ADVERTISING'S ROLE IN SOCIETY
edited by John S. Wright and John E. Mertes

Most readings books suffer an inherent organizational problem—how to select, how to classify, and how to categorize articles within established classes. If a readings book’s classification of articles is unrealistic, the result is disunity and incoherence. Frequently, therefore, readings books are grab bags of bits and pieces that in some vague way relate to the major topic under study.

On the whole, this collection by Wright and Mertes escapes the usual organizational problem. Its 63 articles cover the years from 1968 to 1973. To the book’s credit, at least half the material reflects current thinking about advertising’s role in society.

Nevertheless, the classification problem remains. The material is organized into ten parts that deal with various “views” of advertising, that is, “economic views,” “societal views,” “business views,” “ethical views,” “consumerist views,” “governmental views,” plus two sections dealing with “personal views” and a “miscellany of views.” In addition, there is a section “thoughts for beginning” and a concluding section on “yesterday, today, and tomorrow.”

Despite the quantity of selections, the quality and scope of the arguments represented in the book seem, to a great extent, to be stereotyped, propagandistic, and tired. This is especially true for the “cliches” in the sections on economic views and business views. Consequently, a lingering suspicion is reinforced that a major reason why advertising as an institution suffers a fuzzy image is due to the businessman’s inability to articulate a valid defense to charges leveled by his critics.

On the other hand, this book fulfills its promise to deal with advertising’s societal role by offering an array of instructive and thought-provoking articles by Alvin Toffler, George Katona, William Capitan, Robert Steiner, Tom Dillon, Harvey Cox, Eli Cox, and Stephen Greyser. These entries, together with the entire contents of Part 8, on consumerist views, are undoubtedly most relevant to the major topic.

Although the editors achieve their proposed aim of assessing the current status of advertising’s role in society, their efforts suffer from cultural lag because the basic assumptions about our market economy are outmoded. In other words, comfortable notions about the continued viability of our economic, psychological, and ecological influence may be unrealistic. If so, the assorted discussions about the economic, creative, and social role of advertising may be as relevant to emerging conditions as the surgeon whose “operations were a success but whose patients died.”

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MARKET STRUCTURE AND SELLER PROFITABILITY
by Douglas Brooks
(San Diego: San Diego State University Press, 1973. 85 pp. $5.85.)

Economists in the industrial organization field have developed an extensive, though incomplete, body of theory on the relationship between the structure of a market and resultant seller conduct and performance. This market structure-conduct-performance paradigm has recently received increasing attention in business schools, primarily because of promising regulatory possibilities relative to public policy. This highly interesting and important book is directed toward a more thorough explanation of the relationship between market structure and seller profitability.

Brooks initiates his study with the recognition that government regulation in many markets has taken the route of regulating structure (in terms of seller concentration primarily) rather than the conduct of individual sellers within the market. The author contends that if regulation of the market structure is to occur, then the S-C-P paradigm must be thoroughly understood. Drawing upon the earlier works of Bain, Caves, Stigler, Scherer, and others, Brooks discusses the findings and shortcomings of the delivered theory.

Brooks suggests correctly that many past studies failed to find a consistent relationship between market structure variables (seller concentration, barriers to entry, product differentiation, growth rate, and performance) and seller profitability. In his opinion, this lack of consistency resulted because the studies inadequately controlled several structure variables while assessing the relationship between structure and profitability. In a corrective effort, Brooks has formulated a model designed to carefully control and specify the various market structure variables and to investigate the effect of a structure variable frequently excluded, namely, buyer concentration.

The regression model Brooks developed is of the following form:

\[
R = a + b(SC) + c(BC) + d(BC/SC) + eX_1 + fX_2 + gX_3 + hX_4
\]

Where:
- \(R\) = industry average rate of return
- \(SC\) = industry seller concentration
- \(BC\) = industry buyer concentration
- \(X_1\) = a measure of product differentiation (advertising to sales ratio)
- \(X_2\) = the rate of growth of demand (percent change in real output)
- \(X_3\) = a measure of business risk
- \(X_4\) = industry size measured by assets