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MARKETING CONCEPT

Ever since the marketing concept was formally articulated by the General Electric Company after World War II, it has had ready acceptance by academicians. The concept made good sense. If the buyer is rational, then he or she will choose and come to prefer those firms whose market offering best meets his or her wants. Hence the focus for the firm should be on identifying wants and satisfying them. The Marketing philosophy further states that while the firm should base all its activities on the needs and wants of customers in selected target markets, the restrictions due to the surrounding society (laws, industry agreements, norms, etc) have to be recognised also. It further suggests that these needs, which lie within the consumer may often remain unrecognised and in a latent state; not formally expressed. If this basic philosophy is taken into account by the firm, its operations should be successful and profitable. This is also called a market-oriented view in contrast to a production orientation where the firm’s activities are geared to existing technology, products or production processes.

Traditionally, the American Marketing Association (AMA) seems to have been authorised to define what marketing is. In the renewed definition of 1985 marketing is described as follows: “Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods
and services to create exchange and satisfy individual and organisational objective”

In the opinion of Adam Smith, ‘Consumption is the sole end and purpose of all production and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer.’ (The Wealth of Nations, Book IV, Chapter VIII, 1776)(2). Broadly from the time of Industrial Revolution until about the time of the First World War businessmen were able to sell what they produced in spite of growing competition. Marketers in the post world war period succeeded somehow through trial and error as the world struggled painfully along from rural economy towards modern industrialised economy (3).

As the twentieth century advanced it became clear to most manufacturing companies in the western world that competition was increasing. The situation gradually became very difficult. With increase in the number of suppliers, customer figures falling, manufacturers had to develop sales organisations to go out and find the customers.

Between the world wars, Industrial depression and unemployment became the main cause of concern and the economists paid attention mainly to the problems and policies of industries, rather than of the firms.

Later on, because of the growing concern for self defence with the setting in of World Wars, manufacturing techniques in almost all the countries in the world got stimulated by the needs of armed services. This gradually led to a situation of excess capacity where there were more of many products than ‘the market could consume.’
This necessitated a new thought process, a process that encouraged the marketer to find out what the market wants and then produce it to enable sale. This became known as Marketing.(4)

Marketing is concerned with the psychological environment of business and the fact that the customers may have wants and needs, which lie within them, are often unrecognised and certainly not formally expressed. The marketing concept insists on ‘making consumer the king.’ It recognises that the firm starts with the consumer and his or her needs, continue with finding a product or service to satisfy these needs, and arrange for this product to be made and sold to the consumer so that the whole operation is to the mutual benefit of both consumer and company.(5)

The major factors that contributed towards the growth in awareness of marketing are:

a) Appreciation of the need to change the environment, leading to the concept of sustainable growth and development.

b) Increase in the disposable, discretionary income thereby leading to a situation where increasing number of people are equipped to spend on items other than bare necessities. Yesterday’s luxuries are today’s necessities.

c) With the expansion on the supply side and the urge to keep the plant fully occupied marketers looked for diversification. This resulted in a situation where the manufacturers were forced to woo the consumer.

d) Strengthened by the growing size of the companies, the marketers were compelled to look for new fields to conquer.
The above trend created some problems. Consumers were found to be in a state of indecisiveness and anxiety over the decision to consume and purchase commodities. They found it very difficult to choose appropriate products befitting their requirements and lifestyle in the face of unhindered product proliferation practiced by the marketers.

The emergence of the “societal marketing concept”, as a response to the ecologist and consumerist movements, and which were themselves products of the broader social fomentation of the late 1960s and 1970s, was recognition of the limited scope of the marketing concept, and its concern with simplistic producer-consumer dyads. The societal marketing concept holds that, rather than concerning themselves with the short-term gratification of consumers, marketers should instead concern themselves with the consumers’ and society’s long-term interests.(6)

Customer Sovereignty Revisited

In this backdrop where there exists the traditional marketing concept that shouts consumer orientation and sovereignty, it becomes necessary to revisit the concept and explore to what extent this sovereignty is in practice. Some basic questions like consumers freedom to choice and decision making may be put to test. The essential dichotomy remains that on the one hand the ultimate goal of production (in any conventional sense) is that of consumption; while on the other hand, in respect of a very wide spectrum of industrial and commercial activity, actual contact
between producer and consumer is distant, if not actually non-existent.

The notion of consumer sovereignty is regarded as fundamental to the marketing concept. Numerous expositions have been given of this principle: Levitt points out that “marketing focuses on the needs of the buyer and is preoccupied with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it.”(7)

Similarly in the practical world of commerce, consumer democracy is governed by the practicalities of production or supply. Demand is still the primary benchmark that governs the relationships in market place. Consumers are forced to accept what little that is on offer. Perfect competition seldom exists. What eventually becomes a reality is that small firms find it difficult to make inroads in the market because of the fierce nature of competition that two or three large firms engage into. Small firms feel suffocated because of absence of space. This leaves the consumer to choose between the devil and the beast.

If no suitable product exists, the result may be frustration and conversion of frustrated demand into the development of a product is the normal practise followed. The absence of clear vision on the part of the marketer is often considered to be the reason behind such frustration. Marketers often looked at themselves as manufacturers of products rather than suppliers of the means to enable the consumers to satisfy a need (8). For example the marketer always sells an apartment to a consumer, while the latter looks for a home.
The Means of Satisfaction

Whichever definition of marketing is adopted, it is evident that the mere identification of consumer need patterns is not in itself sufficient to precipitate their satisfaction. What is required is a further sequence of occurrences which centre on the translation of perceived needs into actual products or services and the establishment of exchange values at which equilibrium between perceived demand and potential supply may be reached.

Towards achieving this objective although academically no prior investment is required however financial viability is required to make any progress. Whatever the formula used, these steps are clearly in the control of potential suppliers, whose concerns while still being oriented towards the eventual market must focus on the means of meeting the perceived demand. The practice of marketing calls for:

a) The performance of business activities that direct the flow of goods and services from producer to consumer or user.
b) The creation of time, place and possession utilities.
c) The movement of goods from place to place, entailing storage and changes in ownership.
d) The activity of buying, selling, transporting and storing goods.
Consumers' Attitudes towards Marketing Practices,

Kotler noted that six major factors contribute to the rise of consumerism in any national setting – structural conduciveness, structural strains, growth of a generalised belief, precipitating factors, mobilisation for action and social control (9). Studies across various nations revealed a high level of consumer discontent and widespread buyer dissatisfaction across product groups, consumer segments and nationalities (10). Cross-national study(11) investigating consumer attitudes towards marketing practices, consumerism and government regulations in Australia, Canada, England, Israel, Norway and the US revealed that negative attitudes towards marketing prevailed in all six countries. Similarly, a study(12) exploring consumer alienation from the marketing system indicate a high level of consumer alienation across most marketing systems. It is observed that findings of the study(13) investigating consumer attitudes towards marketing practices and the study(14) investigating consumer alienation from the marketing system reveal a strong relationship. Consumer sentiments towards business in United States have undergone some change recently due to:

a) Improvements in business practices,

b) Effective public relations efforts of business,

c) Changes in the environment that produce less hostility towards business, and

d) Consumers being less inclined to blame business for their problems.
References (Chapter 2):


(4) ibid.

(5) Dickinson, Roger et al.; op. cit.


(13) Varadarajan, P. Rajan and Thirunarayana, P.N.; op. cit.

(14) Barksdale, H.C. and Darden, W. R.; op. cit.