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# Marketing: Evolution, Idea and Action

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Marketing plays a significant role in creating successful organisations but its position within business and society, the methods it uses and its reputation continues to evolve. Fundamental to our understanding is the idea that marketing is both a way of thinking and a set of activities or functions. By taking a customer-centric view, needs are better understood and companies can actively use their available resources to continuously provide the best value goods and services for current and potential customers. The marketing concept proposes that long-term value for organisations will be achieved when customer and other stakeholder needs are satisfied. These needs will be satisfied as marketers engage a range of activities that constitute the marketing function.

This chapter introduces the fundamental concepts and functions of marketing. It discusses how the marketing exchange has evolved to meet the dynamic needs of customers and society. The emphasis of marketing has shifted from stimulating transactions towards developing relationships, with an understanding that the customer is essentially engaged in co-creating this joint venture. Marketing creates value through a coordinated and extended marketing mix that concentrates on service provision, no matter what the organisational context. The chapter concludes with an overview of the coverage in subsequent chapters.

## Approaches to marketing

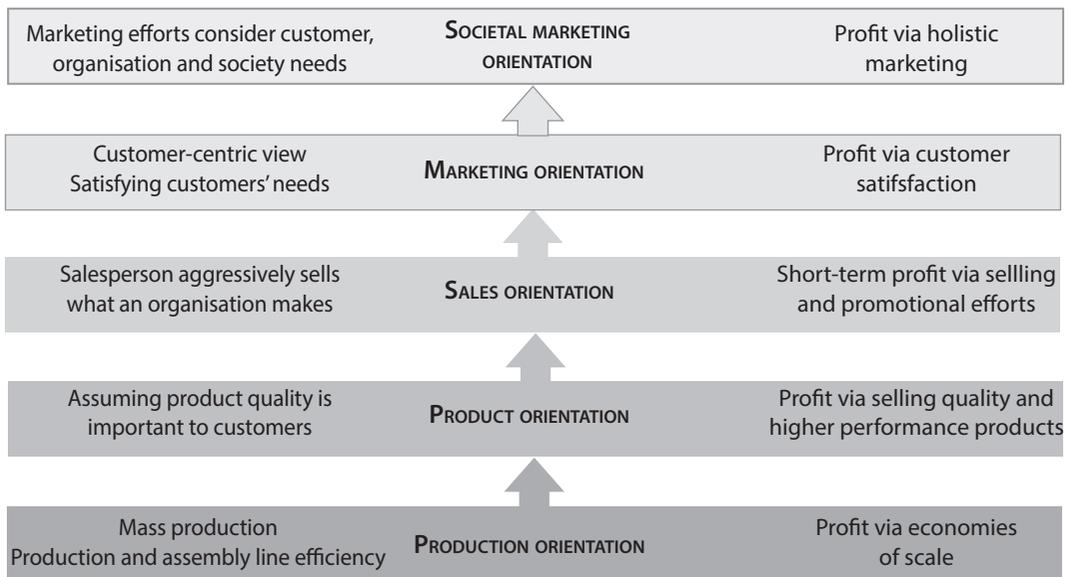
### ■ Marketing as exchange

The idea of marketing as exchange is well established. At the simplest level, customers exchange money for products or services and the business profits from this transaction. However all types of bodies and organisations use marketing, not just those who provide goods and services to customers in exchange for

money. Public hospitals, for example provide healthcare for citizens in exchange for taxes, with an overall goal of improved individual and community health. Hair salons provide professional services in exchange for money. The salon's objective is profit but the customer's objective might be to feel more confident, look good or fit in with people that they associate with. The nature of the exchange can be quite complex. A charity, for example, provides support services for those in need but is funded through donations provided by those who will never use the services they offer. Those donors give money in exchange for a number of reasons – perhaps some just like the intrinsic 'warm glow' feeling (Andreoni, 1990) they achieve by 'doing good', whereas others may be motivated by the admiration gained from others.

## ■ Marketing as orientation

Organisational goals suggest the approach that needs to be taken and the focus or orientation of the business. Production, product and sales orientations were the main focus of business and dictated where effort should be made to realise objectives. Today, organisations understand the importance of customer-centric view (marketing orientation) and are gradually moving towards including the wellbeing of the society (societal marketing orientation). Figure 1.1 delineates the production, product, sales, marketing and societal marketing orientations which influence marketing in an organisation.



**Figure 1.1:** Organisational orientation

The shift from a production to marketing and onto a societal marketing orientation is construed as a temporal change, linked to the economic and technological environment of a specific time. For example, production orientation was a reasonable approach when mass production became possible due to technological advances in automation. As products became more affordable, companies concentrated on producing efficiently and this is enough to ensure profitability. Once efficiency is achieved, the emphasis shifts to product quality, with an assumption that all customers desire and will seek out the 'better mousetrap'. Both production and product orientation require customers to have the same needs fulfilled with homogenous products, with very little market fragmentation.

The sales orientation, which was at its height post World War Two accepts that having a fantastic product is not enough and that customers need to be made aware of the product, its features and benefits, and that this requires aggressive advertising and sales practices to convince the customer they need the product.

Companies who adopt the marketing concept are deemed to be marketing oriented. This means that they:

- Place the customer at the centre of everything they do and know that satisfying customer needs is the key to success.
- Understand the competitive landscape and how their organisation fits in terms of capability vis a vis their competitors.
- Integrate all functions within the business to work together to achieve the goals of the organisation.

None of the above suggests that there is a marketing department or function, but rather puts customer needs first and recognises that long-term profitability can only be achieved by delivering customer satisfaction. As a marketing orientation is adopted, power and focus has moved from technical company excellence to individual consumer needs and more recently to society. This shift is recognised in the most recent American Marketing Association definition of marketing:

*Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (AMA, 2013)*

It is useful to note the inclusion of other stakeholders in this definition. Although it seems that a marketing orientation is an inevitable evolution from the sales era, not all companies have fully embraced the marketing philosophy and very few place societal goals at their core. Nevertheless, many organisations do adopt many of the activities of marketing in order to achieve their goals, even those organisations whose primary purpose is not to make a profit.