
Re-evaluating the marketing concept

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Abstract

In marketing literature often it is argued that the marketer should pay attention to the customers' needs and wants in order to achieve and maintain successful business relationships. This fundamental approach is often referred to as the "marketing concept" and is one of the most important and famous concepts ever developed in marketing literature. The article describes a proposed generic deficiency in the usage of the marketing concept in marketing literature. It is also proposed that there is a necessity to extend the marketing concept towards the perspective of a holistic marketing channel context. Therefore, it is argued that the point of departure, in any marketing process of theory building, modeling, and development of conceptual frameworks in marketing, must be from the customer's perspective and eventually from the ultimate consumer's perspective.

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Introduction

The significance of the marketing concept has been of substantial importance for many years in marketing literature. It is a widespread concept that has been described in literature and has been in part applied by both scholars and practitioners. In addition, it is an influential ingredient in today's marketing practice, marketing literature and marketing thought. However, it is doubtful if this crucial knowledge, transmitted through the marketing concept, has been generally applied in the theory building, the modeling, or the development of conceptual frameworks in the academic field of marketing during the twentieth century. The objective of this article is to describe a generic deficiency in the usage of the marketing concept in marketing literature. The objective is also to extend the significance of the marketing concept towards the perspective of a holistic marketing channel context.

The marketing concept and its context

At the end of the 1940s, production efficiencies were regarded as essential for achieving and maintaining a successful and prosperous business activity. In the fifties scholars began to argue that marketers should pay more attention to the customers' needs and wants. This fundamental principle is often referred to as the "marketing concept" and is one of the most important and famous concepts ever developed in marketing literature. McKitterick (1957, p. 78) states: "the principal task of the marketing function in a management concept is not so much to be skillful in making the customer do what suits the interests of the business as to be skillful in conceiving and then making the business do what suits the interests of the customer." Thus, the marketing concept holds that customer needs and wants should be the point of departure for any marketing process. Subsequently, the turn towards the customer's perspective was a major shift in business management at that time. In addition, other contemporary scholars agree. For example, Keith (1960, p. 35) concludes that: "Our attention has shifted from problems of production to problems of marketing, from the product we can make to the product the consumer wants us to make,

from the company itself to the marketplace.” McKitterick (1957, p. 78) also comments that: “. . . to plan at all, and think adequately of what competition might do and its possible effects before committing multi-million dollar resources, requires knowledge of the customer which penetrates to the level of theory.” It is an interesting remark that he emphasizes that theories and pertaining models have to involve the customer. Another well-known and famous concept related to the marketing concept is the phenomenon labeled as “marketing myopia”, which was described by Levitt (1960). He argues that marketers believe that because the current situation is profitable, they neglect, and do not realize, that changes in the market place must be handled with great respect. The marketing mix concept is also a contemporary concept that has been promoted by scholars such as McGarry (1950), Frey (1961), Lazer and Kelley (1962), Borden (1964), McCarthy (1964), Booms and Bitner (1982), Judd (1987), and Kotler (1986). The underlying principle of the marketing concept is the unifying feature in the different usages of the marketing mix concept, but at the same time it is frequently omitted and neglected when further theoretical refinements are developed.

However, although it was founded as a concept in the 1950s, the underlying principle of the marketing concept has as a phenomenon been mentioned in literature at least since the beginning of the twentieth century. There are early examples of the vital importance to recognize that performed activities and processes by firms strive towards satisfaction of the customer. For example, Shaw (1912, p. 736) states: “Goods are being made to satisfy rather than to sell.” He also writes (Shaw, 1912, p. 708): “Today the more progressive business man is searching out the unconscious needs of the consumer, and is then producing the goods to gratify them.” At the time, others have also written about the importance of the customer. Copeland (1923, p. 288) writes: “One of the first steps to be taken by a manufacturer, who is seeking to effect economies in selling his product, is to make an elementary analysis of the habits of consumers in buying articles of the sort he is producing.” Products originating from a marketing channel represent a certain satisfaction value, but only when they satisfy existing values in the final consumer market. From the point of view of a

holistic marketing channel context, it is not until the efforts done by firms reach the approval of the ultimate consumer that the satisfaction value is accomplished, and that they contribute to the value of the marketing channel. For example, Ford and Crowther (1923, pp. 135-6) write: “Does the manufacturer exist for the consumer or does the consumer exist for the manufacturer? If the consumer will not – says he cannot – buy what the manufacturer has to offer, is that the fault of the manufacturer or the consumer? Or is nobody at fault? If nobody is at fault then the manufacturer must go out of business. But what business ever started with the manufacturer and ended with the consumer? Where does the money to make wheels go around come from? From the consumer, of course. And success in manufacture is based solely upon an ability to serve that consumer to his liking.” The same arguments applied in the context of a marketing channel, where one might assume that marketing activities in the marketing channel should originate from the ultimate consumer’s perspective. As Fautrote (1928, p. 302) states: “After all, the product is the thing. It is the final test of management. Is the product good? Will it stand up? Is it worth the price, and is the price lower than that charged for a similar article or by others for the same? That is the acid test.” Thus, it is troublesome if the ultimate consumer’s perspective is ignored in a marketing context in general, and in the marketing concept specifically.

The marketing concept has a vertical emphasis, that is, it refers to a dyadic relationship between buyers and sellers. It does not normally comprise horizontal matters. Therefore, the theoretical perspective in this article on the marketing concept is supported by and limited to the channel theory (e.g. Weld, 1916; Bucklin, 1966). The marketing channel should be regarded as a single entity (Alderson, 1965), a super-organization (Stern *et al.*, 1996) or a social system (Balderston, 1964) that consists of a number of interdependent firms that are involved in the task of the distribution of products to the ultimate consumer. However, the problem is not to design a marketing channel in theory, but to make it work in practice. Stern *et al.* (1996, p. 281) state that: “. . . the job of a channel manager is not done when that optimal channel is designed; the manager now has to make that channel work! There is no

guarantee that the optimally designed channel will actually operate successfully” The selection of an appropriate marketing channel becomes of vital importance for the effectiveness of the underlying principle of the marketing concept (Magee, 1960). To put the matter in a nutshell, as Coleman and Jennings (1998, p. 63) conclude: “. . . management is only as strong as the weakest link . . .”.

Already, at the beginning of the twentieth century, scholars utilized economic foundations to analyze how a marketing channel could be structured more efficiently for the eventual benefit of the ultimate consumer (Sheth *et al.*, 1988). Different principles may dominate activities performed in the marketing channel. For example, there is the principle of postponement (e.g. Alderson, 1950), which might be described as a pull-approach, and the principle of speculation (e.g. Bucklin, 1965), which might be seen as a push-approach. However, the holistic approach of the marketing channel is of major interest (e.g. Culliton *et al.*, 1956; Brewer and Rosenzweig, 1961) in today’s competitive marketplace in many industries. Traditionally, channel theory has concentrated on vertical dependencies between firms. A marketing channel consists of a number of actors or intermediaries that take part in the exchange processes, since together they may improve the efficiency of the channel (e.g. Alderson, 1954). The point of departure may also be what creates independence for firms in a marketing channel (e.g. Blau, 1964). In a marketing channel, activities are specialized and there is a functional distribution between firms (e.g. Bucklin, 1966; Alderson, 1954). The dependence between firms may be explained by the division of labor (e.g. Stigler, 1951; Stern and El-Ansary, 1992). Nowadays, firms in a marketing channel strive to satisfy the ultimate consumer. Generally, there is a mutual dependence between firms in a marketing channel (e.g. Alderson, 1957, 1965; McCammon and Little, 1965; Stern, 1969). Existing interdependencies create a necessity for cooperation between firms, in order to achieve individual and sometimes mutual goals.

The dependence that exists between firms in a marketing channel influences the marketing concept, because it is not sufficient to satisfy the customer’s needs and wants, but also to pay attention to the needs and wants of

the customer’s customer and eventually the ultimate consumer in the marketing channel. Nowadays, business and marketing activities are supposed, to a great extent, to be performed to take into account the expected response of the final consumer market in many industries. In the 1990s, consumer-driven marketing channels have been implemented in order to satisfy the customers and the ultimate consumer better. Therefore, in order to improve and optimize the marketing channel, the view of the channel should be seen as having its starting point at the ultimate consumer, not as the final one itself. Or as Steudel and Desruelle (1992, p. 2) express it: “In essence, being world-class means being capable of bringing products to the marketplace that offer better value than the competition . . .”. The creation of this satisfaction value in marketing channels is often expressed as a successive or stepwise process in which value increases along a value chain or a value system (Porter, 1985). Already at the beginning of this century, the idea of the value-added process was recognized. Weld (1916, p. 6) writes: “At each step an increment of value is added by those who handle or transform the product.” It starts, for example, with the manufacturers, continues to other firms (middlemen) all the way to the ultimate consumer. Often it is argued that each step or actor in this process exists because it provides or improves the value or adds value to the product in the marketing channel, and attributes a satisfactory value to the ultimate consumers. For example, Weld (1916, p. 4) states: “Production is often defined as the creation of utilities; i.e. any process that makes a thing more useful, – either by molding it into a more desirable form in the factory, or by transporting it from one place where it is less needed to another place where it is more needed, or by storing it from one season of the year when it is less needed until another season when it is more needed, – is a productive process.” Despite the fact that some scholars conclude that marketing channels ought to be consumer-driven, they still take for granted that the satisfaction value in a marketing channel is created as a stepwise process, instead of confronting the empirical fact that a consumer-driven marketing channel must work backwards from the ultimate consumer, not towards him or her as a final step. This is the identified severe

deficiency that, to a certain extent, reflects the theory building, the modeling, and the development of conceptual frameworks in marketing literature.

Implications

As described in the previous paragraphs, the customer has been a crucial ingredient in marketing literature and marketing thoughts for almost a century. Nevertheless scholars still tend to omit, or even forget, the customer when they develop their marketing theories, marketing models, or conceptual frameworks in the field of marketing. The customer is mentioned as a vital and crucial factor for any successful business activity and marketing process, in order to just go on alluding to the customer as a secondary source of importance. Consequently, despite the fact that there is a worldwide acceptance and acknowledgement of the importance of the customer, still many theories, models, and conceptual frameworks in marketing literature too seldom take into account and include the customer's perspective. Many of them are static and therefore suffer from a lack of dynamic features based upon the customer's perspective. If the point of departure would have been the customer many well-known theories, models, and frameworks in marketing would have been drastically modified (e.g. the value chain model by Porter, 1985, p. 37). The basic misconception is that they are supposed to recognize the logic and the underlying principle of the marketing concept. However, at the time of their creation the point of departure was towards the customer, rather than originating from the customer's perspective. Therefore, the dynamics at the customer's level are neglected or abandoned, and a static reality is created towards the customer's perspective.

The theories, the models, and the conceptual frameworks are supposed to reflect an empirical phenomenon. This is managed often through simplification, though is not usually possible to describe real world complexity with understandable or interpretable theories, models, and conceptual frameworks. In consequence, the degree of simplification should not influence the presence or absence of the customer, but be an always present determinant. If the

customer is excluded, any theory, model, or conceptual framework will reflect the real world, though the customer is the crucial key for a successful business activity or marketing process. Fortunately, there exist several theories, models, and conceptual frameworks that do acknowledge the customer in marketing literature (e.g. the Interaction Model, Håkansson, 1982, pp. 14-22; the New-Production-Development Decision Process, Kotler, 2000, p. 335). However, many of the theories, the models, and the conceptual frameworks within the managerial school of marketing or the so-called marketing mix approach are suffering from this generic deficiency, although this is one of the fundamentals of the school or the approach.

One of the problems is that many theories, models, and conceptual frameworks are limited to embracing a specific and minor part of a real world context, due to the complexity of a business or marketing environment. Nevertheless, some parts of the environment are more important than others, and this should be expressed. Without the environmental context any theory, model, or conceptual framework makes no realistic contribution to the accumulated knowledge, because the context determines its relevance. Another problem is that the theories, the models, and the conceptual frameworks all strive to be an aid or a guide to handle a marketing context, but they are in fact shaped from the perspective of the marketer (i.e. towards the customer, and not originating from a customer's perspective). At the same time they are supposed to understand and to spell out how to manage the context of the customer. This results in the optimal or the best approach towards the customer not being revealed, but rather hidden, or placed in the outskirts of the empirical phenomenon at focus. This is not the intention of the underlying principle of the marketing concept (e.g. McKitterick, 1957). Therefore, a marketing theory, a marketing model, or a conceptual framework in marketing must place the customer in the foreground, in order to facilitate the marketer's efforts to satisfy the customer's own needs and wants.

Conclusions

During the twentieth century a great deal of marketing scholars have failed to create

dynamic theories, models, and conceptual frameworks that truly reflect a real world context. Many scholars have only succeeded in creating static theories, models, and conceptual frameworks that represent a strong simplification and a reversed perspective of the real world marketing context. Therefore, one of the two principal contributions that this article hopes to provide is the deficiency that the core significance and the importance of the marketing concept is strongly underestimated in many existing areas of marketing theory and marketing thought. For example, imagine a team of engineers that are supposed to develop an aircraft turbine without taking into account the rest of the engineering context, such as aerodynamics, gravitation laws, and mechanics of materials. The possibility that the engineers will succeed in their mission to develop an aircraft turbine is not very likely. Successful companies, brands, products, and so on, have one common denominator, namely that they all succeed meeting not only the needs and wants of the customers, but also succeed meeting the needs and wants of the ultimate consumer. However, in practice this is achieved in a both conscious and unconscious manners. The real world is guiding us (i.e. both practitioners and scholars) and demonstrating its complex nature. Practitioners are more exposed to its whims, and therefore the practitioners strive to create and implement flexible and dynamic solutions, hopefully taking into account the customer's perspective. Scholars are well aware of the importance of the customer in a business setting. It is a well-established thought that the customer is the key for the ultimate success of any business. However, in general, scholars have not learned sufficiently to involve the customer in many of their theories, models, and conceptual frameworks, although there are some excellent exceptions in literature (e.g. Kotler, 2000, p. 335).

In addition, the marketer's understanding of the customer's perspective must be extended to including the ultimate consumer's perspective. Therefore, the original significance of the marketing concept is proposed to be extended to comprise the customer's customer and eventually the ultimate consumer's perspective. This is the second of the two principal contributions of this article. First of all, the satisfaction value (i.e. a metaphor in this context as the output

of the marketing concept) is defined by the customer. In the extension, it is defined by the ultimate consumer. It is not a matter of course that the satisfaction value is created as a stepwise process in a marketing channel from the point of view of a holistic marketing channel context. The marketing channel is therefore proposed as having the final consumer market as its starting point, rather than the final one. In consequence, the underlying principle of the marketing concept has to be extended to comprise the customer's customer and eventually the ultimate consumer. Accordingly, it is argued that companies do not create a satisfaction value *per se*. Therefore, the creation of a satisfaction value in a holistic marketing channel context is assumed to be an illusion. Bearing in mind the fact that the satisfaction value is defined in the final consumer market, firms may improve their competitive advantage if they are able to realise that they have to adjust their business activities to those satisfaction values that are, or are going to be, reigning at the final consumer market. This in turn might improve their profitability in comparison to firms that continue to regard their own activities as creating a satisfaction value towards the customer's perspective (i.e. in terms of the underlying principle of the marketing concept). Firms do create something, namely costs, but that is not the same as a satisfaction value for the final consumer market. Costs are created by companies in order to generate a greater satisfaction value at the end for all those firms involved in the marketing channel. The creation of a satisfaction value by some companies is, at best, a futuristic speculation. The point of departure for any theory building, modeling, or development of conceptual frameworks must emphasize the customer's perspective and eventually the ultimate consumer's perspective. Subsequently, let us begin the new millennium with an extension of the marketing concept!

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