The Evolution of the Marketing Concepts: Theoretically Different Roads Leading to Practically Same Destination!

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Downloaded 21 January, 2012 Accepted 27 March, 2012

This work is part of a larger study on market orientation and business performance. The evolution of the marketing concept from the pre-industrial revolution, down to our day is critically reviewed. The marketing concept as a business philosophy is traced from its origins as a business belief where efficient production was the emphasis to the current belief which emphasizes customer needs as a means of long-run business success. The concept has evolved in a progressive fashion over the last century. The underlying assumption of the development of the concept has geared toward certain line of business needs. Over the year, at least six different philosophies have developed, with latter ones being superior to earlier ones. While different philosophical concepts have been dominant at particular business eras, the development of a new concept had not necessarily mean abolition of old concepts. In some cases new concepts have overlapped old ones; while in others old concepts have complemented new ones. The paper acknowledges that the development of the marketing concept demonstrates an improvement in business thought and insight aimed at creating and retaining profitable customer at different eras of business.

Keywords: Marketing concept; Organisational objective, profitable customers; organizational performance.

INTRODUCTION

Marketing is defined as 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 [1]. Kotler and Armstrong [2] also defined marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. In this case marketing can be considered as “an organizational effort to create and retain profitable customers through positive relationship building between the organisation and its internal as well as external customers in a socially responsible manner”. In order to create and retain profitable customers, the marketing concept has become the way of thinking with the customer located at the centre of the business. Over the years the concept of market has evolved from one concept to the other.

In the earlier development of the marketing concept the role of the customer in the development of products had been minimal, until latter developments when the customer gained a centre stage in the product development decisions. The evolving concepts of marketing that has emerged over the years are a manifestation of different business philosophies aimed at addressing customer needs at different time period [2-6]. Though, the underlying assumption of all the concepts, irrespective of the market era in which they were dominant, is to create and retain satisfied and profitable customers [7], different eras require specific business philosophies.

Though the different concepts of marketing have been discussed in different researches, no one study has been devoted to addressing all the marketing concepts to dates in a holistic manner. The issue of abolishing of old concept or complementing it with new concepts has not been given research attention. Similarly, the issue of hierarchy and superiority of one concept over another is under researched. These issues create a gap in the marketing concept literature because the existing literatures do not more clear light on the reasons and
justification for the evolution of the marketing concept over the different business eras. This development has the tendency of crowding the importance of individual business thinking that might not work well for the achievement of business objectives (creating and retaining profitable customers) in different business ears. The paper addresses the different concepts that have been developed over time, highlighting their primary assumptions. It also discusses the justification of the dominant of different concept in different eras; and the hierarchy and superiority of the different concepts.

LITERATURE OF THE MARKETING CONCEPT

The marketing concept was first defined as “a way of thinking; a management philosophy guiding an organization’s overall activities (affecting) all the efforts of the organization, not just its marketing activities” [8]. Emerging first in the General Electric Company in 1952, the marketing concept has been consistently redefined over the past five decades.

The academic discipline of marketing has two main schools of thought, where marketing is considered as either a philosophy or as a function. The marketing concept considers marketing as a philosophy rather than a function. The concept represents business thinking, and started developing since 1850s. Businesses have since adopted production philosophy [9]; product philosophy [10]; selling philosophy [2], marketing philosophy [11,12]; societal marketing philosophy [2]; and the holistic marketing philosophy [4]. The subsections that follow discuss the different concepts that have developed over the years.

The Production Philosophy

Pride and Ferrell [3] trace the production philosophy to as far back as 1850s, through to the 1900s. This was the period of industrial revolution in the United States. At this period the country witnessed growth in electricity generation, rail transportation, division of labour, assembly lines, and mass production. These made it possible to produce goods more efficiently with new technology and new ways of using labour. Despite the increase in production of goods with these emerging ways of production, there was heavy demand for manufactured goods [3].

The production philosophy is premised on the assumption that consumers will favour product that are available and highly affordable [2]. This required that businesses’ concentration were directed toward product improvement and efficient distribution of goods. According to Schiffman and Kanuk [5], the production philosophy assumes that “consumers are mostly interested in product availability at low prices; its implicit marketing objectives are cheap, efficient production and intensive distribution”. Miller and Layton [13] observed that in the production era, the manufacturers typically concentrated on increasing output with the assumption that customers would look for, and buy, reasonably priced, and well made products. The production philosophy worked for businesses in the 1950s to achieve their business objectives. Today, such a business orientation may only make sense when the objective of the company is to expand the market. However, production orientation hardly works for many of today’s businesses. Companies with such a business philosophy today risk focusing their effort too narrowly [14] on their own operation losing sight of the core idea of producing to meet customer expectation and needs to create customer value [2].

A cursory look at the literature indicates that production philosophy might be abolished in most business practices today. However, where the business objective is for expansion to meet unsolicited demands, or where new products are introduced, the production philosophy might be a good complement to other more dominant philosophies.

Product Philosophy

The product philosophy was the dominant marketing philosophy at the dawn of 1900s and continued to the 1930s. According to Fullerton [10], “For more than a generation the concept of the production era dominated the understanding of marketing’s past held by students and scholars”. The production orientation assumes that consumers will prefer product based on its quality, performance and innovative features [2]. This means that the company knows its product better than anyone or any organization. Thus, the company knows what will work in designing and producing the product and what will not work. Since the company has the great knowledge and skill in making the product, it also assumes it knows what is best for the consumer. The product concept compelled companies to ensure improving product quality, and introduce new features to enhance product performance; as much as possible. These were done without consulting the customer to find his or her view on these product features. Yet products were produced with the customer in mind. Since the era culminated development of innovative products which did not have substitutes, customer needs might not be too much a demand since customers may not know their needs in such innovative market situation.

In much of the product era, organizations were able to sell all of the products that they made. The success of this philosophy was due mostly to the time and level of technology in which it was dominant. The product concept survived much of the time after the Industrial Revolution [13]. Since demand exceeded supply, the emphasis on production rather than the customer was quiet an appropriate business thought at the time. Most
goods were in such short supply that companies could sell all that they made. Consequently, organizations did not need to consult with consumers about designing and producing their products. Much as some companies may still have a product oriented business thinking that direct their operations, the concept is not popular in today’s business environment. A product philosophy often leads to the company focusing on the product rather than on the consumer needs that must be satisfied [5], which leads to ‘marketing myopia’ [14]. With the nature of customers and business environment the product philosophy might be a failure today, except for introduction of new products where there may be insufficient customer knowledge and competition.

**Selling Philosophy**

The selling philosophy was the concept of businesses that proceeded the product era, and has the shortest period of dominance compared to the two preceding philosophies. It began to be dominant around 1930 and stayed in widespread use until about 1950. The emphasis of selling philosophy was to create a department to solely be responsible for the sale of the company’s product; while the rest of the company could be left to concentrate on producing the goods [15]. According to Kotler and Armstrong [2], the orientation of the selling concept was that the company can sell any product it produces with the use of marketing techniques, such as advertising and personal selling. The concept assumes that “consumers are unlikely to buy the product unless they are aggressively persuaded to do so – mostly that ‘hard sell’ approach” [5].

The emergence of the selling philosophy was necessary because of increase in production of variety of goods after the Industrial Revolution, as companies became more efficient in production. The increase in amount of product and types of products led to competition which eventually led to the end of product shortages and the emergence of surpluses. Regarding this Comyns and Jones [16] noted, “Obvious pressure to buy may lose the customer for the future even though it takes the immediate sales”. It was because of the surpluses that organizations turned to the use of advertising and personal selling to reduce their inventories and sell their goods. The selling philosophy also enabled part of the organization to keep focusing on the product, via the product philosophy. In addition, the selling era was characterized by an orientation that a sales or marketing department could sell whatever the company produced. Miller and Layton [13] noted that apart from the aggressive selling approach, the era was also noted for other unhealthy features, such as the idea that ‘selling is the goal of a company and not customer satisfaction’. Recently, Kotler and Armstrong [17] note: “The selling concept takes an ‘inside-out’ perspective. It starts with the factory, focuses on the company’s existing products, and calls for heavy selling and promotion to obtaining profitable sales. It focuses primarily on customer conquest – getting short-term sales with little concern about who buys or why.”

Despite the fact that the selling concept has almost seized to be a preferred business orientation over time, its acceptance or rejection should not be determined by the concept itself, but the business era and the dominant business orientation. Even in the ear of a market oriented philosophy, few organizations that deal with ‘unsought’ goods (such as life insurance); political parties who sell their candidates aggressively to apathetic voters; and also by companies that have excess stock [5] still use selling orientation successfully. This means the selling philosophy might be less recognized in today’s business environment, it might not be completely abolished since it could be used to support some more dominant philosophies in certain types of businesses. Though the marketing philosophy has become the prescription for facing competition, “old habits die hard” [13] and even to date some companies still hold to the fact that they must use the ‘hard sell’ approach for business success and prosperity [13].

**Marketing Philosophy**

The marketing philosophy started to dominate business orientation during the 1950s [3], and continues until the twenty first century. This concept assumes that the starting point for any marketing process is the customer needs and wants, and no longer the aggressive selling. The key assumption underlying the marketing philosophy is that “a market should make what it can sell, instead of trying to sell what it has made” [5]. The marketing concept focuses on the needs and wants of the buyer rather than the needs of the seller and the product. As noted by Mckitterick [18], the principal task of marketing is not just persuading the customer to buy, but also to provide the needs of the customer at the right quantity and quality. These views are consistent with an earlier proposition by, Shaw (1912:736), who noted: “goods are being made to satisfy rather than to sell” [19]. Shaw also remarked, “today the more progressive business man is searching out the unconscious needs of the consumer, and is then producing the goods to gratify them” (p.708). Recently, Kotler and Armstrong [17] noted: “The marketing concept takes an ‘outside-in’ perspective. The marketing concept starts with a well-defined market, focuses on customer needs, and integrates all the marketing activities that affect the customers. In turn, it yields profits by creating lasting relationship with the right customers based on customer value satisfaction”.

The marketing concept recognizes that the company’s knowledge and skill in designing products may not always be meeting the needs of customers. Thus business orientation shifted from product to market [20].
Keith [20], observed: “our attention has shifted from problems of production to problems of marketing, from the product we can make to the product the customers wants us to make, from company itself to the market place”. He also recognizes that even a good sales department cannot sell every product that does not meet consumers’ needs. When customers have many choices, they will choose the one that best meets their needs. This is expressed in Levitt [14] who made a clear distinction between the selling and the marketing orientation. According to him selling focuses on the needs of the seller; marketing on the needs of the buyer. Selling is preoccupied with the seller’s need to convert his product into cash; marketing 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. This philosophy is what is expected of firms today to be market oriented and reap business success. Despite the fact that new concepts have developed since the emergence of the marketing philosophy, the concept still reigns superior in creating and retaining profitable customers, which is a primary objective of businesses.

The Societal Marketing Philosophy

The societal marketing concept emerged in the 1970s and has since overlapped with the marketing philosophy. The concept assumes that there is a conflict between consumer short-term wants and society’s long-run interest, and that organizations should focus on a practice that ensures long run consumer and societal welfare [2,6]. Kotler and Armstrong [17] consider the societal marketing orientation as the best business philosophy to be adopted by organisations. They suggested: ‘this new concept represents an attempt to harmonize the goals of business to the occasionally conflicting goals of society’. They conclude: “the organisation’s task is to determine the needs, wants and interest of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer’s and society’s well-being” (p. 35).

It is understandable why this concept did not emerge until around the 1970s. The importance of this concept became eminent when the effect of business activities on the environment and society became too pronounce. It was then necessary for businesses to think on how to satisfy the market with the aim of profit, and still minimize its effects on society. Happy society is more likely to buy marketing practice rather than a concept or philosophy of business. A marketing concept is “a way of thinking; a management philosophy guiding an organisation's overall activities [affecting] all the efforts of the organisation, not just its marketing activities” [8]. The holistic marketing orientation seems to dwell on just the marketing functions and not the overall activities of the organisation. The concept looks at internal marketing, performance marketing, integrated marketing and relationship marketing, which are all typical activities of marketing. The concept fails to acknowledge other activities of business such as production, management style, organisation culture and other non-marketing factors of business that make a firm business orientated. Thus, the holistic marketing concept [4] should better be viewed as a summary of what effective and efficient marketing involves rather than a business philosophy, and for that matter a marketing concept, because a marketing concept means more than just marketing functions [8], as suggested by Kotler and Keller’s [4]. This means the organization. It thus, challenges the earlier assertion by Friedman [21] that “the social responsibility of business is to make profit”. Organisation will still need to adopt this business philosophy to be able to deal with the cultural and regulatory aspect of the business environment. This means adoption of the societal marketing philosophy generate some factors of market orientation that foster business performance. The societal marketing concept is considered a separate business philosophy [2,6]; however the concept could be better looked at as complementary. It should be complementary business thinking to the adoption of other business philosophies, particularly, the marketing philosophy. Thus, whether a business is production, product, selling or marketing oriented, the interest of the society must still be given its rightful place because society is a key stakeholder in every business.

The Holistic Marketing Philosophy

The holistic marketing concept is a 21st century business thinking [4]. The concept is based on the “development, design, and implementation of marketing programmes, processes and activities that recognizes their breadth and interdependencies” [4]. The holistic marketing concept suggests that the 21st century business firm needs a new set of belief and practice toward business operation that is more complete and cohesive than the traditional application of the marketing concept. According to Kotler and Keller 4 holistic marketing recognizes that “everything matter” in marketing. Holistic marketing is thus based on the assumption that the approach to marketing should be the adoption of all activities of marketing. Thus, holistic marketing includes internal marketing, performance marketing, integrated marketing and relationship marketing. Kotler and Keller’s holistic marketing concept seems to be an embodiment of marketing practice rather than a concept or philosophy of business. A marketing concept is “a way of thinking; a management philosophy guiding an organisation's overall activities [affecting] all the efforts of the organisation, not just its marketing activities” [8]. The holistic marketing orientation seems to dwell on just the marketing functions and not the overall activities of the organisation. The concept looks at internal marketing, performance marketing, integrated marketing and relationship marketing, which are all typical activities of marketing. The concept fails to acknowledge other activities of business such as production, management style, organisation culture and other non-marketing factors of business that make a firm business orientated. Thus, the holistic marketing concept [4] should better be viewed as a summary of what effective and efficient marketing involves rather than a business philosophy, and for that matter a marketing concept, because a marketing concept means more than just marketing functions [8], as suggested by Kotler and Keller’s [4]. This means the
holistic marketing concept is relatively not a superior philosophy that has the potential of generating the required antecedents of market orientation that fosters superior business performance, which includes non-marketing activities [22-25]. In this connection, the holistic marketing concept fails to acknowledge this strategic as opposed to functional approach to marketing [26,27]. Marketing is found to be so basic to be considered a separate function on a par with others such as manufacturing or human resources [26]. Marketing should be seen as an attitude of mind rather than a series of functional activities [27], as seems to suggest by the holistic marketing concept [4]. Moreover, the development of the holistic marketing concept is seen as just an exaggeration of the marketing philosophy. The key assumption underlying the marketing philosophy is that “a market should make what it can sell, instead of trying to sell what it has made” [5]. In the early 1990s, Shaw [19], had noted in connection with the marketing concept: “goods are being made to satisfy rather than to sell”. He concluded: “today the more progressive business man is searching out the unconscious needs of the consumer, and is then producing the goods to gratify them” (p.708). The recent work by Kotler and Armstrong [17] supports the fact that the holistic marketing concept is just an exaggerated version of the marketing concept. They noted: “The marketing concept takes an ‘outside-in’ perspective. The marketing concept starts with a well-defined market, focuses on customer needs, and integrates all the marketing activities that affect the customers. In turn, it yields profits by creating lasting relationship with the right customers based on customer value satisfaction” [17]. ‘Integration of all marketing activities’, this should include internal marketing, performance marketing, integrated marketing and relationship marketing. Better still, the holistic marketing concept can be described as a clever combination of all the concepts that have been developed prior to it [2,3,5,15].

The evolution helps appreciate that changes in customer characteristics and preferences, over time, is inevitable, and that companies must be aware and operate their businesses in harmony with the changing needs of the market. Although any given business can operate under any of the philosophies, the underlying precept of the development of the marketing concept is that these philosophies form a hierarchy, with later philosophies being considered superior to those of earlier ones as the formation of the market change [4]. Thus, organisation's movement from earlier philosophy to latter ones constitutes improvement in business practices to meet the market needs of a particular time period with specific type of customers [20,28]. Also such movement may mean abolition of some earlier philosophies.

Though the different philosophies of marketing might be practiced today by one company or the other, the dominant philosophy in contemporary business is the marketing philosophy [2-6]. The societal marketing philosophy and the marketing philosophy overlap; and are substantiated by the holistic marketing philosophy. The societal marketing concept suggests that marketing discussions should go beyond just ‘economic transaction’. The holistic marketing orientation just emphasis on some specific practices that enhances the market oriented behaviour of a firm [4]. The different philosophies of marketing cannot be described in isolation. They should be discussed with the business objective and marketing conditions and practices at the time in mind. Though businesses have varying objectives, the most common is to create and retain profitable customers.

Except for social reasons, no company can continue in business if it is not making profit. Thus, whatever business philosophy or marketing concept an organization adapts, it should be one that leads the company to attainment of profit through creation of satisfied customers. Thus, the importance of a customer to a firm is defined in terms of the customer’s ability to make the firm realize its profit goals in the long run. In the same way the customer would give the company his ‘custom’ if he is provided with product and services that meet his needs and expectations (with or without his involvement in the product design and development). Therefore, while a business belief that emphasis on the customer rather than the product may be a necessary condition for today’s business era, it might not always be a requirement for effective business practice and provision of customer value. The customer can be a “victim” and a “victor”. The customer is a ‘victim’, if because of excess demand over supply; he is not involved in product design and development decision. In this case the customer has no choice but to accept what product the producer has made available. This is particularly true in eras or markets where there are hardly any substitutes to the products or services, where demand exceed supply; or in new product development situation where the customer might not have any idea to determine what he wants. The
customer is a ‘victor’ in competitive markets where supply exceeds demand. In such a market situation, consumers might be the ultimate determinants of what satisfy their needs. The producer only has to produce according to the dictates of the consumer. Thus, the customer’s involvement in product decisions – including design and development is very paramount. Yet other factors such as cost, profitability and capacity might influence the final product decision. No company can produce the product that the consumer wants if it lacks the organizational capabilities.

In view of the literature, the six philosophies or concepts of marketing can be seen as different business thinking aiming at producing efficient and profitable products and services to customers at one time or another. During these different times and market situations, customers might be either involved in the product decision or not, depending on whether demand for the product exceeds supply or vice versa. The involvement or otherwise of customers in the production of goods and services defines to a large extent the type of marketing philosophy adopted at a time. In other word the development of the marketing concept demonstrates how business thinking has been shaped in line with customer demands and business environments in different eras. Thus, the evolution of the marketing concept could be considered justifiable because different business needs have been addressed by varying business thoughts over the years. Similarly, emerging business needs might call for appropriate business philosophies in future; these marketers must be aware and expectant.

Conclusions and Comments

The marketing concept has had wider acceptance since its emergence as a business philosophy in the 1950s. It is basically the belief that company’s attention be shifted from problem of production to problem of marketing, from the product that the firm can make to the product the customers wants the firm to make, from company itself to the market place [5,20]. The emphasis is to make the customer decides what his needs are and not the company doing so on the consumer’s behalf. The concept assumes that “goods are being made to satisfy rather than to sell” Shaw (1912:736) [19]. The marketing concept seems more superior to the other concepts, though not at the apex of the hierarchy because it emerged much earlier than other business philosophies. Almost all the concepts have aspects that highlight the marketing philosophy.

For instance, efficient and quality production in the production and product philosophies [2,13] highlight the importance of the customer in product decision. Also customer persuasion, a function of the selling orientation [5,13,16] involves customer intimacy and relationship management, which is also a factor in the marketing concept. Therefore, it could be deduced that the selling concept involved obtaining profitable sales by persuading the customer to buy the company’s product instead of competitors’. Again, the societal marketing concept believes that the organisation’s task is to determine the needs, wants and interest of target markets and to deliver the desired satisfaction more effectively and efficiently than competitors in a way that preserves or enhances the consumer’s and society’s well-being” [6].

Similarly, the recent work by Kotler and Armstrong [17] supports the fact that the holistic marketing concept is a complement of the marketing concept. They noted: “The marketing concept takes an ‘outside-in’ perspective. The marketing concept starts with a well-defined market, focuses on customer needs, and integrates all the marketing activities that affect the customers. In turn the concept yields profits by creating lasting relationship with the right customers, based on customer value satisfaction” [17]. ‘Integration of all marketing activities’ would include internal marketing, performance marketing, integrated marketing and relationship marketing, which are the focus of holistic marketing orientation.

The development of a new concept may not necessarily mean abolition of old concepts. New concepts may build on old ones to make a business more successful in serving the interests of its stakeholders. Again, some old concepts may work well for some businesses and industries today, better than even new concepts, depending on market conditions as well as product and customer types. The issue of hierarchy and superiority though significant, it might not necessarily follow the order of emergence of the philosophies. Thus, even the 1900’s ‘production concept’ can still be applicable in certain industries such as Electricity Company, where great expansion work is still needed. Yet, the marketing philosophy has more applicability in most industries relative to other orientation.

References


Author’s Profile

Solomon A. Keelson is a professional marketer and a researcher who hold an MBA in Marketing and Post Graduate Diploma in Marketing. He worked for almost ten years in the Electricity Company of Ghana. He has been consulting for Ghana Rubber Estate Ltd, Laine Services Ltd, Credit Unions and other Retail Shops in Ghana. He is currently a lecturer of marketing at the school of business, Takoradi Polytechnic, and a part-time lecturer at University of Cape Coast and Accra Institute of Technology. A third-year PhD student, Keelson supervises thesis of master students in KNUST and AIT. He lives in Takoradi and travels regularly to Accra for teaching and consulting work.