the rules of the game have a great impact on innovation, the strategic use of rules is critical for B2B managers. That is because in business-to-business markets innovation has been shown to be important for orchestrating value for the organization (Lingreen, Hingley, Grant, & Morgan, 2012). Value is created in B2B markets through innovation in learning (Calantone, Cavusgil, & Zhao, 2002), dynamic capabilities (Weerawardena & Mavondo, 2011), sustainability (Mariadoss, Tansuhaj, & Mouri, 2011) and brand value (Leek & Christodoulides, 2012). Accordingly, the purpose of this research is to provide a framework for understanding how institutional innovation helps marketers use institutions strategically by depicting the benefits of transacting to customers in order to overcome factors that limit transacting.

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[1] The terms rules and institutions are used interchangeably in this research. This is consistent with both economic (Hodgson,1988; North, 1999) and managerial institutionalism (March et al., 2000). While rules may exist at the cultural level (i.e. customs) or government level (i.e. laws) this research focuses primarily on micro-level rule making processes.

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1.2. Background in institutional thought in marketing

In the early 20th century the discipline of marketing in America was heavily influenced by institutional thought (Sheth & Parvatiyar, 1995). At the time, marketing was considered more of a trade than a profession. Early marketing institutionalism focused on marketing methods; operational methods for organizing marketing practices and marketing intermediaries. Historically, marketing institutionalism was both managerial and economic; focused on organizations and how they achieve efficiency.

In fact, publications advocating institutional thinking in marketing such as Butler's (1917) *Marketing Methods* preceded Commons' (1934) *Institutional Economics* by a number of years. The first institutional marketing thinkers used economic theory to develop frameworks for solving marketing problems while Commons and other institutional economic thinkers (i.e. Veblen) used institutional theory to critique the economic system. Over time, marketing theory moved away from its roots in institutional economics. This occurred in part because it became clear that marketing was not merely a trade or profession but a developing social science (Alderson, 1957).

More recently the new institutional economics has emerged with a focus on transaction cost economics (TCE) and governance (i.e. Williamson, 1985). This has revitalized the importance of institutional theory in marketing (Rindfleisch & Heide, 1997) and resulted in a number of contributions in the area of marketing strategy (Carson et al., 1999; Ghosh & John, 1999; John & Reve, 2010; Wallman, 2009).

However, Williamson argues that with respect to its current use in marketing, TCE is primarily concerned with the governance ("how the game is played") not the institutional environment ("the rules of the game") (Williamson, 2012). This accentuates the need for a strategic approach that focuses on the rules of the game.

In general, the rules of the transacting game are prescriptive rules such as "in transaction situation X, perform action Y" (Hodgson, 1998). Thus, transaction rules are defined as "what is to be done by whom in the organization when transacting with customers."

Marketing researchers in general argue that the institutional environment is also a key to market innovation (Grewal & Dharwadkar, 2002). Yet, largely because of the TCE focus on costs, there is little managerial guidance from institutional economics with respect to the importance of innovation in the rules of the game.

Williamson argues that this is an important research issue in marketing because of the fact that that the "institutional environment has a significant influence on innovation, particularly leading edge innovation" (Williamson, 2012, p. 83). Hodgson (1997, 1998) contends that the rules of the game have been ignored because TCE focuses on costs and, accordingly, the benefits of institutions are largely ignored. Thus, this research will show how marketers use rules strategically to depict the benefits of transacting to customers and overcome limiting factors through institutional innovation.

1.3. How rules provide benefits

Institutional management theorists argue that rules solve problems (March, Schulz, & Zhou, 2000). For example, marketers use rules to solve transaction problems by creating customized institutional designs (Carson et al., 1999) using means–end chains (Weber, 1949). This may create joint value (Ghosh & John, 1999) through value leadership (Wallman, 2009) and dyadic problem solving (Aarikka-Stenroos & Jaakkola, 2012). Evidence demonstrates that this is accomplished using specific assets (John & Reve, 2010).

Institutional economic researchers have shown how rules create economic growth at a national level by providing a "hospitable environment for cooperative solutions to complex exchange" (North, 1999 p. vii). However, there is an important need to understand how managers use transaction rules to overcome factors that limit economic growth at the transaction level. While limiting factors have long been a topic of institutional economics (Commons, 1934), neither academics nor practitioners understand how marketers use transaction rules strategically to overcome these types of problems. This begs the question, "How can transactions be strategic?" (Wallman, 2010).

A strategic transaction is defined by Commons as a transaction that fundamentally alters the rules of transacting in a market: "The strategic transaction represents the dynamic element, the transaction that alters the set of incentives or constraints that will bear on routine transactions." (Rutherford, 1983, p. 726). As Alderson (1957) notes once a strategic transaction has been developed, subsequent transactions becomes routinized to the form of a rule and "everyone understands the rules." Accordingly, strategic transactions are important to growth because they create additional transacting capacity for the organization that may spill over into other accounts (Wernerfelt, 1984).

1.4. The transaction field and the transaction field map

This research introduces the concept of the transaction field. Institutional scholars argue that sets of rules often develop into fields. A field is defined as an arena for action and interaction between social actors (Bourdieu, 1977). Fields emerge when social actors both organize and frame their actions vis-à-vis one another using rules (Fligstein, 1997). Organizations create, revise and suspend rules in order to reach their objectives (March, Schulz and Zhou, 2000).

Thus, a transaction field is defined as a system for creating, revising and suspending transaction rules

This research also introduces the concept of the transaction field map. The field map is a physical or conceptual device used by marketers to depict the benefits of transacting to customers. Using the transaction field map, the organization depicts its actions in the transaction field from negotiation through execution using rules. The transaction field map is a positive and normative tool for understanding institutional solutions to transaction problems.

The basic assumption is that the organization and its transaction counterparts organize and frame their actions in the transaction field vis-à-vis one another over time using rules. To obtain commitment from customers during the negotiation stage, for example, the supplier maps its rules for performing specific actions in the execution stage either formally or informally. The transaction field map describes how a supplier uses innovation in transaction rules to demonstrate the benefits of transacting to customers. This moves the buyer through the transaction field from the negotiation stage to the commitment stage.

Following the call for conceptual work aimed at institutional theory building in marketing (Yadov, 2010) this research synthesizes institutional approaches to marketing strategy (Carson et al., 1999; Ghosh & John, 1999; Wallman, 2009) to develop the concept of transaction fields. Following a theoretical discussion, a tool for evaluating transaction fields, the transaction field map, is explicated. Then, using the case of the American cotton factor, this research demonstrates how innovation in transaction fields may result in strategic transactions that create value at the organizational level.

2. Transaction rules and fields. Conceptual basis, theoretical discussion and methodology

2.1. Transaction rules

John Commons, the father of institutional economics, contends that "(o)ur subject matter is the transactions of human beings in producing, acquiring and rationing wealth" (Commons, 1934, 121). He argues that in this search for wealth the central problem of economics is providing security of expectations for transaction counterparts (Commons, 1934). Security of expectations is provided through rules.

Commons divides the transaction into three stages of time: the negotiation stage, the commitment stage and the execution stage. During the negotiation stage, transaction counterparts use rules for defining what actions will be taken during the subsequent stages of transacting

(Commons, 1934). The assumption is that rules must be used during the negotiation stage for the supplier to secure the customer's expectations about what will transpire in the execution stage (Commons, 1934, p. 108ff).

Institutional economic researchers traditionally focus on the structural elements of rules (Alchian, 1965; Demsetz, 1967) and the institutional framework of transacting (Williamson, 1985) and consider rules as exogenous to transacting. Alternatively, a number of researchers in both institutional economics (Hodgson, 1997) and institutional management (March et al., 2000) recognize that rules may be either exogenous or endogenous. This is Commons' perspective: organizations are "going concerns" and it is the interplay between the organization and the rules of the organization that make it go (Chavance, 2012). Institutional researchers in marketing also recognize that transaction rules may be developed with customers (Carson et al., 1999; Ghosh & John, 1999; Wallman, 2009) and are endogenous to transacting.

Transaction rules evidenced in marketing can be formal (written) or informal (unwritten). Examples of formal transaction rules include the organization's formal contracts, supply chain agreements, written agreements created with customers and formal operating procedures. Marketing researchers demonstrate that formal transaction rules improve performance by specifying each party's actions through contracts (Bengtsson & Kock, 1999; Gundlach, 1994) or formal, written procedures (Dahlstrom & Nygaard, 1999).

Examples of informal rules are norms, informal contracts, psychological contracts and scripts created with customers to provide informal elaboration in transacting. Marketing researchers demonstrate that informal rules solve generic types of transaction problems in real time (Heide, 1994; Heide & John, 1988).[2] Accordingly, marketing researchers have focused on the identification and classification of specific norms that solve generic transaction problems as they arise.

2.2. Fields

In the social sciences, fields may be referred to as "organizational fields" (DiMaggio & Powell, 1983), "sectors" (Meyer & Scott, 1983), "strategic action fields" (Fligstein and McAdam, 2012), "games" (Axelrod, 1984), or "arenas for action" (Fligstein, 1997). Obvious examples of fields include artistic fields, scientific fields and professional fields such as marketing management.

Analytically, the concept of fields is viewed in two distinctly different ways. While many institutional researchers use an organic argument and point to the inertia and inflexibility of fields (DiMaggio & Powell, 1983; Meyer & Scott, 1983) others focus on the intentionality of social actors in using rules in the development of fields (Fligstein, 1997). This is evident in the work of North, for example, who abandons the efficiency arguments utilized in his earlier work and, later in his career, focuses on the importance of rule makers and their attempt to preserve the status quo (North, 1999).

This research argues that transaction fields are intentionally developed by marketers to grow markets by depicting the benefits of transacting to customers. Then they are used to enforce the status quo. This has positive and negative effects.

While not necessarily a physical space, a transaction field can be likened to a bazaar, a retail store, a social club, a sports arena or an Internet site. Common to all is the idea that individual social actors organize and frame their transactions vis-à-vis one another based on rules in order to develop solutions to complex exchange. Also common to all is the idea that organizations attract customers based on how transacting occurs within the transaction field.

Transaction fields differ from other fields in terms of level of analysis and intent. While fields, such as the field of marketing, account for the actions of groups of social actors at a macro level transaction, fields account for the actions of individual transaction counterparts (i.e. supplier and buyer) at the micro level. There are costs and benefits to participating in transaction fields for both supplier and buyer. These costs and benefits are depicted by organizations to customers using a transaction field map.

Thus, transaction fields provide an opportunity for economic growth to managers who can effectively craft, play and time the transaction game. Further, these benefits may not only lead to tactical short-term success through economic growth with individual customers but, also, to long-term strategic success as different types of marketers recognize and dominate newly emergent professional fields of marketing.

2.3. Conceptual basis

The concept of the transaction field is embedded in marketing institutionalism, economic institutionalism and managerial institutionalism. The transaction field concept unifies institutional marketing strategy approaches in one framework. Similar to other institutional strategy research, the transaction field concept is based on the assumption that rule-based approaches are a means of creating joint value with customers (Carson et al., 1999). Also similar to other marketing strategy approaches, joint value is created through governance (Ghosh & John, 1999), transaction leadership (Wallman, 2009) and market transforming strategic transactions (Wallman, 2010).

The transaction field concept is also influenced by both economic and managerial institutionalism. While it is largely based on the economic institutionalism of Commons, Schumpeter, Coase, North and Williamson, it is also related to the managerial institutionalism of Weber, Simon, March and Scott. The concept will be explicated through a discussion of both types of institutional theory. The discussion is focused on key areas of institutional thought: the means–end chain, professional fields, transaction costs and particularly institutional entrepreneurship.

2.4. Managerial institutionalism and entrepreneurship

Entrepreneurship lies at the core of institutional thinking in management and economics (Van de Ven & Liftschitz, 2009). For example, Weber explicated the concept of bureaucratic rationality; the idea that rules are used instrumentally by social actors for reaching organizational objectives. The father of managerial institutionalism, Weber's focus on rules began with his dissertation on the history of commercial partnerships (Weber, 2003). Weber developed the idea that managers use rule-based means–end chains as mechanisms of management: organizational objectives are the desired ends and these ends are achieved through a specific means, rules (Weber, 1949).

A number of scholars argue that as rules become recognized in a particular area, institutional entrepreneurs cooperate to create fields in order to reach their mutual objectives. In this view social life is inherently political and, as a result, rules are intentionally developed by institutional entrepreneurs to create coalitions to build, and then dominate, emergent fields. The assumption that incumbents use their power to expand their position is held by a number of institutional researchers in organizations (Fligstein, 1991, 1997) economics (North, 1999) and marketing (Achrol, Reve, & Stern, 1983; Gaski & Nevin, 1985; Reve & Stern, 1979).

Fligstein describes the process of institutional entrepreneurship in a historical study of the influence of professional fields in the structural transformation of American industry (1991). He argues that transactions are developed when institutional entrepreneurs provide a vision to transaction counterparts in order to build a coalition. This vision is created using rules for transacting. Then, groups of institutional entrepreneurs create coalitions to structure a field (Fligstein, 1997). Finally,

[2] For example, informal rules are frequently associated with specific norms. In a marketing context, norms are defined to be "expectations about behavior that are at least partially shared" (Heide & John, 1992 p. 34).

institutional entrepreneurs work with their allies to dominate the newly emergent field.

2.5. Economic institutionalism and entrepreneurship

Schumpeter argues that entrepreneurship is the primary means for creating organizational value (Schumpeter, 1942). North further argues that this is accomplished by the agent of organizational change; the institutional entrepreneur (1999). However, years before Schumpeter or North spoke of institutional entrepreneurship Commons explicated the concept of rule-based entrepreneurial action in his analysis of limiting factors.

While working as a practicing economist Commons noted that when a transaction counterpart's demand for security of expectations went unfulfilled, transacting ceased. As a result, Commons argues that it is the demand for security of expectations that becomes a "limiting factor" in transacting (Commons, 1934) creating transaction costs (Coase, 1937). This limiting factor is overcome when the "negotiator, salesman, manager" entrepreneurially utilizes rules in order to obtain commitment and facilitate exchange (Commons, 1934).

> "(I)n each transaction there is always a limiting factor whose control by the sagacious negotiator, salesman, manager or politician, will determine the outcome" (Commons, 1934).

Commons implies the use of a means–end chain similar to Weber: rules are the means for providing security to transaction counterparts in order to proceed from the negotiation stage to the execution stage of transacting. Accordingly, customers cooperate because managers provide security by adjusting the rules in the transaction field (Van de Ven & Liftschitz, 2009) often on the spot so transacting can continue (Rutherford, 1983).

Thus, it is a combination of external change and internal learning that triggers entrepreneurial changes in the rules of transacting. The institutional entrepreneur creates a mental model for its transaction counterpart that describes how transacting is to take place in the execution stage. These mental models determine the choices of transaction counterparts (North, 1999) and are the basis for transaction field maps.

2.6. The transaction field map

The transaction field map is depicted in Fig. 1. It can be used to understand the impact of institutional innovation through a historical analysis of transactions at the market, field or individual organization level. One axis of the transaction field map depicts the factors that limit transacting during the negotiation stage. In this instance, they are marketing, financing and operations: factors that limited transacting in the cotton market in the early 1800s.[3] The other axis depicts the stages of transacting. The bottom of the map shows the institutional innovations used by marketers to move the customer from the negotiation stage to the execution stage of the transaction.

Within the framework specific limiting factors that occurred in the negotiation stage are described. The corresponding actions that suppliers agreed to perform are also described. Using rules, the supplier maps out its actions for the buyer during the negotiation stage in order to obtain buyer commitment. Literally or figuratively the supplier creates a map in the negotiation stage describing its rule-based actions in the execution stage.

First, the analyst identifies factors that limit transacting. Next, the analyst maps the institutional solutions that were created in order to solve those problems. For example, in the subsequent case study it will be shown how innovations in the advancing contract were developed to solve the planter's need for cash in the 1800s.

[3] Special thanks to an anonymous set of reviewers that helped to clarify this framework.

Next, the analyst evaluates periods when rules become utilized across transaction contexts and attempts to understand how and when specialized fields emerged in response to specific problems over time. For example over the course of the 19th century specialists emerged in the cotton market in areas such as marketing (cotton factors), seed selection (plantation owners), cotton grading (cotton converters) and cotton ginning (cotton ginners).

Specialized cotton factors emerged at the turn of the 19th century. Then, after attempts to acclimate Sea Island cotton to upland regions failed, seed specialists emerged in these areas with short staple varieties shortly after the introduction of the Mexican green seed in 1805. Next, grading specialists emerged once a cotton grading system was developed in the 1840s by British converters. Finally, specialized cotton ginners were developed as cotton moved westward because certain types of cotton required both roller and saw ginning technologies to be efficiently processed.

Professional fields such as the cotton factor emerge when rules are developed to solve a set of problems in a certain area of transacting. Then, rules spread quickly once a set of rules (i.e. the advancing contract) becomes standardized in a specific field (i.e. the cotton factor field). Accordingly, when conducting a historical analysis the analyst tries to understand how marketers anticipated and took advantage of the professional field(s) that eventually emerged using institutional innovation.

3. Methodology

In academia, the use of historical examples allows the researcher to account for a variety of phenomenon. Accordingly, the historical case method is used in this research. This method was chosen because transaction fields are nested within governmental rules and cultural rules which may lead to ambiguous or inconsistent predictions using other methods. The goal in developing a case study is to develop a pure or ideal type of the phenomenon to explain possible patterns of transacting within a socio-economic context (Dugger, 1979; Thelen & Steinmo, 1992). The analysis is more concerned with explanation than prediction.

A case study is a history that uses multiple sources of evidence in order to understand a specific set of events (Yin, 1984). Any facts relevant to the events depicting the phenomenon are potential datum (Stone, 1978). The case study methodology has a long history in management research (Eisenhardt, 1989; Leonard-Barton, 1990) and particularly in industrial marketing management (Easton, 2010). Case studies have been used to describe a variety of phenomenon including strategy decisions (Bourgeois & Eisenhardt, 1988; Wallman, 2009, 2010), supply chain management (Lambert & Cooper, 2000), resource allocations (Bower, 1970) and corporate culture (Pettigrew, 1979).

Using the ideal–typical case, for example, "pure" or "real" types of an organizational phenomenon are developed in order to demonstrate particular modes of bureaucratic rationality. The case method is utilized in this research because of the difficulty in giving a precise meaning to both actions based on formal rules and actions based on informal rules. An ideal–typical case was developed utilizing pure types of formal and informal organization in order to provide a rich description of both (Weber, 1978). This allows the researcher to describe multiple paths to the same focal outcome (Woodside, Ko, & Huan, 2012).

In developing a pure type, the researcher must utilize clear and unambiguous concepts. The relationships between concepts in the pure type describe particular modes of action that are embedded in cultural meanings (Weber, 1978). As a result, the thoughts, motives and feelings of individuals are an important part of the descriptive process (Lindbekk, 1992).

Analytically, a pure type is interpreted as a limiting case in order to facilitate analysis of deviations from that pure type. This also facilitates measurement in subsequent empirical research (Lindbekk, 1992). In turn, a pure type is formed through a one-sided depiction of the

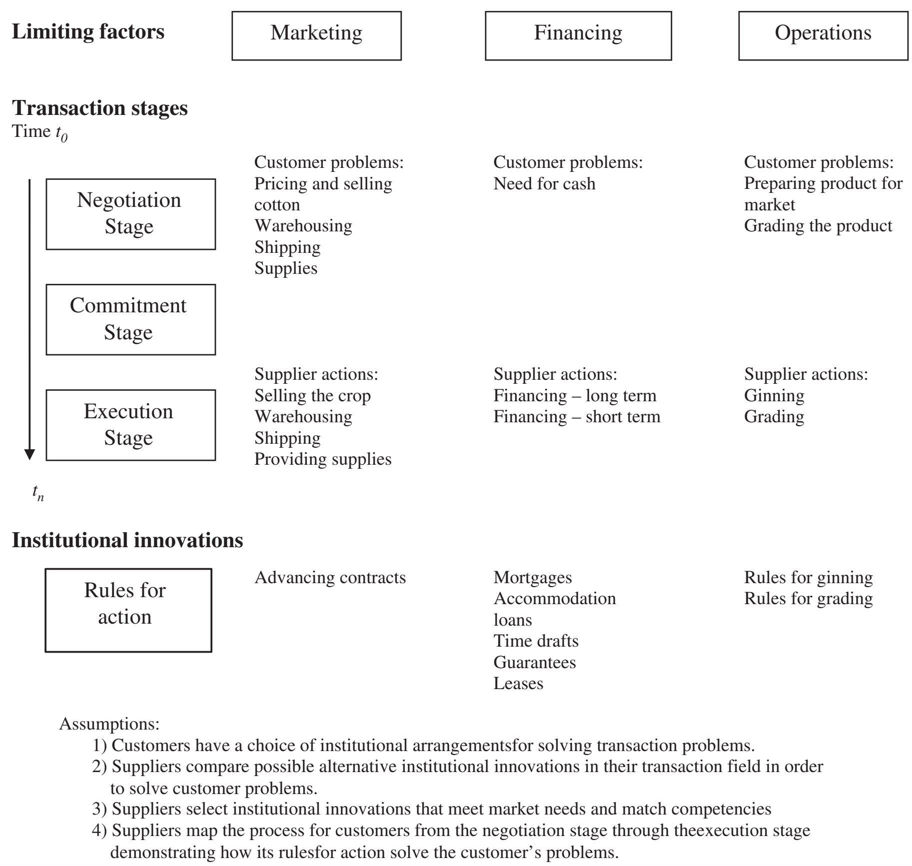

Fig. 1. The transaction field map for a cotton factor and planter (ca. 1800).

phenomenon, which synthesizes important component phenomenon into a consistent "thought-image" (Burger, 1987, p. 87). Then, this "thought-image" is purported to be the basis for action (Burger, 1987). The thought image depicted in this research is the transaction field. Further, because management decisions are not normally distributed (Woodside et al., 2012), the case method allows us to depict a variety of possible routes through which strategic transactions may come about through management of the transaction arena.

Pure types are not necessarily positive or normative types. Rather, a pure type demonstrates a possible type of organization. Understanding pure types using historical case analysis can help marketing academics and marketing managers understand how certain types of transaction fields solve specific transaction problems. A historical case also allows academics and managers to understand how, through entrepreneurship, new transaction fields replace old transaction fields. This informs a number of management decision contexts.

The particular case, the American cotton factor, was chosen because it describes how institutional entrepreneurs used innovations in the rules of transacting in the transaction field to develop strategic transactions. These strategic transactions helped to overcome limiting factors in the cotton market. Further, the case shows how the cotton factor built and controlled the American cotton market by building and controlling the cotton factor field. Finally, this case was chosen because it shows how the emergence of other, more specialized, professional fields eventually led to the demise of the cotton factor profession.

4. The case of the American cotton factor

4.1. Background of the cotton market in the United States

The last years of the 18th century and the first years of the 19th century in the American South were characterized by dramatic economic growth (Chandler, 1977; North, 1999). This growth was fostered by the change in national governance and facilitated by growth in the cotton market (North, 1961). The growth in the cotton market, in turn, was controlled largely by the cotton factor; a marketing intermediary that provided marketing, financing and operating services to cotton planters.

Historically, a factor is one who buys and sells for another. Factors have been in existence at least since the middle ages. Weber notes that these types of relationships are contractually unique because the factor has little risk: the factor is a mere participant in the venture (Weber, 2003).

In contrast to general or limited partnerships, the factor is limited to participation in the selling aspect of the venture. This type of organization, the unilateral *commenda*, is a predecessor of modern agency relationships utilized in industrial and B2B markets. Unlike other types of agents, however, factors would typically take physical possession of the product and provide a number of marketing, financial and operating services.

Factors dominated the marketing of a number of commodities in America in the 18th and 19th centuries. Products marketed by factors in the South included tobacco, indigo, sugar and cotton.

Factors usually operated across great distances. For example, factors in England dominated world cotton trade before the growth of the American cotton market despite the fact that no commercial cotton was grown in England. By the end of the 17th century British cotton factors had grown imports to England to over a million pounds, with over 60% sourced in the Caribbean (Lakwete, 2003).

While the industrial revolution had begun in Europe, it had not yet begun in America. In the late 18th century the South was controlled both economically and politically by coastal planters who grew products for export. In the 18th century very little cotton was grown in America for commercial purposes. However, by 1790, a commercial variety of long-staple cotton known as Sea Island cotton was grown along the coast of South Carolina and Georgia.

Sea Island cotton changed the cotton market. It sold for approximately twice the amount of other varieties. Sea Island cotton has a long, fine staple which makes it ideal for creating strong, soft garments. Just as important, Sea Island cotton is easier to process and use in manufacturing than other types of cotton.

Coastal soil is ideal for the growth of Sea Island cotton. Shortly after its introduction, Sea Island cotton was recognized as the highest quality cotton in the world. It remained the highest quality cotton in the world for over thirty years until the introduction of Egyptian cotton in the 1820s. The first shipments of Sea Island cotton were marketed to British mills eager to purchase high quality easy-to-process cotton.

The difference in quality and the resulting price premium commanded by Sea Island cotton allowed American cotton marketers along the coast to quickly develop the coastal market shortly after its introduction. Then, as varieties of short-staple cotton made upland cotton farming economically viable after 1805 the cotton factor developed the inland market using the same transaction institutions used to develop the coastal market. This growth was facilitated by the growth of one profession: the cotton factor. A number of limiting factors had to be overcome in order to grow the cotton market. It will be shown that innovations in advancing contracts developed by the cotton factor were used to influence the westward expansion of cotton plantings and dominate the marketing of cotton (Rothstein, 1966).

4.2. The emergence of the cotton factor

Initially, cotton planters in the United States sold their crops to a local general merchant. At a minimum, cotton went through four stages: from the planter to a middleman to an importer or a dealer in Great Britain (Dumbell, 1923, 1924). This meant that the planter would transport the crop to a port city and then either sell or trade it on the spot with a general merchant. The general merchant would then resell it to speculators or shippers who would export the cotton to importers and dealers in Great Britain. The first American planters usually had to travel to Charleston or Savannah and sell or barter their crop immediately in order to return home.

Factors, however, had specialized marketing capabilities in tobacco, rice and indigo markets that were easily transferred to the cotton market. Soon, cotton planters began to use factors in the port cities to market their product and provide labor and supplies for the plantation. Factors specializing in cotton emerged in Charleston in the late 18th and early 19th century.[4]

Similar to North's argument (1999) planters assessed the costs and benefits of re-contracting in the existing field with a general merchant versus the costs and benefits of contracting in another field with the factor. Because the factor profession had well developed standards for transacting, planters chose to rely on factors that had been successful in building other markets. The transaction fields developed by cotton factors proved to be strategic because they fundamentally changed the way that transacting took place in the cotton market.

All institutional analysis is comparative. Thus, when comparing alternative institutional relationships, the assumption is that the customer (i.e. planter) compares the value of the institutional arrangements offered by each competitor (i.e. the merchant and the factor) and determines which value has the greater utility in terms of solving its transaction problems. It is further assumed that the supplier uses its institutional competence in order to create and compare institutional innovations that may solve the buyer's transaction problems.

To help market a product, the factor would provide the planter with a cash advance, then grade the product and sell it at an opportune time, hopefully at a premium price. Upon sale the factor would pay the balance due to the planter. The planter retained ownership of the cotton until its sale.

In the first years of cotton marketing in the United States, the cotton factor profession emerged through systems of rules for earning a commission on the sale of the product and supplies, rules for providing cash advances and financing and rules for grading the crop. Because these rules were easily copied, this method of distribution grew dramatically.

Barring an individual agreement, prices charged by the cotton factor were determined by pricing customs developed in the factor field (Stone, 1915a, 1915b). Factors received a commission of 2.5%. Factors also provided intermediary services to the planter and earned a commission on each service. Examples include ginning, bagging, cartage, storage, fire insurance, maritime insurance, dock dues, rent, freight, and duties.

Woodman argues that factors grew their business by selling more and more products and services to planters (1968, p. 45). The transaction field changed incrementally based on the additional services provided by the factor to a planter. First, factors purchased the planter's business supplies and graded, ginned and sold the product. Next, the factor took orders for the planter's personal supplies. Then, bookkeeping services were added as well as long-term financing. Re-contracting with the cotton factor proved to be easy for the planter.

Capital used by cotton factors was first supplied by British investors, brokers or cotton mills trying to obtain cotton (Chandler, 1977). Later, capital was also supplied by New England mills and American investors. The factor also earned a commission on all financing.

The oldest private bank in America, Brown Brothers, acted as a cotton factor in its early years. From its Liverpool office, James and William Brown established a factoring relationship with cotton planters as far west as Mississippi by 1818.[5] The cotton factor profession created and largely controlled a complex distribution and credit system during the development of the industrial market in the United States.

It was not until the 1830s, over forty years after the introduction of Sea Island cotton, that banks became a popular source of plantation financing (Woodman, 1968). By this time, based on production data, it is clear that the infrastructure for financing and marketing cotton had already been established across the South. This infrastructure was developed as planters moved inland, their activities financed by factors in a few port cities.

While similar to the arenas created by other factors, the transaction field of the cotton factor was unique, that is because the function of the cotton factor differed a great deal from other factors. First, cotton factors were local. Before the war, colonial factoring was largely an overseas operation linking factors in Britain with growers in the Colonies or the West Indies. In addition, unlike factors that marketed commodities such as rice, cotton factors provided a variety of operating services such as grading, ginning and seed selection.

Unlike the traditional British factor, the Southern cotton factor was located near the planter (Stone, 1915a, 1915b). Relationships between factor and planter were quite close especially in the early years of cotton marketing. Similar to business conducted in other countries (Yang & Wang, 2011) in many cases, relationships between the two lasted a lifetime. This system that linked financiers, mills, planters and suppliers became known as the cotton factorage system (Stone, 1915a, 1915b). The cotton factorage system fundamentally changed transacting in the market because it allowed the factor to respond to the specialized needs of individual customers.

[4] The Fraser Papers, the Waring and Hayne Papers and the Bacot–Huger Collection at the South Carolina Historical Society in Charleston SC all provide accounts of the cotton factor profession in Charleston in the early 19th century.

[5] The Trask–Ventress Family Papers at the Mississippi Department of Archives and History, Folder 11, “Account with James Trask 1818–1834.”

In the cotton factorage system the cotton factor used transaction fields to link Europe, America and Africa in commerce. This was accomplished by overcoming a number of limiting factors. In the first years of the 1800s he served as a marketing intermediary between mills and sources of capital in Britain and Southern planters in America. He also served as the connection between those who held title to colonial lands in America and settlers who sought these lands to become planters. He served as an intermediary between slave dealers and planters as well as slave dealers and the growers of commodities used for countertrade in slavery. Finally, he worked with general merchants in order to purchase products for the plantation (Stone, 1915a, 1915b).

As cotton specialists emerged in the industrial market the factor also marketed to those intermediaries that purchased cotton. These included cotton exporters in America and importers in Britain as well as a variety of brokers, converters, factory agents and speculators. The growth of these intermediaries, with their increasingly specialized activities, eventually led to the demise of the cotton factor profession.

For years virtually all of the cotton marketed in America flowed through the cotton factor and virtually all of the capital and production inputs invested in the cotton market flowed through the cotton factor, as well. In fact, the cotton factor was the primary intermediary for the marketing of cotton and the financing of cotton planters in the United States until the development of cotton exchanges in the 1870s (Stone, 1915a, 1915b; Woodman, 1968).

5. Evaluating evidence for transaction fields

The evidence for transaction fields can be seen when examining historical documents, personal accounts and archival billing records describing the transactions between cotton factors, cotton planters and other intermediaries.[6] The factor provided security to planters through marketing services such as pricing, transportation and shipping. The factor also provided financing services and, the factor provided the planter with operating services such as the grading and ginning of the crop, seed selection and bookkeeping. He met these needs with numerous institutional innovations.

While the planter and the factor needed one another, in the first years of cotton marketing neither controlled the relationship. However, over time as the cotton market evolved the factor used innovations in informal and then formal transaction rules to expand and dominate the transaction field and the relationship. Similar to predictions made by institutional scholars in marketing, informal rules were used to solve specific transaction problems and grow the market and formal rules were used to specify performance and control the market.

5.1. Evidence for informal rules

Histories indicate that initially most business between the cotton factor and the planter was conducted informally without written agreements (Stone, 1915a, 1915b; Woodman, 1968). This was particularly true in the first years of cotton marketing. Initially, a memo of understanding was the only written evidence that a transaction relationship existed between the factor and the planter (Stone, 1915a, 1915b).

Over time, the factor used innovation in the transaction field to grow its business. First, the factor purchased the planter's supplies in advance of the growing season. Examples of plantation supplies provided by the factor included cultivators, rope, lime, firebrick, twine, nails, hammers and seeds. In addition, the factor also purchased slaves for the planter. Then the factor began to purchase the planter's personal goods. Personal goods included staples such as clothing, bedding, sugar and oats as well as luxury items such as cologne, sherry or a tuning fork.

The factor was in a very powerful position. He merely charged a customary commission, despite the fact that it soon became clear that the cotton market was far different from other commodity markets in terms of value, volume and the personal relationship between planter and factor.

Despite a lack of written agreements, the prices charged by factors were upheld when eventually challenged in court. The courts determined that the prices set by factors were appropriate because they were "well established by the custom of merchants" (Woodman, 1968). For example, in one colonial case, the only written evidence to support the legitimacy of its charges was a sworn oath taken by the factor that the accounts were "just and true" (Bruchey, 1967, p. 145).

Because of a lack of formal agreements, when disagreements occurred during the first years of cotton marketing there was no legal recourse for the planter except in cases of fraud or gross negligence (Woodman, 1968). In fact, the first formal agreements created by cotton factors and planters merely noted the amounts of cotton involved in the transaction (Stone, 1915a, 1915b). These agreements were typically unrecorded.

Much like the ties of incomplete contracts described in institutional economics (Williamson, 1985) the planter and the factor were tied to one another. Initially, neither the planter nor the factor had control of the transaction relationship. And, in the first years of cotton marketing, while disagreements with factors did occur over these informal agreements, Haskins argues that they were of "comparatively little significance" (1955).

Norms were used to both standardize and govern early factor–planter transactions. For example, due to the production volume agreements made with the factor, the planter was often in danger of defaulting on its agreements. Evidence indicates that in terms of enforcement, cotton factors used norms of restraint.

In the early years of cotton marketing there were very few lawsuits between factor and planter (Woodman, 1968). Rather than dunning the planter, or going to court, or running the risk of losing a customer, as a rule the factor typically used norms of forbearance and restraint and extended planter debt into future growing seasons. The practice proved to be strategic; it often went on for years and became quite common for planters to annually renew their agreements with the factor.

5.2. Evidence of formal rules

Similar to predictions made by marketing academics using governance value analysis (Ghosh & John, 1999) the development of formal transaction rules shifted the locus of control to the cotton factor. This served to expand the cotton factor profession as factors created and captured value for their own account. This was accomplished through institutional entrepreneurship.

Formal documents were almost exclusively developed by the factor. In fact, many large planters were not involved in the operations of the plantation. Often, an overseer was used by the planter to manage the plantation. In addition, planters kept very few formal records. A plantation book was normally the only written record kept by the plantation owner. A plantation book is more like a ship's log or daily diary than a set of commercial records. It contains entries for births and deaths on the plantation, daily pickings, and the weight of each bale produced.

Innovations in formal rules were developed by the factor and introduced to the planter in order to solve the problems that limited transacting. For example, because the planter kept no records, the factor formalized the process and began to provide the planter with bookkeeping services. Over time, the factor kept all of the planter's financial records, often for both business and personal accounts.

Through formalization the factor evolved from being the agent for the planter to both its agent and its bookkeeper. As will be shown, as its formal financial rules in the transaction field evolved, the factor

[6] The William Bucker Papers, The Center for American History, The University of Texas at Austin, The Western History Collection at the University of Oklahoma and the American Cotton Museum.

eventually became more of a private banker to the planter than a sales agent for the planter. Once again, the factor's actions proved to be strategic. Each additional service provided to the planter changed the way that transacting occurred in the market.

5.3. How the advancing contract was used to expand cotton plantings

The first and most important transaction institution used by factors was the advancing contract. This formal instrument was used to meet the planter's need for cash. Advances were made on already grown cotton, growing cotton and, eventually, cotton that was yet to be grown. Over time, this made the issuance of advancing contracts increasingly speculative. This particular instrument, in all its various forms, fundamentally transformed the market.

The advancing contract served to dramatically expand cotton plantings throughout the South. This is due to the fact that most advancing contracts contained a penalty commission inserted by the factor. A penalty was paid by the planter for every bale of cotton short of the agreed upon amount. Because the planter often owed the factor at the end of the growing season due to bad weather or crop shortages or poor planning, penalty commissions bound the planter to the factor (Woodman, 1968).

This resulted in the expansion of cotton production as planters purchased more land and slaves in order to meet the production requirements established with the factor. All of these plantation expansion activities were financed by the cotton factor (Chandler, 1977) who became, in essence, a private banker with a broad portfolio of products.

A few factors were very conservative, such as the Brown Brothers who specialized in advancing contracts. However, other factors developed more and more types of financial instruments to satisfy the planter's need for cash. As factors added financial products that were well beyond their traditional capabilities, the market became both highly speculative and erratic. This is apparent when examining the variety of financing agreements created by factors.

Through innovation, the factor created different types of financial instruments to adapt to the planter's needs and, accordingly, obtain the planter's commitment for the future crop secured by a variety of notes. Examples of these notes include plantation mortgages, time drafts, accommodation loans, financial guarantees, slave mortgages and slave leases. Based on the number of financing instruments it is clear that through institutional innovation a codified system of formal transaction rules for financing emerged in the cotton factor profession, largely to solve the planter's need for cash.

Using formal transaction fields, cotton production expanded across the American South as factors grew their business with planters with advancing contracts and a variety of other financial instruments. The formal transaction field was increasingly controlled by the factor. As noted by one historian, the factor was "extending the right hand of friendship, while rifling the planter's pocket with his left" (Haskins, 1955).

Because plantation economics revolves around large amounts of labor and land, factors encouraged the planter's expansion activities and financed them through a variety of short-term debt instruments that were often converted to long-term debt instruments. As Smith argues, "nearly every great [plantation] debt started as a debt on account-current and ended as a mortgage" (Smith, 2002).

A variety of other financial instruments were also introduced to the planter by the factor. In each case, formal agreements were made with specific performance requirements. Time drafts were developed by the factor to allow the planter to purchase supplies and personal goods directly from merchants. Much like a credit card transaction, the planter paid the merchant with a time draft. The merchant would then submit the time draft to the factor who would pay it when due.

Guarantees were also provided by the factor. Guarantees were provided to the planter to purchase commodities or luxury goods or to travel abroad (Woodman, 1968). Guarantees were also provided in the form of accommodation notes. Accommodation notes were used by factors to guarantee the planter's note with a Southern bank.

Capital was readily supplied by the cotton factor. As one factor noted in a letter to its principle in the late 1820s "any reasonable sum you may want — it will afford us pleasure to accommodate you" (Bruchey, 1967, p. 257). The easy credit system developed by cotton factors fueled the introduction and growth of Southern "plantation banks" in the 1830s. These banks dealt largely in plantation financing.

5.4. The collapse of 1837 and the eventual decline of the cotton factor

This system collapsed in the financial crisis of 1837 (Chandler, 1977). Unsurprisingly, speculation by factors contributed to the financial crisis. Due to a collapse in the price of cotton the United States Bank of Pennsylvania intervened in the cotton market with open market purchases. A number of Southern state banks followed. While temporary profits were earned by the banks, they soon disappeared. Southern banks which had invested in plantations through both commercial and mortgage loans suffered greatly. In fact, nearly every state bank failed.

While easy credit for planters disappeared after the financial crisis of 1837 the transaction fields developed by factors survived as did the factor profession. In fact, for a number of years after the crisis of 1837, the cotton factor retained its influence.

After the collapse of 1837, the problems associated with the factors' financial instruments became apparent. Loans increasingly required greater levels of security. Over time, mortgages came to be securitized by the combination of both land and slaves: "secured by mortgage over their plantation of negroes."[7]

By the 1850s the Secretary of the Treasury, in a report to Congress, stated that while most American exports grew in proportion to the growth in population and resources utilized, cotton exports grew at a far greater rate (Bruchey, 1967). Cotton production intensified a great deal between 1850 and 1860. By the outbreak of the War Between the States the value of cotton exports exceeded the value of all other American exports combined.

Every region in America benefited economically from the cotton market. The growth in the cotton market directly impacted the growth of cotton mills in New England, merchant banking in the Northeast, shipping through the port of New York and consumer goods throughout America. The growth in the cotton market also fueled the growth of specialized industrial marketing intermediaries.

After the war, the plantation system was largely replaced. During Reconstruction, cotton farming changed from large-scale plantation production to small-scale farm production. Although the war negatively impacted their business, cotton factors still dominated cotton marketing immediately after the war. However, with advances in communication and transportation and the demand for specialization driven by the growing industrial market, it became easier for other marketing intermediaries such as specialized exporters, brokers and shippers to compete for the planter's crop.

Competing marketing intermediaries imitated the transaction rules created by the cotton factor for transacting with plantation owners in order to transact with small cotton farmers. Thus, the same transaction institutions that allowed the cotton market to grow so dramatically allowed the market to quickly shift to more efficient intermediaries.

For the most part, factors opposed the formation of cotton exchanges in New York, Memphis and New Orleans in the 1870s. Similar to grain exchanges, which had existed for a number of years, cotton exchanges provided a centralized trading office by physically creating a transaction field for buying, selling and trading cotton. Factors were hostile to innovations that threatened their earnings (Haskins, 1955).

[7] The William Buckner Papers, "William Cochran, attorney for Buckner and Hunsicker to Charles H. Fisher January 22, 1850," The Center for American History, The University of Texas at Austin.

Cotton exchanges succeeded in solving specific transaction problems by mapping the actions of transaction counterparts using rules. This was accomplished, in part, through the creation of dispute resolution rules. Because relations with cotton factors had became contentious in many cases, dispute resolution rules proved to be important for cotton exchanges to use to secure the commitment of transaction counterparts. Thus, by the time of the development of cotton exchanges nearly all of the services provided by the cotton factor were performed more effectively in other professional fields.

6. Conclusions

From the introduction of Sea Island cotton until the emergence of the grain exchanges in the 1870s, the cotton factor dominated the field of cotton marketing. This dominance was derived in large part from innovation in the use of one transaction institution, the advancing contract.

This case demonstrates how marketing intermediaries solve customer problems through institutional innovation. The cotton factor profession dominated the marketing of cotton in America from its introduction in the late 18th century until the opening of cotton exchanges in the 1870s. This was accomplished through institutional entrepreneurship using a variety of informal and formal agreements to overcome a number of customer problems. Through institutional innovation the cotton factor fundamentally changed the way that transacting took place in the cotton market. The factor accounted for a large percentage of cotton transactions in the entire United States for many years.

Similar to predictions made by Coase (1937), cotton factor organizations expanded and controlled a large portion of the market until the point at which the cost of transacting in the open market, at the cotton exchange for example, fell below the cost of the cotton factor's internal organization.

Overall, the cotton factor not only was influential in the growth of the cotton market but also in the growth of the industrial market in America. Institutional entrepreneurship in the developing industrial market allowed the cotton factor to overcome a number of customer problems. This was accomplished through specialization in the use of advancing contracts. However, as the market grew a number of highly speculative contracts were utilized by the cotton factor. Finally, competing institutional entrepreneurs emerged with more attractive transaction fields and more attractive field maps. This ultimately led to the demise of the cotton factor profession.

7. Contribution, limitations and directions for the future

7.1. Theoretical contribution

This is the first marketing management study to evaluate both formal and informal rules simultaneously in one strategic framework. In addition, it is the first study to provide theoreticians with guidance in the use of both the positive and normative elements of formal and informal rules from a marketing management perspective.

This study integrates a broad literature in institutional theory into a marketing strategy case narrative. The transaction field and transaction field map are theoretical tools that provide a positive and normative framework for understanding institutional innovation at the customer level. The historical example demonstrates that managers can change markets by developing transaction fields and mapping their actions out for customers with rules using transaction field maps.

Theoretically, it is shown that the function of a supplier expands and contracts because of innovations in the transaction field. These innovations in the creation, revision and suspension of transaction rules solve transaction problems and may influence the emergence of professional fields once a set of transaction rules is codified. This occurs when suppliers use transaction fields to develop business with customers and enforce their position in the field.

The transaction field is a compelling theoretical concept. It can be argued that customers evaluate competing transaction fields when making transaction decisions. It is positive because from a perspective of theory development, managers construct field maps in transaction fields when dealing with customers. It is normative, because from a management theory perspective, managers should construct field maps for customers in their respective transaction fields.

In addition, the concept of transaction fields allows the theoretician the ability to evaluate the potential benefits of joint action with the customer. For example, the concept of the transaction field allows the manager to use rules to conceptually expand the range of attainable goals for each transaction counterpart. Thus, joint action may provide both parties with unique capabilities (McFarling, 2000).

The transaction field is also attractive theoretically because it accounts for both supplier and customer actions over time. This is important in understanding how managers take advantage of opportunities to create value both individually and collectively (Rutherford, 1983).

Finally, the transaction field map is theoretically appealing because of its use at the individual account level. Because the transaction field map can be made at the individual account level, the marketing organization can develop an advantage particularly in niche markets (Stinchcombe, 1985) in which the marketer can pick and choose specific rules to provide specialized solutions to customer transaction problems.

7.2. Managerial contribution

This research informs marketing strategy in a number of ways. As demonstrated in the case of the cotton factor, the expansion of transaction fields across transaction contexts may influence the emergence of fields of opportunity for strategic managers who can craft and play the transaction game. In the early America, this opportunity led to the virtual monopoly on the marketing of cotton by factors and greatly influenced the development of industrial market intermediaries.

Similar to Bucklin's theory of channel structure (1966), the growth and decline of the cotton factor can be attributed to the emergence of marketing intermediaries that responded to the opportunities for specialization in the industrial market. In turn, one of the largest strategic opportunities for marketing managers is in specialized activities. Through specialization, more detailed institutional innovation is possible because a supplier can be more accountable for its actions to customers. Specialization allows the supplier to map its actions more convincingly to customers. Finally, through specialization new intermediaries become viable economically when the costs of specialization using the market fall below the costs of specialization in the firm.

This research shows through the example of the cotton factor how marketing strategists develop transaction fields and professional fields through marketing specialization. Specifically, through the use of a historical case and the transaction field map, this research demonstrates how managers create and sustain markets by developing fields for transacting and mapping the benefits of transacting to customers. Further, the historical case demonstrates how fields of opportunity emerge over time through the institutionalization of transaction fields. Complementing North's analysis of economic growth in Early America, this research demonstrates the importance of the cotton factor in the transition from a colonial economy using factors to an industrialized national economy with specialized marketing intermediaries.

Furthering channel work begun by Bucklin (1966) from a perspective of channel strategy it is clear that intermediaries emerge based on specialization in the provision of service outputs based on rules. The transaction field framework demonstrates how managers create agreements for a variety of service outputs accounted for by rules.

The historical case utilizes a framework that demonstrates historically how managers strategically use transaction fields to achieve organizational objectives. Marketing managers can use this same framework to historically evaluate transaction fields in an individual organization, a professional field or an industry.

Basically, this research demonstrates ways in which marketers create a means–end chain based on rules to develop a competitive advantage. On a tactical level, this research provides managers with an analytical framework to evaluate historical transaction problems using rules. This can be useful in understanding the rule-based actions that were taken to solve those problems.

On a strategic level, this research provides a framework that managers can use to understand how transaction fields can be used to develop to strategic transactions. This can be useful in understanding how leadership in marketing fields allows marketers the opportunity to grow and dominate the field. If routines are the genes of the organization then rules are the genetic code that provides direction to action. Managers must ask, "What are the emerging professional fields that will most impact my organization's growth?"

The strategic importance of institutional innovation is particularly important for industrial marketing. That is because in many B2B and industrial markets hierarchical organizations have been replaced. Now, networks of specialized organizations work in confederation to serve a customer. Certain types of professionals have a disproportionate influence in contemporary marketing organizations because of their specialized knowledge. This makes innovation in transaction fields critical for integrating these professionals into the organization's marketing effort.

7.3. Limitations

Because the historical example of the cotton factor is a pure type, the path from transaction fields to the resolution of limiting factors is clear. However, other cases may not provide the same level of insight. That is because the benefit of developing a pure type using historical information is that clear examples of successful rule strategies can be explicated. However, this occurs at the cost of generalization.

The pure example describes in detail the development of the cotton factor field and its influence in the development of only one part of the industrial market in the American economy in the 19th century. However, its applicability in other contexts needs to be demonstrated.

This research uses the case method to introduce a framework for analyzing historical transaction problems and the solutions to those problems. However, the case utilized occurs in a narrow context. While the case demonstrates the concept of transaction fields and how they are used to help marketers create rule-based means–ends chains, the exact procedures for developing such rules need to be developed.

In general, because the case method is an inductive design, the ability to make broad generalizations is limited. While this research provides a framework for analyzing transaction fields and the related development of fields of opportunity, its use is limited by the extent of the evidence analyzed.

While the case does describe how marketing intermediaries overcome limiting factors by creating transaction fields, greater detail is needed to provide the customer with a framework for transacting. Further detail is also needed to understand how intermediaries emerge by developing and enforcing advantageous institutional positions.

7.4. Directions for the future

This research demonstrates how marketers use transaction fields and transaction field maps to provide some level of determinacy in marketing relationships with customers. As a result, the lessons for B2B marketing managers are just as symbolic as they are instrumental. Symbolically, organizations must manage both the rules of the game and the way that the game is played. Instrumentally, in specific markets characterized by formal and informal agreements, such as B2B and industrial markets, marketers must create rule-based means–ends chains for overcoming specific transaction problems. The framework demonstrates how innovation in transaction fields is used in order to solve transaction problems and build transactions with customers.

Researchers and managers should consider the use of this framework under ex-ante conditions as well as ex-post conditions. This would make institutional theory more beneficial to marketers in the strategy development process. Managers would also benefit from research designed to demonstrate the specific contexts in which transaction fields develop. In addition, managers would benefit from research that provides greater detail about the characteristics of emerging professional fields. In general, future research should focus on helping marketing management managers and academics understand the specific characteristics of fields of opportunities.

Overall, marketing managers can use transaction fields dynamically to define the role of the supplier and the buyer and solve customer problems using rule-based means–ends chains. The rules of action developed through a transaction field analysis may support a number of decisions in marketing management. An enduring competitive advantage may result. As a result, it is important for marketing managers to understand that transaction fields can be used to develop both markets and fields of professional opportunity for the organization.

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