

The History of the Department of Marketing and Strategy at the Stockholm School of Economics

Shortly after the end of World War I, two young graduates from the Stockholm School of Economics and colleagues at a Swedish firm in the graphics industry spent an academic year at Columbia University in New York City. They were Gerhard Törnqvist and Ruben Andersson. The former became a professor at SSE and pioneered marketing studies in Sweden. The latter changed his last name to Rausing and created Tetra Pak, the international packaging giant. In the US they learned about scientific management, the subject of their master's thesis, about modern advertising and sales promotion and about the changing structure of distribution. Well trained in the interplay between theory and practice after their years at SSE, they learned not only from their professors but also from the many firms they visited.

This trip went on to influence the early development of marketing research and practice in Sweden, not least because of the interaction between academia and society, an interaction that has been vital to marketing research at SSE from its beginnings in the 1920s through to the present day. As in other areas, marketing research questions emerged from problems faced by Swedish businesses and Swedish society at large. Without this interaction and the mutual confidence that it establishes, firms would not grant researchers access to the information, frequently sensitive information, they need in order to study these problems.

On his return to Sweden in the 1920s Törnqvist combined practical work as a rationalization expert at a graphics firm with academic work teaching at SSE and writing in trade journals. In the late 1920s his teacher and mentor at SSE Eli F. Hecksher recruited Törnqvist onto a national committee working on goods distribution and to the Institute for Business Research, which had been founded at SSE in 1928 and where he planned and executed sales and cost surveys within a number of retail sectors and carried out several studies of distribution.

From these roots grew the subject of marketing at SSE, both as a research field and a teaching subject. That growth proceeded in four fairly distinct directions, each in response to the business and social needs of a particular period. As with most research efforts at the School,

the institutional hub for each field was a research center within AEF (Affärssekonomiska Forskningsinstitutet, The Institute for Business Research), which was later renamed EFI (Ekonomiska Forskningsinstitutet, the Economic Research Institute).

The oldest of these centers (the D-section) was first headed by Törnqvist. It was named “Distribution and Economic Structure”, in the 1980s renamed “Marketing, Distribution and Industry Dynamics”. The second one (the P-section) was started in 1962 and headed by Karl-Erik Wärneryd. Named the Center for Economic Psychology, it adopted a psychological perspective on markets and marketing in a research program addressing mass-communication and consumer behavior. By the end of the 1970s consumer behavior and modern information technology had become critically important to understanding Swedish markets, and so with financial support from the business community, the school launched a foundation for distribution research, later more transparently renamed as the Center for Consumer Marketing (CCM). It was first headed by Claes-Robert Julander, and its research built on the psychological tradition that evolved under Wärneryd. In the mid 1990s, a fourth research direction was institutionalized with the launch of the Center for Information and Communication Research (CIC). This center grew out of earlier work on telecommunication carried at the D-section and was led by Bertil Thorngren.

Marketing, Distribution and Industry Dynamics

The researchers at SSE’s center for distribution and economic structure developed an approach in line with the initially strong ties between business administration and economics at SSE. They adopted a perspective that encompasses industries and inter-organizational relationships and that engages distribution as dynamic structures and functions within a market economy.

Folke Kristensson succeeded Törnqvist and led research at the Center for more than two decades. A 1934 graduate of the School, he was awarded the first doctorate granted at SSE in 1946 for his study of the Swedish textile industry. Unlike many other such studies, this dissertation examined the individual firm in its industry and market context by highlighting the interaction between manufacturing structure and distribution structure. This dissertation also set the benchmark for the impact of SSE’s marketing research because beyond its

obvious academic contribution, it proved valuable for both public policymakers and corporate decision makers.

His intellectual leadership of this research program reflected two clear influences beyond his training in economics at SSE. The first is E.T. Grether, an economist and pioneer in marketing research whom Kristensson met at the University of California at Berkeley in 1936. Grether's work emphasized regional and structural economic issues. Moreover, it was in Berkeley that Kristensson caught the attention of Grether's friend Bertil Ohlin, a visiting professor at Berkeley that year, who saw Kristensson's academic potential and recruited him as a teaching assistant in economics at SSE. The second influence was Kristensson's engagement in public administration, which included work with the state government during World War II concerning both the operations of a planned economy and the post-war transition back to a market economy. The latter required a major restructuring effort for both industry and distribution networks as well as far-reaching revision of national competition legislation. In the 1950s he played a leading role in a major government inquiry into markets and pricing, "Performance-based pricing", actually based on ideas developed by Törnqvist in the late 1920s. On this issue he participated significantly in public debates regarding pricing, competition and effective distribution. Shortly after the war he took on economic planning projects for the City of Stockholm, most significantly a major needs analysis of capital investment in a new harbor. The City's close cooperation with Kristensson and the School eventually led to the endowment of a chair in business administration, which Kristensson held between 1949 and 1960.

These influences in turn shaped the research program at the Center, which in the 1960s, when Kristensson had succeeded Törnqvist, frequently addressed contemporary structural changes in the Swedish economy with a special emphasis on the Greater Stockholm area. In other words, the research addressed both sides of the school's mission by combining academic erudition and local, practical relevance. More specifically Kristensson and his doctoral students made advances in understanding the inputs and outputs of the Stockholm economy, suburban shopping centers and self-service retailing. Another branch of this regionally focused research dealt with the spatial aspect of economic activity, inter-organizational communication and corporate decision making. Its key results were summarized by Kristensson in a report entitled "People, firms and regions: A structural economic analysis".

Kristensson's successor as director of the Center was Lars-Gunnar Mattsson, a 1969 SSE PhD, who had left the School in 1973 to become the first professor of industrial marketing at Linköping University and later a professor at Uppsala University. He returned to SSE on Kristensson's retirement and brought with him a research agenda directed towards industrial and international marketing and informed by the industrial network perspective that he and his colleagues had begun to develop in Uppsala. At about this time industrial marketing and competitiveness had come to the forefront as crucial problems facing Swedish industry, so not surprisingly these concerns influenced his research agenda.

An investigation of the role of marketing for the international competitiveness of Swedish industry was initiated by the Royal Swedish Academy for Engineering Sciences (IVA) in cooperation with the Marketing Technology Center (MTC). The project resulted 1982 in a book "*Marknadsföring för konkurrenskraft*" ["Marketing for competitiveness"], co-authored by Mattsson, Karl-Olof Hammarkvist and Håkan Håkansson. The book received considerable interest in the business community. Over the years sales exceeded 30.000 copies.

The network perspective profiled an evolving approach to markets research that highlighted the dynamics of markets and the interaction between firms in the market. It was clearly related to the research tradition at the Center with its focus on interplay between economic structure and firm behavior. The network approach would play a significant role in SSE's marketing research as it came to be applied to a wide range of sectors and their problems.

In the late 1980s and early 1990s communications became an important topic for Mattsson's research teams. Rail transportation, for both freight and passengers, was one form of communication and telecommunication another. Among the key issues studied were internationalization, network effects, the role of public policy and interactions between technical change and markets. The telecommunications research program received major funding from the National Board for Communication Research and would later develop into an independent research center, the Center for Information and Communication Research (CIC).

Throughout this period the Center's theoretical and methodological perspectives continued to broaden. Case-study research had been done since the 1960s, but it took on new importance in light of Mattsson's focus on networks because of its suitability for capturing complex

dynamism. Similarly, economic sociology, organization theory and evolutionary economics, replaced traditional structural economics as a principal way of understanding the dynamics of industries and markets. In particular, actor network theory and the sociology of science and technology came to the fore in the 1990s.

In 2002, Lars-Gunnar Mattsson retired and the school recruited two new professors, Björn Axelsson and Dharma Deo Sharma, both from Uppsala University. Each influenced the Center's research agenda and methodological emphasis, but still in a network perspective. Axelsson focused on developments in industrial purchasing while Sharma's research program built upon the network perspective and applied it to internationalization processes and knowledge development among small firms. Axelsson's chair was the one originally held by Gerhard Törnqvist, now named the Olof A. Söderberg chair in honor of one of the school's founders. During one four-year period he took a leave of absence from this chair to become the first Silf Professor of Purchasing and Supply Management, the first chair in that field in Sweden.

In summary, the history of distribution-centered marketing research has followed a path from its original base in industrial organization and spatial studies of economic activity. The program has gradually developed over the years to highlight dynamic aspects of firms' cooperative and competitive interaction within market networks to understand a broad set of contemporary issues in theory and practice such as internationalization, dynamics of technology, procurement and supply chain strategies, market deregulation and environmental protection.

Economic Psychology

Until the late 1950s, marketing in Sweden meant economic aspects of distribution. Karl-Erik Wärneryd changed that. A 1950 SSE graduate with a 1955 PhD in psychology from the University of Chicago, he introduced theories and methods of behavioral science to the study of economic phenomena. Returning to SSE in 1955, he began studies of mass communication and consumer behavior under the auspices of the Center for Distribution Research, but in 1962 Wärneryd took charge of a new research center in Economic Psychology, the P Section. In 1963 he became professor of economic psychology.

Initially the field had little appropriate theory, and early work focused on theory building for both advertising and consumer psychology, two of Wärneryd's early and longstanding interests. This led to a growing interest in the developing field of mass communication research, and for some time the P Section even ran a laboratory to study the effects of advertising communication, headed by Rolf G. Sandell, who later became a professor of clinical psychology at Linköping University. This theory building eventually led to a pioneering textbook in economic psychology (1959), which preceded a flood of international publications on consumer psychology in the mid and late 1960s. It also paved the way for a program of empirical studies. The first empirical studies surveyed automobile ownership, particularly motives for purchasing a car. One interesting finding was that a large majority of drivers judged themselves to be better-than-average drivers.

Within the mass communication research, which frequently took the form of doctoral dissertations (see Chapter 7 for more details), two major studies were carried out. Both combined theoretical work with extensive empirical data, thus answering the School's binary calling to academic rigor and practical relevance. The degree of relevance to business practitioners is underscored by the fact that both were initiated and sponsored by external stakeholders. The first was *Masskommunikation och åsiktsförändringar* [*Mass Communication and Attitude Change*] (1966) by Nowak, Carlman and Wärneryd, sponsored by the advertising agency *Svenska Telegrambyrå*, which influenced the later re-released *Kommunikation och påverkan* [*Communication and Influence*], a book that sold nearly 50,000 copies. The second by Lundberg and Hultén was *Individen och massmedia* [*Mass media and the Individual*] (1968), sponsored by the publishing house *Åhlén och Åkerlund*.

Another research area was household financial behavior, with a number of empirical studies and contributions to theory. One of the first of these studies was Folke Ölander and C-M Seipel's thorough exploration of psychological aspects of saving behavior. Ölander later became professor in economic psychology at Århus Business School. Other studies that followed were Claes-Robert Julander's field experiment regarding household saving and efficiency of household economic behavior, saving and indebtedness studies by Alf Lindquist, Silja Jundin's studies of how children develop their understanding and perceptions of saving, consumption and work, and Richard Wahlund's many studies of household financial behavior and behavioral reactions to taxation, which continued at CCM after he had become its Director in 1996. Among other things, Wahlund, and later on with his collaborator Jonas Gunnarsson, found that households could be divided in different segments – saver types –

with different saving patterns, decision making styles and financial strategies. Wahlund and Wärneryd also engaged in some specific studies on attitudes towards and reactions to taxation, primarily focusing on tax evasion. Business ethics was also studied.

Julander later became professor and eventually president of SSE.

Yet another field of research was entrepreneurship, developed by Per Davidsson who later became professor in entrepreneurship first at Jönköping International Business School and then at Queensland University of Technology in Australia. Davidsson is today a world leading academic authority in entrepreneurship, with an extensive number of publications. Another research fellow in entrepreneurship at the P section was Fredric Delmar, who has since also made an international academic career.

Other topics included different aspects of consumer behavior, corporate image studies, and cognitive biases and decision making. The research at the P section also made methodological advances, primarily in the development and application of advanced interview techniques, path breaking work with telephone interviews, and development of advanced use of statistical techniques, e.g. structural equations applications.

As with distribution research, Wärneryd's team also engaged in topics of general public concern as well as the problems of firms. The highest profile concern in the mid to late 1960s was the shift to right-hand driving, and along with Swedish Television and Radio, SSE researchers studied goal-directed communication regarding that issue. Other social concerns included the role information played in individuals' involvement in the schools and the interaction between local press coverage and municipal policy. One project concerned how consumers were helped by the Consumer Insurance Bureau and how its performance could be improved.

Research topics of general concern also played a major role in the later development of SSE's research in economic psychology. In 1992 Lennart Sjöberg succeeded Wärneryd as Professor of Economic Psychology, and the study of risk and risk perception strongly influenced the research agenda until his retirement in 2008. (See the section about the Center for Risk Research for further information). Well-known SSE graduates who majored in economic psychology include Jan Carlzon, Johan Björkman and Lars O Grönstedt. The two latter also worked as research assistants for a couple years after graduation.

With Richard Wahlund's return to SSE in 2006 as professor on the Bonnier Family Chair in business administration especially media, after eight years as professor and Prefect at the Stockholm university, and becoming head of the P section in 2009, the section was renamed "Media and Economic Psychology". Although a broad pallet of issues is still researched about, the focus is now back on communication and media issues, where it all began.

Consumer Marketing

The third research stream in marketing at SSE engages consumer marketing, and the story of how the Center for Consumer Marketing (CCM) came into being in 1981 reiterates the familiar theme of interaction between SSE and practitioners in the business community. In the late 1970s, Per Jonas Eliaeson, the President of SSE from 1970-1986, parked his car in the same commercial garage as Nils-Erik Wirsäll, then President of ICA AB, one of Sweden's largest grocery retailers. There, the two had many occasions to meet, and what started as spontaneous and general conversations about business and business schools grew into increasingly concrete and specific discussions about research needs. In time this led to the establishment of an organization devoted to applied research on the distribution and marketing of consumer goods.

Initially this organization was called the Foundation for Distribution Research but became the CCM in 2000. The first director was Claes-Robert Julander, who had been recruited from the Center for Economic Psychology, where he had prepared his doctoral dissertation on savings behavior. In 1996 Julander became president of SSE and was succeeded as the Center's director by Richard Wahlund, also a recruit from economic psychology. When Wahlund left SSE for a senior position as professor at Stockholm University – to return in 2006 as the first holder of the Bonnier Family Chair in Business Administration with emphasis on Media – he was in turn replaced by Magnus Söderlund, an SSE PhD working at the time on problems of market orientation and customer satisfaction.

CCM's initial research agenda followed fairly closely the concept agreed between Eliaeson and Wirsäll. Among the early topics addressed was grocery retailing, where Julander authored a major study on the effects of weekly discount campaigns and advertised specials. In perhaps the clearest interaction between academics and practitioners Wirsäll co-edited a forward-looking book on wholesaling in the 1980s with SSE's Karl-Olof Hammarkvist.

The research agenda gradually evolved to emphasize the interface between information technology and marketing. Initially this meant examining how information technology could change distribution of goods and services by making systems more efficient. Later it meant approaching consumer marketing more directly by studying purchase data, consumer planning and purchase decision making to improve marketing decisions. In time, this development expanded into work on productivity within grocery retailing and eventually into relationships between productivity and customer satisfaction. CCM also continued the earlier research in economic psychology concerning household financial behaviour, or “the consumption of saving and debt”, with implications for primarily marketing of financial services, but also for economic policy.

As the new millennium approached, and with a new generation of Ph D students, CCM moved towards an increasing focus on consumer behavior issues. Segmentation, store loyalty, and advertising effectiveness are examples of these topics from the years close to the turn of the century. The typical thesis project continued to comprise quantitative data and statistical methods, in the same spirit as during CCM’s early years in the 1980’s. In addition to these, CCM researchers wrote books such as *Den lojala kunden*, *Emotionsladdad marknadsföring*, *Optimal marknadskommunikation*, *Marknadsföring i butik*, and *Nextopia*, which received awards and public attention. Yet to an increasing extent, the typical CCM research output had become an article published in an international scientific journal. The internationalization efforts were recognized just in time for SSE’s 100th anniversary; a *Journal of Advertising* article from 2008 listed CCM as the second most productive advertising research institution in Europe. At this time, two CCM researchers had become marketing professors at SSE, Magnus Söderlund and Micael Dahlén, and another one, Jens Nordfält, had been appointed dean of The Nordic School of Retail Management in Norrtälje – one of the most recent extensions of the SSE education program when SSE enjoyed its centennial celebrations.

Information and Communication (CIC)

The fourth strand of marketing research at SSE takes place in and around one of the youngest centers within the School’s Economic Research Institute, the Center for Information and Communication. CIC was founded in 1997 with support from the National Board for Communication Research, and today the Center still cooperates closely with VINNOVA, the

Committee's successor. One of the Center's missions is to bridge the gap between research and development based on a market perspective with strictly technological R&D. The Center's first director, Associate Professor Bertil Thorngren, was particularly well suited for this mission, straddling as he did the academy and a career in the private business sector, most notably as the Vice-President for Corporate Strategy at Telia. His successor as CIC director is Professor Per Andersson.

Research of this kind is inherently international because developments in Asia or North America are bound to affect Europe and thus Sweden. To fulfill this mission, CIC has undertaken a number of collaborative projects within a range of international frameworks, some wholly global, some within the EU and others with regional (i.e. Nordic or Baltic) partners. As a case in point, CIC is a founding member of the International Mobility Roundtable, a platform for ongoing dialogue between academic researchers, the business community and the public sector.

CIC's output has appeared in a number of forums. Alongside doctoral dissertations and publications in academic journals, CIC researchers have produced books that have attracted both international and Swedish publishers, the most recent example being *Beyond Mobility*, a collection of papers aimed at both academic readers and active practitioners.

International Business & IIB

SSE's research and teaching on strategy have largely remained the purview of the Institute of International Business (IIB), a center for research in International Business and Strategic Management at SSE, today fully integrated into SSE. Since the start of its research activities, IIB has focused on the strategy and management of multinational corporations. It was established in 1975 in order to add an international dimension to SSE's research and teaching. Early IIB research studied the internationalization process and growth of firms, and it is noteworthy because it sought to explain internationalization patterns not in terms of firm-specific micro-processes, but rather in terms of firms' global strategies and market-entry strategies. A second stream of research involved theoretical and empirical work on organizing and managing the multinational. The third, technology and innovation research, focused initially on micro-level studies of international R&D and entrepreneurship in foreign subsidiaries.

A fourth stream, research on the knowledge base of firms, arrived with Udo Zander after his studies at the University of California, Berkeley and Stanford, where he had studied organizational sociology. Following his 1991 doctoral defense, Zander published major articles, both conceptual (1992) and empirical (1995), in *Organization Science* together with the American scholar Bruce Kogut. Over time these would prove to have a fundamental impact on international business and other fields because they offered a possibility of explaining the firm from a perspective other than the transaction-costs view that was dominant then. In 2002 Zander was promoted to full professor of International Business.

In the 1990s research at IIB would also see a continuation of the research on global strategy and organizing of multinational firms. Örjan Sölvell and Ivo Zander published an early study of Sweden's international competitiveness in 1991, introducing the concept of competitive clusters in Sweden. Initial steps were also taken towards research in the field of cross-cultural management, which included the organizing of two international conferences on the topic.

Throughout its history IIB has actively tried to renew and upgrade the School's international profile, and one tool in this process has been a policy of rotating personnel through shorter secondments and visits. Visiting professors have been with the Institute for shorter and longer terms, from Alan Shapiro's one-semester tenure in the spring of 1977 to H. Igor Ansoff, who held a part time chair in Strategic Management for seven years. These visiting professors, who have influenced both teaching and research at SSE have been drawn from business schools as diverse as Hitotsubashi University, IMD, INSEAD, MIT, Wharton, UCLA and the University of Hong Kong and a wide range of nationalities including American, British, Canadian, Dutch, French, Japanese and Turkish.