

Questions and Answers on The Marketing Concept

Review Questions

- 1) What is the difference between marketing and marketing management?

Answer: It is very difficult to answer this question because each textbook seems to have its own set of definitions and introductory textbooks on marketing seem to cover the same material as introductory textbooks on marketing management.

I believe there is an intent to write about “Marketing” as a social process and to describe the process of marketing more from the consumer's point of view or the classic observer’s point of view.

I believe that there is an intent to discuss “Marketing Management” as marketing from the seller’s point of view with a focus on how to practice demand management. Therefore, marketing management is the analysis, planning, implementation, and control of programs designed to create, build, and maintain beneficial exchanges and relationships with target markets for the purpose of achieving organizational goals.

I believe the above definition is significantly different from the AMA's definition of marketing?

The definition of marketing should be about creating transactions and be appropriate for buyers and sellers. The above definition of marketing management is not appropriate for both buyers and sellers.



2) What is the marketing concept?

Answer: Some people want the marketing concept to be a fundamental statement regarding the type of cooperative relationship that should exist between buyers and sellers. These people fail to appreciate that conflict and not cooperation is at the root of the buyer-seller relationship. Sellers want high prices and buyers want low prices. Some people want the customer orientation of marketing to be a manifesto of consumerism. While it is true that marketers want to know the nature of the buyer's needs and wants, and seek to serve customer's wants, it is done in terms of enlightened self-interest and profit.

The marketing concept can only be understood if it is accepted as a philosophy of competition.

We must assume the following:

- a. The long run goal of a firm is survival in a competitive environment.
- b. Profits are the means by which survival is achieved.
- c. Profits are the result of having a competitive advantage.

It follows that marketing management has the purpose of establishing and maintaining a competitive advantage in the marketplace. The production concept, the product concept, the selling concept, the marketing concept, and the societal marketing concept are alternative solutions to the problem of gaining a competitive advantage.

The marketing concept is a superior philosophy of competition because it sees that the key to achieving organizational goals (i.e., profit through competitive advantage) is to determine the needs and wants of target markets and then to design a product and marketing strategy that delivers the desired satisfactions more effectively and efficiently than competitors.

3) Some textbooks almost claim that the goal of marketing is to maximize customer satisfaction. Is the goal of marketing management is to maximize customer satisfaction? Agree or disagree?

Answer: The key to this question is in understanding what we mean by the words management, maximize, customer, and satisfaction when we look at marketing at different levels in the organization and society. For example, a salesperson can be told to maximize customer satisfaction and the objective is to help the customer make the right purchase and feel good about it. To a marketing manager who selects the price and rest

of the marketing mix to maximize customer satisfaction means to give the product away free. If marketing is management of a social process then a by-product of marketing in a competitive system is to maximize consumer satisfaction. The consumer being people with purchasing power.

- 4) Is the aim of marketing to make selling superfluous? Agree or disagree?
(It is easier to agree if you see that the implicit definition of selling is persuasion.)

Answer: The goal of this question is to ensure the student knows the difference between the selling concept and the marketing concept. If the marketing mix being offered by the customer is obviously superior in the customer's eyes then there is no need to persuade the customer into buying it. If marketing mix A (Price, Product, Promotion, Place) is better than marketing mix B, then the customer will select A.

- 5) What are some basic criticisms of the marketing concept?

Answer: It is not a philosophy of customer satisfaction. It is a philosophy of competition. It is designed to create a monopoly-like situation at least in the minds of customers and to avoid direct competition. In the absence of competition the marketing concept is designed to maximize monopoly profits. The focus of the marketing concept is the customer's wants not society's needs.

- 6) The marketing concept sidesteps the basic conflict between buyer and seller. Buyers want lower prices. Sellers want higher prices.

Answer: The marketing concept does not provide a solution to the classic bargaining problem. Concepts such as "relationship marketing" and "fair" prices sound great! What do they mean? It is relatively easy to construct situations where the marketing concept fails to provide operational guidance to marketing managers. Consider the following scenario:

A marketing analyst, after doing a complete study of a seller's customers, competitors, and environment, makes the following report to the seller. "Mr. Seller, you have done such an excellent job of designing your marketing mix in terms of satisfying customers

more efficiently and effectively than your competitors that you are making above average profits. I am completely confident that if you raised your price by one dollar per unit, then your profits would increase and you would not lose a single sale or a single customer now or into the foreseeable future. Your customers would, of course, be slightly more dissatisfied with the higher price, but all of them would continue to buy from you."

If the seller increases the price, are his actions consistent with the marketing concept? The seller's adoption of the marketing concept has given him a competitive advantage almost as strong as an official monopoly. As an unofficial monopolist, should he exploit the situation? The customer orientation that is embedded in the marketing concept suggests that customers should be satisfied. Does the customer orientation imply that customer satisfaction should be maximized in the absence of competition? What price should be charged in a monopoly situation? The marketing concept as it is currently articulated is simply inadequate to resolve these issues.

The fundamental weakness of the marketing concept is that it does not provide any guidance for strategy selection in situations where there is an absence of any competitive threat.

Consider the following scenario:

In search of greater profits, the owner of a small clothing store has developed a marketing mix and product assortment which has given him a virtual monopoly in the "fashion conscious, young, professional" market.

This store owner is in the process of helping a prospective customer choose a suit. The selection has been narrowed down to two very different suits in terms of style, fabric, and color: a light blue suit and a dark blue suit.

Either the dark suit or the light suit will leave the customer very satisfied and certainly more satisfied than any suit available from competitive stores. Both suits have advantages and disadvantages and direct comparison is difficult. The customer would like to buy both suits, but can only afford one and is unable to choose between the two. The buyer is completely open to any persuasion that will help him decide which suit is better.

The store owner, an expert in color matching to skin tones and the durability of different fabrics, knows that this customer would get greater satisfaction from wearing the light blue suit rather than the dark blue suit. The store owner, however, will make a net profit of \$100 selling the dark blue suit and a net profit of \$50 selling the light blue suit. Regardless of which suit is sold, the customer will be perfectly satisfied. There is no chance, in the long run or the short run, that the customer will ever know or have any way of knowing that the light blue suit gives, or would have given him, greater satisfaction than the dark blue suit.

The store owner has some basic choices:

- a) Make a \$50 profit by persuading the customer to buy the light blue suit.
- b) Make a \$100 profit by persuading the customer to buy the dark blue suit.
- c) Let the customer discover some way of making his own choice.

Which choice or choices, if any, is consistent with the marketing concept? Why or Why not?

- 7) Do you think that all companies need to practice the marketing concept to some extent? Could you cite companies which do not particularly need this orientation? Which companies need it most?

Answer: All companies would not benefit equally from reorienting their operations toward the marketing concept. Examples of companies that would have less need for a thorough-going market orientation are: Firms that have a captive market because of a monopoly or near monopoly on the supply of the particular product. Firms bidding for government contracts--their first concern is cost efficiency and research capability. Firms with long-term contracts to supply private brands. Firms that supply standardized commodities that are traded on active markets. Firms that are operating in a long-term seller's market.

The greatest benefits of a market orientation accrue to firms and/or Industries with some or all of the following features

- a) Industry capacity exceeds sales.
- b) Customers differ in their preference and susceptibilities.
- c) Competition is vigorous.
- d) There is continuous product improvement and new-product development
- e) Brands are similar and/or brand innovations are rapidly imitated.
- f) Promotion is able to influence brand preferences.

These features suggest why the market orientation first took roots among companies producing consumer nondurables (soaps, cigarettes, gasoline, beer) and consumer appliances (toasters, radios, refrigerators). Its spread has been slower among industrial sellers, but many individual industrial companies are leaders in the marketing concept. The marketing concept is a concept of "successful competition." The goal of marketing is to avoid competition.
