

THE MODERN MARKETING CONCEPT*

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I. INTRODUCTION

When we speak of the modern marketing concept, we better clarify this term right from the outset. The concept of marketing has changed through the centuries, the decades and even the recent years considerably, and it is still changing.

Day-in day-out, a lot of material, articles, reports, pamphlets, speeches and various contributions by experts, business people, and academicians offer their ideas and opinions as to the changing marketing conditions in this country. All dramatically emphasize the necessity of adjusting ourselves to these new conditions by accepting a new approach and a new philosophy of marketing.

Until just some years ago, it was a commonplace in most industrial organizations in this country to look to the «Sales Departments» as the only responsible facet engaged in the «mechanics» of moving the product to the market. That was a mechanic concept, a limited and short-sighted approach to marketing. In the last six to eight years a new idea gained headway when the American industry turned to marketing as to the universal — all embracing — business action that carries all responsibilities from the original idea of a new product through the developmental stages into the distribution stages and even further into the innumerable aspects involved in the very consumption of the product.

Now, this is an altogether new thing, which assumes a new philosophy, dictates a new attitude and establishes a new concept that we might call the functional or the organic concept of marketing. This concept is not any more limited within the narrow area of one section of a business unit; it penetrates everything within the entire business

* Ομιλία του Καθ. Ν. Φωτιά, εις τὸ Πανεπιστήμιον τῆς Washington (Μάρτιος 1961) πρὸς τὰ μέλη τῶν κατωθι ὀργανώσεων : Sales Executives Club of Washington D.C., WTOP Executives in Institute of Management for Electronics.

body and, what is more important, it goes beyond that because it virtually links all businesses marketingwise, i.e., organically together.

In that sense modern marketing in all its ramifications involves the entire range of economic activity nationally, and, in the light of current developments, also internationally.

Therefore, before going any further, let me describe the marketing concept as it stands today.

First, it is a delightfully vague concept. If you ask me, which areas of economic activity does marketing include today, I would honestly say, I don't know of any that are not included.

Second, it's a highly flexible concept. Because it deals with that marvelous «unknown», that is known as the market. The market deals with the most unpredictable and most intangibles of all things : People. As a result it deals with their emotions, feelings, enthusiasms, excitements, psychological conditions, reactions, etc. No wonder why markets are becoming more and more flexible and volatile entities and consequently modern marketing reflects precisely that flexibility and volatility, for it tries to catch up with the everchanging high volatile reality.

Since vagueness and flexibility lead to relativity, it's only proper, I think, to add a third dimension, by stating that the modern marketing concept is a highly relative concept too. This means that nothing is, or should be construed as being absolutely true or absolutely false. In other words, in marketing today you can under no circumstances prove the other guy wrong.

Now since we are operating in this vague, flexible and relative area of human endeavor, where economic theory, business experience, psychology, anthropology, sociology, philosophy and even religious issues are simultaneously involved, in an all out effort to understand the market, its position, its behavior, and its trends, let me add also this : whatever you hear today, or whatever I say to you now, about marketing, can't be true but up to a certain point only. Of course, I leave it up to you to decide for yourselves, up to what point!

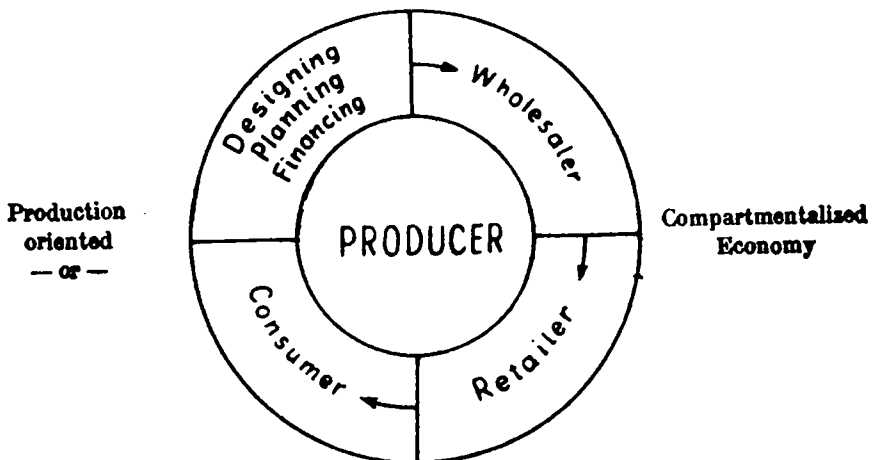
Having said that, let me now conclude this introduction by asking a rather fundamental question : What does marketing stand for today? In other words, what does it mean to you, to me, to everyone? Well, this is what marketing means to me : Marketing is just the personification of all of us. For that matter, marketing is a giant human being too. It has arms and legs to carry the products from the factory or the farm to other places, and from there to millions of households all over the country, in fact all over the world. It has eyes and ears with which to

learn the needs and desires of the people. It has brains to understand them and design the products accordingly. It has mouth to tell the world about the new and exciting items and make them want. And, yes, it has a heart too. A heart that knows and responds to the emotions of the people everywhere. All in all, it is a foreful, a driving, a progressive, a living thing indeed.

Now let me present to you the basic difference between the old and the new marketing concepts, the dimensions of that modern concept, the assumptions upon which it is being based and, of course, its implementation within the American economy.

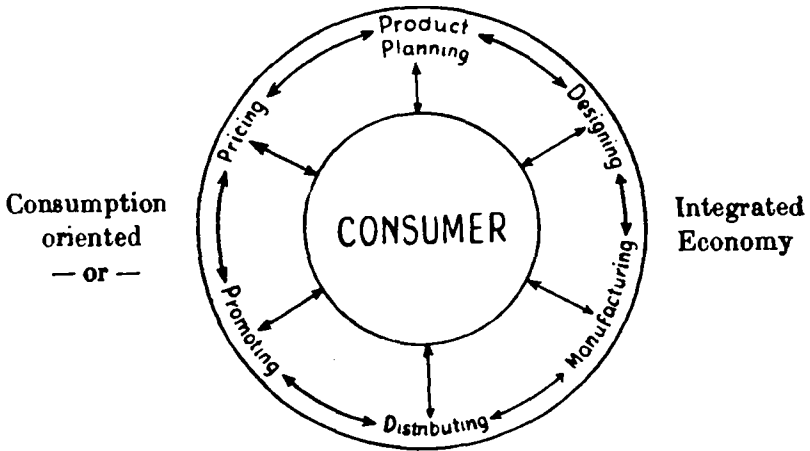
II. THE OLD AND THE NEW MARKETING CONCEPT

The old marketing concept was *centered around the original producer* or the manufacturer, who was essentially involved with himself, and his problems in making his product. The retailer, on the other hand, the dealer, did the selling to the consumer. The consumer looked at the



retailer rather than to the manufacturer, for assurance and avue. Between manufacturer and consumer there was no contact or communication, neither at the first stage of planning, nor at the last stage of selling to the consumer.

Now, today's marketing is entirely *centered around the consumer* and his needs only. It involves the consumer's desires, behavior, attitudes toward the product, and, it reflects the consumer's ideas about the product.



The manufacturer today sees his essential problems as consumer problems, which he, himself, wants to know and solve. The lines of contact and communication between manufacturer and consumer are now many, efficient and highly developed, especially from the consumer to the manufacturer, and, this fact enables the manufacturer to plan his products in such a way, as to satisfy the consumer's desires with respect to kind, size, form, and ways of presentation of the product, a process which includes not only distributing, but also advertising, packaging, merchandising and most of all pricing.

So, let's keep that in mind : *Today's marketing starts with the consumer and ends with him!*

In past periods, manufacturing and marketing were separately organized and independently carried-out activities, based on the assumption, that once a product has been manufactured, somebody will buy it. Of course, there were good reasons why that happened. The first was the fact, that the United States at that time, and even up to the turn of the century, was largely a country with a lot of unsatisfied

needs. Businessmen were principally concerned about production, simply because they could easily sell what they produced. And, it was not until the late part of the last century, that the American markets began to show less eagerness for what producers offered. And it was at that time, that marketing became an acute and significant problem for study and deep concern!

How different things look today! Today, product planning already includes a great deal of marketing, even at its early stage. This was quite clearly recognized by Henry Ford, who said «Sales begin on the drawing board»; something which is especially exemplified by the manufacturers of electric appliances for instance.

Today's marketing is a *built-in* product feature, entirely integrated with the management at all levels, and in all its functions. It's not anymore something which can be *added-on*, after the product has been manufactured. If, today for example, a manufacturer sees the consumer as someone who complicates his production problems rather than someone who must be served and fully accomodated, that manufacturer is definitely out-of-date, *and the marketing concept is here not in operation.*

Gentlemen, modern marketing is a *many-sided* thing. It is an exceptionally broad concept, and to me a rather amazing one. At the same time it is a highly flexible concept, and, also an all-encompassing one, from the original conception of the product, in the mind of the inventor, or in the mind of the consumer, up to the final sale of the product.

And then, modern marketing is many things to many people. To some it is a *part* of their business. To others, it is their *whole* business — it is their livelihood, but to all — to people in business and to folks at home — it helps make life more worthwhile and brings them things, they otherwise would never have had.

It is also interesting to be remembered that modern marketing is a real product of American inventiveness and ingenuity. It grew up in this country, nowhere else in the globe — and it has grown with it. Even Europe — not to speak about other continents — by and large still operates under the old marketing concept. Because production still tries to catch up with what the people — not the very few — want to have for a decent living, which, of course, lies way behind our familiar standards here.

In fact, in many countries they do not even bother at all with marketing. They simply ignore it — they don't even feel they need to

deal with it. Very few countries could be cited, where marketing has been the subject of managerial concern and responsibility.

Let's now proceed with our analytical work. What is modern marketing's *significance*, what are its *implications*, and how should it be *implemented* for the individual business and how for the entire economy, for the plain citizen, and for the society as a whole? All those questions are very important and make a lot of sense, because they reflect and illustrate the powerful effects of modern marketing not only on the overall business activity, and for that matter — on its results — be it prosperity or depression — growth or decline — but also on the minds of the people, many of whom, more than often, either castigate or praise all those who are professionally engaged in marketing, as *the* responsible factors for our «affluent» society! Well, it's just a matter of how people look at this «affluency», whether they consider it as a blessing or a curse! What do I think about it? Well, I am going to tell you in a little while after I proceed with the *dimensions* of Modern Marketing.

III. DIMENSIONS OF MODERN MARKETING

First: Marketing is production, which primarily accounts for our economic growth.

Marketing should stop being confused or identified with distribution. A product is nothing else but a physical thing. Only when marketing enters the picture and takes over, then, and only then that product becomes a useful thing, which consists of all kinds of satisfactions; satisfactions which it yields when it is used, or when it is consumed. No product presents any usefulness, unless it serves human needs, unless it satisfies people, who want to have it, and who are in a position and have the desire to buy it. When that happens, then that product becomes a «good», whose production serves the interest of the people.

Original production and ultimate consumption are the two extreme economic processes. Between these two extreme activities — the product-creating and the goods-consuming activity — there is nothing, which does not constitute an organic part of what we now call marketing. Therefore, marketing occupies the very important position of goods-producing activity, which, by all standards of economic reasoning, represents the *real and genuine productive function of the economy.*

Second: Marketing is the general stabilizer of our free economy.

From what I just said, it now follows that since marketing is not merely a product-distributing but, a *goods-producing* activity, it alone is the only activity which should be held responsible for supplying consumption with the proper goods and services that are needed, and, *in the way they are needed*, in terms of quantity, structure, quality, form, and, of course, in terms of time, place and price.

Now, this is another basic function, which refers to the role marketing plays between the two aforementioned extreme activities. So, unless the marketer works in both directions successfully, inducing the out-put of such products that are needed, and under the conditions they are wanted by the consumers, our entire economic system will soon get out of balance.

Since our private enterprise system operates within the framework of a free economy, marketing is the only factor that can create and maintain economic stability, in securing a close balance between output and consumption. And, of course, the best insurance that our economic and social system, as a way of life, will be preserved, is the demonstration that it works. And it won't work, unless marketing is equal to this specific task. As a result, it is marketing which effects our entire social life today, beyond the limits of the existing consumer needs.

Remember, it is the consumer's satisfaction, not the consumer needs, that guarantees consumption of what we produce. From this point of view, every single marketing function, and, above all, selling, ceases to be only a job, it becomes a powerful tool of economic stability, a tool that moderates the booms as well as the depressions, induces a more orderly and wholesome economic growth, and as such, it is a symbol of a real free society.

Third: Marketing is the main-spring of our social and cultural progress.

If we further try to delineate the framework of our American economy (no matter how people use to characterize it — as «capitalistic» or «consumeristic», as long as it remains the «American» economy, which to my mind, is the simplest and the strongest criterion to distinguish our economic system from all other kinds and variations of capitalistic, socialistic, or communistic economic systems) — we should say this: The American economy is unique, or at least, has no precedent in history. Not only is it bigger and richer than ever before, it is *constantly*

getting bigger, without the per capita wealth diminishing, though having to care for at least three million new citizens each year.

Furthermore, there is a great change and fluctuation in our living methods and living patterns. And beyond this, there is a steady flow of new devices and developments, that produce even more and better goods, in less time, at lower costs. As a result, there is always a new way of life, steadily and endlessly shaping up.

The technology is continuously increasing man's mastery of energy and matter, giving new thrusts to the prodigious variety of the American market. These achievements will, in turn, stimulate American productivity, which is the real source of gains in income, purchasing power and national well-being.

It is in such a transformed and expanded economic framework, where the development of the American society is taking place. We are steadily approaching the completion of the *inversion* of the traditional income pyramid, in which a few were close in at the top, while most were barely subsisting at the bottom. What has happened is that the proportion of people in the middle income group has increased tremendously, while the proportion of people in the lower income group has declined even more.

It is therefore characteristic, that we have now enlarged our concepts of necessity, to include a great many things, that once were regarded as luxuries, and this especially in the field of services, such as health, education, travel, etc. American will continue to strive for more, cheaper, and better goods and services, for better quality, for greater variety and for finer service.

Of course, nothing is to be realized without effort and common sense! And then, if some people exclaim: What shall we do with all that material growth; with all this «affluency» within our society, as I referred to a little while ago, let's say to them this: *There is nothing like material satisfaction for convincing people that material satisfaction is not enough!* When a society reaches a point where the basic needs have been met for almost everybody, and, in abundance for many, every increase in income and leisure is bound to produce quite startling advances in the whole style and quality of life. Social, cultural, recreational, educational, aesthetic achievements, and even religious revivals, are all related to American material accomplishments and artistic! All this is the social and cultural significance and contribution of modern marketing.

Fourth: *Marketing is dynamic, because it reflects the dynamic character of the American economy itself.*

The facts (a) that the American economy due to its high degree of efficiency has created, maintained and supported the highest optional consumption or discretionary purchasing power in reserve, and (b) that it is the most *integrated*, and because of that, the most *sensitive* economy of the world, explains the *dynamic* character of the American marketing philosophy, techniques, and procedures with all its difficulties of selling to consumers, who have a high range of purchasing power and who are very sensitive to innovations and therefore very unpredictable in their steadily changing tastes, desires, attitudes, and preferences.

Now, it would be impossible to American marketing to meet that challenge, unless it remained as it does, *real revolutionary* in its essence. And, if you asked *where* is this American marketing revolution going to, *when* and *how* will it end, my answer would be very simple: Most probably, and by necessity of what has been achieved so far, it will never end! It is rather likely to grow and to spread into new, untried fields, unknown heretofore.

So, if we summarize all aforementioned conceptual dimensions of modern marketing, we'll reach the conclusion that the concept of our modern marketing appears to be, first and foremost, something more than a state of mind; it's a real new philosophy of doing business, a philosophy which basically is founded on a deep and widely shared conviction that *the business which serves the consumer actually and primarily serves itself.*

IV. IMPLICATIONS OF MODERN MARKETING

Let's now discuss some practical thoughts, which derive from that new philosophy. These are simply ideas, or guiding principles, which interpret and analyse the implications of our concept of modern marketing. Such guiding principles are here expressed in terms of duties and responsibilities, which the modern marketer has to carry out, if his intention is to operate successfully.

1. The modern marketer has to develop a clear understanding of the nature, the structure and the trends of the American market, which supplies the factual background and the analytical judgment, necessary for dealing with steadily unknown marketing situations.

2. He has to show a mental alertness, toward changing buying habits, consumer preferences and desires, to develop receptive awareness of the tremendous influence of ideas — not only in business, but also in social and cultural affairs.

3. He carefully watches the structural changes in a highly dynamic economy, in order to adapt his programs and his product to a continuously changing world. Basic trends in population and its composition, in employment patterns, in income structure, in disposable assets, in the new forms of credit transactions, and, of course, in technological advances, all are his primary sources of evaluation of the market.

4. He always maintains an optimistic view, especially with respect to price stability and certainty of income, because these are the two forces which expedite release of the purchasing power, which consumers hold in reserve.

5. He appreciates the reasons why research will be more important in the decades ahead, than it used to be in the decades past. By doing so, he also believes in the value of business genius, but he also wants the judgments of the genius to be confirmed by facts and results! He carefully watches the interplay between the trends in retailing practices and consumer behavior, in order to adjust his actions to the new climate.

6. He considers advertising as one of the powerful media of communicating ideas, rather than as a means of distorting the truth, by misleading any one or even both sides of the marketing process.

7. He welcomes competition, which in American business is a fundamental factor, bringing about better products at lower prices for the consumer.

To look at it from another angle, modern marketing places now more than ever emphasis on *what* do people buy than on whether they buy. When people live so far above the level of existence, there is no doubt, at all, about their buying; the only question is whether they buy *your* product rather than the product of someone else! It also places more than ever emphasis on the fact, that people buy more *sophisticatedly*, so that the problem of selling today is less a complicated and more a delicate one, because it is a problem of *strategy* rather than of manipulation.

Today, as people travel more, and as they become more educated, they know what they want — or at least what they don't want — and I don't think any amount of advertising is going to sell customers quantities of what they don't want.

On the other hand, I also believe that modern marketing places now *less emphasis on price* than before. People today have money and will spend it, for that they really want and need. The younger generation especially is buying on budgets. They use modern credit facilities never known before. With that kind of spending they spread their payments over a long period, and they will spend, if marketing will give them what they want. The only trouble is, that, more often, we don't know enough what they want.

So, modern marketing calls for a new strategy which presupposes the application of logical forces, which have to be aligned with the consumers attitudes and motivations so that people themselves decide to do what *you* want to, without trying to change their minds! In this sense, the new marketing strategy signifies a new way of organizing business in order to accomplish the desired objectives. And this brings us to our final question: How should modern marketing operate? What am I, as businessman, supposed to do?

V. IMPLEMENTATION OF THE MODERN MARKETING CONCEPT

As you already gather from what I discussed up to this point, modern marketing has three fundamental requirements:

- 1st. A *consumer-oriented* marketing plan based on facts,
- 2nd A *marketing-oriented* organization, and
- 3rd A *unified and dynamic* marketing operation.

First: A *consumer-oriented* marketing plan.

Modern marketing calls for an entirely new system of action in a firm which is basically consumer-oriented. The consumer holds ultimate veto over what a firm does in product styling, production scheduling and pricing. So, the marketing plan should *begin* with the consumer and work backwards. The marketer is, now, the only guide to the engineer and the finance executive. He only has the facts. On that basis, the marketing plan should be developed in terms of both, short — *and* long — run objectives for profit, which assures that there will be a product that people want, at the price they are willing to pay, where it is wanted, and when it is wanted.

The marketing plan introduces the marketing man at the beginning, rather than at the end of the production cycle, and integrates marketing

in each phase of the business. Thus, marketing through studies and research will establish for the engineer, the designer, and the manufacturer what the customer wants in a given product. Marketing should have authority in product planning, production scheduling, and inventory control just as much, as in the fields of selling and servicing the product. If at sometime (and that happened not too many years ago) businessmen were of the opinion that they ought and could sell whatever was produced, that was a fallacy, which seemed to have some justification during World War II, and during the seller's market afterwards. In a few words; now, it is the complete marketing *plan* which makes clear *what* is to be done, *when* and *why*.

S e c o n d : A marketing-oriented organization structure.

Modern marketing calls for an integrated management-marketing organization, designed to carry out the above stated marketing plan, and all marketing functions effectively, economically and on time. As I already pointed out, historically, the functions of business management — that is production, finance, engineering and sales — operated quite independently.

No they are integrated, in order to achieve maximum results, and this simply because marketing is not any more a specialized function of sales. It permeates all areas of business, and must be interwoven with each one. In that sense, marketing means close coordination of the specialized knowledge of all operating business-units. All these units need to become thoroughly familiar with the customer's reasoning, which means with the market possibilities and market potentialities. This marketing-oriented organization structure makes clear *who* has to do, and *where* he has to do the various parts of the marketing job.

T h i r d : A unified and dynamic marketing operation.

Modern marketing calls for a unified dynamic operation, geared to the specific objectives of conceiving, designing, planning, developing, distributing, and selling products to the consumer, with optimum sales volume at minimum expense.

All marketing functions are integrated, performance is carefully watched and measured, and the modern tools, methods, and procedures, are used to carry out the plan and meet the established objectives of the business outfit. Such an operation assures that the above stated

organization structure carries out the marketing plan *when* and *how* it is needed.

There you have the *heart of the modern marketing concept* as implemented. It is up to the business executives and the business leaders of tomorrow, who will be drawn from the ranks of the market-executives of today to implement it. Then, of course, the most successful companies especially on the most intricate level of international competition and penetration will be those, that exercise the *best marketing judgment* and utilize most skillfully the marketing facts, which are there, available, for their study, analysis, interpretation and guidance.