

# **THE EVOLVING MARKETPLACE: A BRIEF REVIEW OF TECHNOLOGY AND MARKET SYSTEMS**

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## **ABSTRACT**

The marketplace is an ancient human development that simultaneously delivers a standard of living and serves as a forum for the exchange of ideas. Here, we briefly touch upon the highlights associated with the evolution of the marketplace and show its influences on society. We also discuss how the “marketspace” of emerging technology (e.g., the Internet) is transforming this multi-faceted institution.

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## **INTRODUCTION**

The development of the marketplace is often seen as the beginning of human civilization. In traditional societies, the marketplace is a space where goods and services are bought and sold. In the 21<sup>st</sup> century, we see a marketplace can also be an electronic trading facility, providing a forum for exchanging information and conducting transactions. In the world of the ancient Greeks or ancient Judeans, the marketplace existed in a discrete location. Today’s electronic marketplaces (e.g., Amazon marketplace, eBay auction) make it possible for a seller in the U.S. to locate buyers in China and consummate exchanges in real time.

As marketplaces evolve, the institution of marketing becomes a more salient and more important part of daily life. The objectives of our paper are two-fold: 1) to sketch briefly the highlights associated with the evolution of the marketplace starting in 500 B.C. and extending to the 21<sup>st</sup> century and 2) to outline how the role of marketing and the marketing discipline are likewise evolving. To address these issues, we examine the history of marketplaces in different cultures. In a short paper, it is not possible to cover completely the full history of marketplace evolution. To illustrate our points, we cite salient examples from three primary sources: 1) the U.S. and Europe (West), 2) Korea (East), and 3) ancient Greece and Judah (which are located at the intersection of East and West).

## **THE MARKETPLACE AS AN ENGINE OF ECONOMIC EXCHANGE & FOCUS OF PUBLIC LIFE**

### **Ancient Judah**

The *Bible* contains many references to merchants and the marketplace (King James Version of the Bible 2004). Exhibit 1 presents some examples of these references. As shown in Exhibit 1, the passage from Ezekiel provides an interesting list of material goods that are available in the marketplace. In this way, the marketplace provides value for the populace and represents an image of the good life, among the ancient Israelis. At the same time, it is interesting to note that the writer ascribes spiritual value to this listing of material wealth and reminds the reader that God has provided these things and those who toil in the marketplace do God's work and worship God.

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**Exhibit 1.**  
**The Marketplace as Represented in the *Bible***

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Tarshish was thy merchant by reason of the multitude of all kind of riches; with silver, iron, tin, and lead, they traded in thy fairs. Javan, Tubal, and Meshech, they were thy merchants: they traded the persons of men and vessels of brass in thy market. They of the house of Togarmah traded in thy fairs with horses and horsemen and mules . . . Judah, and the land of Israel, they were thy merchants: they traded in thy market wheat of Minnith, and Pannag, and honey, and oil, and balm. Damascus was thy merchant in the multitude of the wares of thy making, for the multitude of all riches; in the wine of Helbon, and white wool. Dan also and Javan going to and fro occupied in thy fairs: bright iron, cassia, and calamus, were in thy market . . . These were thy merchants in all sorts of things, in blue clothes, and broidered work, and in chests of rich apparel, bound with cords, and made of cedar, among thy merchandise. –Ezekiel, 27: 12-14, 17-19, 24

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For the Pharisees, and all the Jews, except they wash their hands oft, eat not, holding the tradition of the elders. And when they come from the market, except they wash, they eat not. And many other things there be, which they have received to hold, as the washing of cups, and pots, brasen vessels, and of tables. – Mark, 7: 3-4

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But the Pharisees and lawyers rejected the counsel of God against themselves, being not baptized of him. And the Lord said, Whereunto then shall I liken the men of this generation? and to what are they like? They are like unto children sitting in the marketplace, and calling one to another, and saying, We have piped unto you, and ye have not danced; we have mourned to you, and ye have not wept. – Luke, 7: 30-32

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And when her masters saw that the hope of their gains was gone, they caught Paul and Silas, and drew them into the marketplace unto the rulers, and brought them to the magistrates, saying, These men, being Jews, do exceedingly trouble our city, and teach customs, which are not lawful for us to receive, neither to observe, being Romans. – Acts, 16: 19-21

Now while Paul waited for them at Athens, his spirit was stirred in him, when he saw the city wholly given to idolatry. Therefore disputed he in the synagogue with the Jews, and with the devout persons, and in the market daily with them that met with him. – Acts, 17: 16-17

In the passage from Mark, we get a description of important rituals that are associated with the marketplace (e.g., rituals related to cleanliness). In the passage from Luke, we see the marketplace as a public gathering area – as a place where idle children may come and play in a safe environment. At the same time, children are not true participants in the marketplace, and the passage derides such children as ignorant and complaining in unreasonable ways.

In the two passages from Acts, we see the marketplace as an area of political power -- a place where the rulers congregate. It also provides a forum for public debate. These New Testament books are (approximately) two thousand years old. In contrast, the prophet, Ezekiel, lived in the 6<sup>th</sup> century B.C., just prior to the time when the Babylonians take Judeans into exile.

## **Ancient Greece**

In his *Republic*, Plato (1955 edition) sets out to create the ideal state. In that work from the fourth century B.C., Plato presents a dialog between two speakers, Socrates and Glaucon, who is Plato's brother-in-law. Socrates argues that "exchange" is one key reason for human beings to gather together and form a community. For example, it is more efficient for a community to practice "specialization of labor" so that one man is a farmer, another man is a cobbler, another is a metal worker, and so forth (Zinkhan 2004). Given this specialization, it is necessary to create both a currency and a marketplace. Socrates also describes various roles for marketers, including the retailer (who deals in the marketplace), the merchant (who trades across the seas), and the specialty retailer (who deals in luxury goods such as furs or jewelry or fashion goods).

Under this classification scheme, the retailer serves to make labor more efficient. Since farmers have specialized skills in tending crops and livestock, it does not make sense for them to sit idly in the marketplace and wait for buyers to emerge. The merchant (importer & exporter) is necessary because it is very difficult to locate a city in a place where all natural resources are in sufficient supply to satisfy the demands of the populace. The specialty retailer is necessary to provide the citizens with luxury goods. At first, Socrates does not believe that luxury goods are desirable in his ideal state. Instead, he believes that the people will be better off with a simpler life.

[The people of the city] must have a relish – salt and olives, and cheese, and they will boil roots and herbs such as country people prepare; for a dessert we shall give them figs, and peas, and beans, and they will roast myrtle-berries and acorns at the fire, drinking in moderation. And with such a diet they may be expected to live in peace and health to a good old age, and bequeath a similar life to their children, after them (Plato, 1955, pp. 318).

However, Socrates is persuaded by Glaucon to experiment with "a state at fever heat."

Yes .. now I understand: the question which you would have me consider is, not only how a State, but how a luxurious State is created ... In my opinion the true and healthy constitution of the State is the one which I have described. But if you wish also to see a State at fever heat, I have no objection. For I suspect that many will not be satisfied with

the simpler way of life. They will be for adding sofas, and tables, and other furniture; also dainties, and perfumes, and incense, and cakes, all these not of one sort only, but in every variety; we must go beyond the necessities of which I was at first speaking, such as houses, and clothes, and shoes: the arts of the painter and the embroiderer will have to be set in motion, and gold and ivory and all sorts of materials must be procured (Plato, 1955, pp. 318).

Notice how Plato foreshadows Maslow's hierarchy of needs as he distinguishes between different categories of needs and wants. Also notice how the services of both a marketer and designer are necessary to create a luxurious standard of living for the populace.

It is interesting to note all the modern elements that appear in Plato's dialogue, written more than 2300 years ago. He understands key economic principles related to marketplaces, currency, specialization of labor, hierarchy of needs, retailing, standard of living, importing, and exporting. Economic historians estimate that currency money began in Lydia (modern-day Turkey) in the seventh century B.C. By the time of Solon, a century later, money was weakening the power of inherited aristocracy. Replacing the palace, the agora or marketplace became the center of public life and discourse (Weatherford 1997). In fact, ancient Greek society flourished both because of the economic activities associated with trade in the economic marketplace and because of the free exchange of ideas in the intellectual marketplace (Boardman 2001). There is a symbiotic relationship here as the physical marketplace also served as a forum for the promotion of intellectual inquiry.

Following this line of reasoning, it is argued that Greek thought in the Golden Age of Socrates achieved great breakthroughs because the Greek philosopher was required to sell his wares in the intellectual marketplace. If he is to outsell his rivals, the Greek philosopher must display a few novelties in his window, and he must talk up his own goods, while simultaneously talking down those of his rivals. Thus, the facts of Greek intellectual life favored systematically exploring the arguments on both sides of fundamental questions (in order to prove potential adversaries wrong). Take note again of the natural give and take that exists in the traditional platonic dialog. In this way, technological and intellectual advancements go hand in hand. The idea for currency is an abstraction. With currency as a medium, marketplaces develop, and these, in turn, encourage interactions between civilizations. At the same time, marketplaces serve as a public forum where citizens can meet and exchange both ideas and goods. Under the Greek system, these exchanges also fostered intellectual inquiry. One extant artifact of such intellectual inquiry is Plato's *Republic*, which, even in the 21<sup>st</sup> century, amazes readers with its astonishing insights (Zinkhan 2004).

### **Early Marketplace in Korea**

The first marketplace recorded in Korean history, called "the Central Market," opened in 490 A.D., and was located in the middle of capital city (The History of Korean Market 2004). In the marketplace, ordinary men and women actively exchanged various goods. The medium of exchange was rice, and barter trades were common practice. Elsewhere, there were several different types of marketplaces based on the locations and occasions. For example, a marketplace was formed when there was a special religious ceremony in a town.

In the 10<sup>th</sup> century, a number of big marketplaces were formed, and larger ones tended to be government-owned. In the capital city, different kinds of shops were located on both sides of the market corridor. On occasions when foreign government missions arrived in the city, special marketplaces were formed to create international trade. Many small marketplaces operated in local cities, especially in those along major transportation routes. In the 11<sup>th</sup> century, the first Korean currency, made from iron, was introduced and used in transactions.

Prior to the Middle Ages, the development of marketplaces and merchants in Greek and Israeli society was faster than in Korea. In western cultures, marketplaces also served as places of family gathering, entertainment, political purpose, and exchange of ideas. In contrast, marketplaces tended to be formed for specific occasions (e.g., religious ceremonies, and arrival of foreign government missions) in Korea.

### THE GUILD SYSTEM AND TOWN MARKETS

In some respects, the ancient civilizations of Greek and Rome represented a “high point” in human development. Many of their institutions (e.g., marketplaces) did not fully revive in much of Europe until later times. To cite one example, the harbor and associated trading facilities in London were largely unused by the Angles, who replaced the Romans in England.

Beginning in the 11<sup>th</sup> and 12<sup>th</sup> century, trade guilds started to become widespread throughout parts of Europe (Epstein 1991). The two main types of guilds that existed during this time were the craft guilds and the merchant guilds. This association of tradesmen allowed for members to mutually regulate the sales of their own products. The formation of guilds in medieval towns developed a standard price and quality of a good within that town’s marketplace. In this regard, guild members would check each other’s goods to ensure satisfactory levels of quality (Epstein 1991).

Merchants and craftsmen were required to join a town’s guild in order to participate in a town’s marketplace. Three common levels within a guild include: a) a master with special skills; b) an apprentice who was trained satisfactorily by the master; and c) a journeyman who is a “graduated” apprentice (Epstein 1991). Local leaders (e.g., aristocracy) were in competition with one another to create strong marketplaces within their towns in order to collect the associated tax revenues.

The guilds rose to prominence for several reasons. First, towns and cities developed throughout Europe, and the marketplace served as a key mechanism for attracting residents and visitors (e.g., who wished to trade in the marketplace). Second, the guild system provided a way for tradesmen and craftsmen to control commerce, within their jurisdiction. For instance, the guilds enforced monopolistic power and practices. Third, the guild system provided customers with some assurance of quality (Zinkhan 2004).

In Korea of the early 15<sup>th</sup> century, department-store-type marketplaces, called “Shijeon,” were located in the middle of Seoul city (The History of Korean Market 2004). About 800 shops were organized and located on both sides of the corridor street. The length of the corridor was

about 1 mile. The market was divided into several sections according to the kind of goods traded. To operate a shop in the Shijeon, the merchant had to obtain government permission. In addition, the merchant was regulated to supply necessary commodities to the palace, and the merchant incurred tax obligations according to the size of profits. In the early 15<sup>th</sup> century, peddlers began to appear in Korea, and they were involved in very active commercial transactions. Shijeon merchants tried to control the activities of peddlers through their government permissions. However, in the 18<sup>th</sup> century, this license system was removed. The peddlers continued to contribute to the development of marketplaces and to international trade. However, due to government prohibition, nationwide market networks could not be organized.

In the Middle Ages, it was common, in both the west and east, for rulers to control the marketplace through a system of association or permissions. In Korea, under the strong control of central government, merchants enjoyed only limited power and rights. In contrast, the western guild system is seen as the precursor to later institutions such as trade unions, democracy, the middle class, and individual freedoms. Even though guilds and guild members were still under the control of local rulers, it was significant that the guild members organized themselves and took direct actions to further their goals (sometimes acting independently from local rulers).

## THE MODERN MARKETPLACE

In the late 19<sup>th</sup> century, department stores brought an entire marketplace under one roof. In the beginning, the departments were leased out to individual merchants. In some ways, they were similar to modern malls, where the property owner has no direct interest in the “departments,” other than to collect rent and provide utilities. By 1900, the smaller companies (individual merchants) were purchased or replaced by large companies, and single-ownership enterprises were created. Since the beginning, department stores featured food courts, entertainments, and specialty goods. These were joined together in spectacular buildings with central atriums, with the departments arrayed around this center. The 20<sup>th</sup> century mall performed the same service. At the same time, the Sears and Roebuck catalog connected buyers to the marketplace via the U.S. postal service. Eventually, telephone lines and internet service connected buyers and sellers in a different way (Zinkhan 2004).

As described by natural selection theory, superior retail formats take hold and drive out less productive organizations (Zinkhan et al. 1999). In this respect, store closings and subsequent expansions are part of the natural order of things. Marketplace changes are part of a cycle, as sellers strive for efficiency and profitability (May 1989). In the modern marketplace, consumers demand value, and they find themselves with limited free time. Thus, the marketplace evolves to meet consumer demands (for goods and information) more quickly (Balazs and Zinkhan 2003). Speed and convenience become more and more important.

## INTERNET MARKETPLACE

In the world of the ancient Greeks, the marketplace existed in a discrete location. Plato described three discrete kinds of marketers. The world is not so simple in the Age of the Internet. Now, it is rather difficult to identify times when we are **not** in a marketplace. Many

Internet surfers are paying for their Internet access. While surfing, they encounter a veritable army of pop-up ads. Basic human behaviors and rituals (e.g., courtship) are routinely conducted in cyberspace (Zinkhan 2004).

Cyberspace has a variety of unique features. First, it provides a way to conquer time constraints. In the 21<sup>st</sup> century, potential car buyers on the Internet can obtain more information in just a few minutes than their on-ground counterparts can obtain over a series of days. Second, the Internet provides a way to conquer distance constraints. For example, an e-commerce firm in Atlanta, Georgia can make sales to a customer in Beijing, China. If that firm's business is selling computer programs, then the Internet can also be used as a means of transport and delivery. That is, the Internet is both a communication medium and a transaction facilitator (or consummator).

In the near future, networked computers will be everywhere. Low-cost microprocessors and network connections will be embedded in all consumer durable devices, such as the washing machine, the refrigerator, the hot water tank, the oven, and many others. Every one of these devices will be connected to the Internet, through either the electrical wiring system or through a community wireless network (Watson et al. 2002).

The result will add intelligence to everyday objects, and these objects will have the ability to communicate with us in sophisticated ways. For instance, a refrigerator could let us know when its supply of milk is running low. Or, the refrigerator could communicate directly with a local store to arrange for timely delivery. In this way, routine purchases could become automatic and take place below the level of our consciousness. Of course, there would have to be ways for the refrigerator owner to intervene and change the default order. In addition, the refrigerator owner may wish to obtain periodic reports about the nature and frequency of these automatic purchases (Zinkhan 2004).

#### AN EXPANDED ROLE FOR MARKETING

In his book, *The Sources of Social Power*, a professor of sociology, Michael Mann (1986) identified four substantive sources of social power: *ideological*, *economic*, *military*, and *political*. *Ideological power* derives from the human need to find ultimate meaning in life, to share norms and values, and to participate in aesthetic and ritual practices. *Economic power* derives from the need to extract, transform, distribute, and consume the resources of nature. It is different from *military power* (social organization of physical force) and *political power* (control of the state). Each power source generates distinct organizational forms. The overall structure of societies is not determined by any single power. Societies are structured primarily by these entwined four powers. For example, any economic organization requires some of its members to share ideological values and norms. It also needs military defense and regulation. Thus, ideological, military, and political organizations reinforce economic structure. In contrast, the revenues raised through taxation could be used not only to finance the military but to build infrastructure. That growing infrastructure then reinforced economic growth and increased national identity itself becomes a kind of ideological power. As a result, all of these interests increasingly intersect to create what he calls the "cage" of the nation-state.

Mann (1986) emphasizes that military power is a traditionally most important power source in society. He notes, "Economic exchange usually occurred over short geographical distances. Large areas and diverse peoples became integrated largely through the force of arms (McLemee 2004)." As marketplaces evolve, we see that marketing plays an ever increasing role in society. For instance, the amount of advertising and marketing North Americans are exposed to daily has exploded over the past decade; studies show that on average we are exposed to 3,000 ads per day. Consider political and ideological organization. Promotions and public relations play key roles for political parties. Churches strive to attract more worshipers through commercial channels of communications (e.g., advertisements, Web sites). Emergence of the Internet marketplace has also great impact on the expansion of marketing power to other sectors.

Consider the expanded role of consumers in our society. From the early 1970s, marketers and managers have emphasized the power of consumers and proclaim that the "customer is king." In the U.S., both primary and secondary education expands considerable time and resources to teach young people how to be good shoppers and how to get a good deal. Children are taught to be skeptical about advertising messages and campaigns. In the 21<sup>st</sup> century, the Internet gives consumers greater power (Pitt et al. 2002). For instance, in 2004, a single consumer could reach a large audience (e.g., by creating a successful web site). Consumers can also use the Internet to communicate with each other and thus band together to compete with corporations in the marketplace of ideas (Pitt et al. 2002).

### **THE ALL-PERVASIVE MARKETPLACE**

In the 21<sup>st</sup> century, it is very difficult to identify specific times when we are not involved in marketplaces. For instance, all of these instances are examples of marketplace participation: a) being exposed to an ad (e.g., billboard, radio ad, pop-up ad); b) talking with friends about marketplace experiences; c) thinking about material things; d) consuming (e.g., wearing clothing, eating, sleeping in a bed); e) buying; f) searching for information; g) disposing; h) working; i) surfing the Internet; j) e-dating; and so forth. In brief, marketplaces are all-pervasive. A 21<sup>st</sup> century American has to try very hard to escape the grip or influence of the marketplace.

To illustrate the "all-pervasive" nature of marketing, we provide a listing (in Table 1) to show some examples of times when we are "not in a marketplace." For instance, the very young or very old might be out of marketplaces, in the sense that they do not understand them consciously. Nonetheless, such people may move around the physical (or virtual) space of the market. Even those who seek adventures in remote locations (e.g., Mount Everest) carry with them many specialty items from the marketplace. It is more and more rare for 21<sup>st</sup> century consumers to use something that they have fashioned for themselves (without any involvement in the marketplace). In summary, the marketplace is our life!

Thus, it is no surprise that social scientists increasingly turn to the marketplace to study human behavior. In this way, the traditional preserve of the marketing professor is "invaded" by the sociologist, the human geographer, the psychologist, the psychiatrist, and so forth. At the same time, marketing professors gain more status in society as a whole, because they are seen as having special knowledge about this crucial aspect of human existence.

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**Table 1.**  
**The All-Pervasive Marketplace (and not)**

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<u>Times When We are Not in a Marketplace</u>	<u>Comments</u>
<b>Robinson Crusoe metaphor</b>	<b>This description gained instant popularity in the 17<sup>th</sup> century (e.g., a realization of dependency upon civilization and its associated marketplaces)</b>
<b>Out in nature (e.g., in an isolated environment such as jungle, mountain-top, or wilderness)</b>	<b>Even here, we often carry things with us from a marketplace (e.g., food, clothing, gear)</b>
<b>Rural areas / Lesser developed nations</b>	<b>Marketplaces have always been a hallmark of town life or city life</b>
<b>The self-sufficient family farm</b>	<b>Nonetheless, from early times, the self-sufficient farmer often spent considerable time in the marketplace</b>
<b>The hunter-gatherer</b>	<b>Barter might be important in this society</b>
<b>Those who lack resources</b>	<b>For instance, the homeless or the very old may be excluded from many modern marketplaces</b>
<b>Those without a token of exchange</b>	<b>The barter system can be cumbersome. Nonetheless, vibrant exchanges can exist in a barter economy</b>
<b>Sleeping on the ground</b>	<b>When the level of consciousness is very low, we are out of the marketplace. Nonetheless: “To sleep, perchance to dream!”</b>
<b>Infancy</b>	<b>We have to learn how to participate in marketplace, but such training is a crucial aspect of socialization and education in the 21<sup>st</sup> century</b>

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## CONCLUSION

We briefly sketched the evolution of “the marketplace” in both western and eastern cultures. As the marketplace becomes more salient and important in our daily life, we see that marketing plays an increasing role in every sector of our society. In spite of the central importance of the marketplace concept, research related to the evolution and emergence of marketplaces is rarely done in marketing. It is worthwhile to reexamine this vibrant societal institution and its influence on civilization and world history.

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