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PREFACE TO THE EIGHTH EDITION

Back in 1996, when the first edition of this book was being written, the internet was in its infancy. Mobile phones were the possessions of the wealthy, and smartphones were only able to send faxes and act as diaries – connecting to the internet was still a dream. The quickest way of contacting customers directly was a mailshot, and most people did not have private email addresses at all.

In the intervening 27 years, the communications revolution has transformed marketing. Yet, the basics remain the same – marketers are still responsible for managing the exchange process, they are still using whichever communication methods are the most appropriate, and they still monitor the needs and wants of potential customers. At the same time, there is greater emphasis on ethics, sustainability, the physical environment, and on fair trade.

In this edition, we have tried to reflect these shifts in the business environment: we have included contemporary examples that illustrate some of these key issues, we have reviewed and updated the communications chapter, and we have developed the segmentation chapter to reflect the growing importance of the individual customer and customer persona characteristics. We have written entirely new case studies to reflect these changes, and to show how marketing theory is applied by real companies, in the real world.

Of course, this book is not solely the product of its authors. We would like to thank our friends and colleagues at Pearson for their support and advice, our colleagues in our respective universities and, of course, our students, who continue to challenge us, give us new ideas and keep us in contact with our own market.

1

What do marketers do?

Objectives

After reading this chapter you should be able to:

- Describe the key roles marketers undertake
- Explain the responsibilities of various types of marketing manager
- Explain the core concepts of marketing
- Explain how marketing activities fit in with other business disciplines
- Describe the development of the marketing concept.

Introduction

This chapter is an introduction to the basic concepts of marketing, seen in terms of the roles that marketers carry out in their day-to-day jobs. Although marketers have many different job titles, what they have in common is the same orientation towards running the organisation; marketing is concerned with ensuring the closest possible fit between what the organisation does and what its customers need and want.

About marketing

Marketing is the term given to those activities that occur at the interface between the organisation and its customers. It comes from the original concept of a marketplace, where buyers and sellers would come together to conduct transactions (or exchanges) for their mutual benefit. The aim of marketing as a discipline is to ensure that customers will conduct exchanges with the marketer's organisation rather than with the other 'stallholders' or key competitors. To do this effectively, marketers must provide those customers with what they want to buy, at prices that represent value for money in the most convenient way possible.

This basic concept of managing exchange leads us on to the most important concept in marketing, that of customer centrality. Marketing, above all else, uses the customer (who is often also the consumer) and his or her needs as the starting point for all decisions. Of all the building blocks of marketing, in both theory and practice, this is far and away the most important: it is also often difficult to do because it involves thinking like someone else.

One of the most widely used definitions of marketing is:

> **Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.** (The UK Chartered Institute of Marketing)

This definition from the Chartered Institute of Marketing (CIM) has been criticised because it takes profit as being the only outcome of marketing, whereas marketing approaches and techniques are widely used by organisations such as charities and government departments that do not have profit as their goal. It also fails to take account of the increasing role of marketing in a broader social context, and for appearing to regard consumers as being passive in the process.

The American Marketing Association (AMA) definition was also criticised for this failing. Their updated definition from 2017 states that:

> **Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customer, clients, partners and society at large.** (The American Marketing Association)

This definition goes some way to developing the widening role of marketing, but the notion of the consumer having a more proactive role in the process has still not been fully addressed.

Interestingly, neither definition includes the word 'consumer'. This may be because there are many customers who buy the product, but do not themselves consume it (for example, a grocery supermarket buyer might buy thousands of cans of beans, but dislike beans himself). Equally, someone can be a consumer without actually making the buying decision – an example would be a child whose parents make most of the decisions about food, clothing, entertainment and so forth on behalf of the child.

To the non-marketer, marketing often carries negative connotations; there is a popular view that marketing is about persuading people to buy things they do not want, or about cheating people. In fact, marketing practitioners have the responsibility for ensuring that the customer comes first in the firm's thinking, whereas other professionals might be more concerned with getting the balance sheet to look right or getting the production line running smoothly. Marketers are well aware that the average customer will not keep coming back to a firm that does not provide good products and services at an acceptable price, and without customers there is no business. Furthermore, there is increasing pressure from customers for companies to create and deliver more ethical and sustainable products and services. A Deloitte's survey from March 2021 suggested that almost a third of consumers in the UK said they had stopped purchasing brands due to their ethical or sustainability related concerns about them, so the importance of being consumer focused is very clear!

Competition in many markets is fierce. If there is room for four companies in a given market, there will be five companies, each trying to maximise their market share; the customer is king in that situation, and firms that ignore the customer's needs and wants will go out of business. Marketers therefore need to focus their attention entirely on the customer and put the customer at the centre of the business.

The development of the marketing concept

The marketing concept is a fairly recent one and has been preceded by other business philosophies. These philosophies have not necessarily come about in the straight progression implied by the following section. Although, at different times, there may have been a general way in which business was conducted, there have certainly been considerable overlaps between the different philosophies or orientations, and many firms have not been part of this general trend.

Production orientation

During the nineteenth century, it was often thought that people would buy anything, provided it was cheap enough. This belief had some truth in it since the invention of the steam engine allowed very much cheaper mass-produced items to be made. If an item was on sale at around one-tenth the price of the hand-made equivalent, most customers were prepared to accept poorer quality or an article that didn't exactly fit their needs. The prevailing attitude among manufacturers was that getting production right was all that mattered; this is called **production orientation**. This paradigm usually prevails in market conditions under which demand greatly exceeds supply and is therefore somewhat rare in the twenty-first century.

With rising affluence, rapidly developing emerging markets and continuous technological change, people are no longer prepared to accept standardised products. Global markets allow manufacturers to reap the benefits of mass production despite providing more specialised products; therefore, the extra cost of having something that fits one's needs more exactly is not high enough to make much difference.

Product orientation

Because different people have different needs, some manufacturers thought that an ideal product could be made, one that all (or most) customers would want. Engineers and designers developed comprehensively equipped products, with more and 'better' features, in an attempt to please everybody. This philosophy is known as product orientation.

Product orientation tends to lead to ever-more complex products at ever-increasing prices; customers are being asked to pay for features that they may not need, or that may even be regarded as drawbacks.

Sales orientation

As manufacturing capacity increases, supply will tend to outstrip demand. In this scenario, some manufacturers take the view that a 'born salesperson' can sell anything to anybody and therefore enough salespeople could get rid of the surplus products, provided they are determined enough and don't take no for an answer. This is called **sales orientation** and relies on the premise that the customer can be fooled, the customer will not mind being fooled and will let you do it again later, and that, if there are problems with the product, these can be glossed over by a fast-talking sales representative. Up until the early 1950s, therefore, personal selling and advertising were regarded as the most important (often the only) marketing activities.

Sales orientation takes the view that customers will not ordinarily buy enough of the firm's products to meet the firm's needs, and therefore they will need to be persuaded to buy more. Sales orientation is therefore concerned with the needs of the seller, not with the needs of the buyer (Levitt 1960). Essentially, what these businesses try to do is to produce a product with given characteristics, then change the consumers to fit it. This is, of course, extremely difficult to do in practice.

Selling orientation and the practice of selling are two different things – today, salespeople are usually concerned with developing a range of relationship-building activities with their customers in order to create trust (Rowe *et al.* 2016). They will use their sales knowledge and tactics to develop profitable customer relationships over time (Viera & Claro 2021) and ultimately encourage the customer to come back and buy more. This is an important distinction that is often missed by marketing theorists; there is more on this later in the book (Chapter 9). In the meantime, though, selling skills are a necessary factor in successful marketing. It is very important that sales and marketing teams collaborate in order to generate leads, manage customer relationships and enhance the customer journey and develop products (Viera & Claro 2021).

Customer orientation

Today's marketers take the view that customers are intelligent enough to know what they need, can recognise value for money when they see it, and will not buy again from the firm if they do not get value for money. This is the basis of the *marketing concept*.

Putting the customer at the centre of all the organisation's activities is more easily said than done. The marketing concept affects all areas of the business, from production (where the engineers and designers have to produce items that meet customers' needs) through to after-sales services (where customer complaints need to be taken seriously). The marketing concept is hard to implement because, unlike the sales orientation approach, which seeks to change the customers' behaviour to fit the organisation's aims, the marketing concept seeks to change the organisation's behaviour to fit one or more groups of customers who have similar needs. This means that marketers often meet resistance from within their own organisations.

At this point, it may be useful to remind ourselves of the distinction between customers and consumers. Customers are the people who buy the product; consumers are those who consume it. Customers could, therefore, be professional buyers who are purchasing supplies for a company, or possibly a parent buying toys for a child. The customer might also be the consumer, of course, but the consumer could equally be the recipient of a gift or the user of a service that is paid for by others.

Critical thinking

Many companies say that they are customer (or consumer) orientated, but how true is this? Do companies seriously expect us to believe that the customer comes first when they reserve the best parking space for the managing director? Or that the customer comes first when they raise their prices? Or that the customer comes first when the call centre closes at weekends?

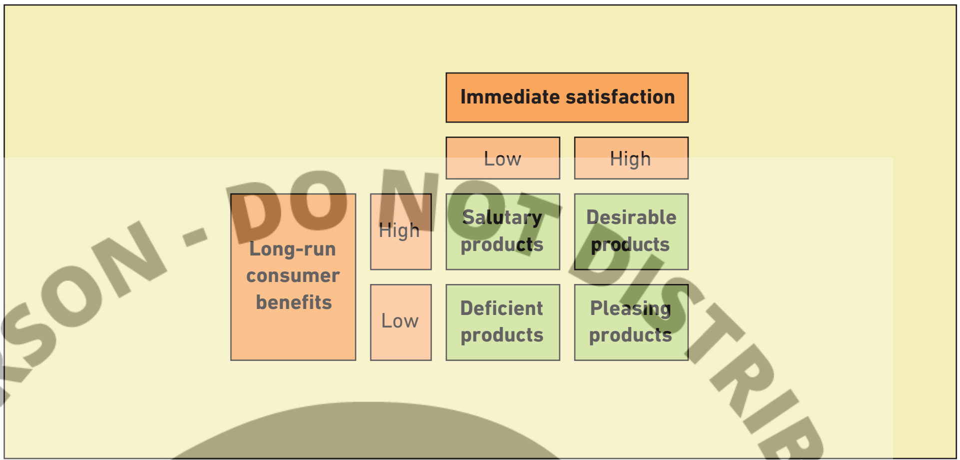
In fact, would it be fairer to say that we always consider the customer's needs, since this is the best way of getting their money off them?

Societal marketing

Societal marketing holds that marketers should take some responsibility for the needs of society at large, and for the sustainability of their production activities. This orientation moves the focus away from the immediate exchanges between an organisation and its customers, and even away from the relationship between the organisation and its consumers, and towards the long-term effects on society as a whole. So, companies need to think about how to satisfy the market, still create profit, but minimise the effect on wider society (Keelson 2012). This need not conflict with the immediate needs of the organisation's consumers: for example, the Body Shop and Lush both operate a highly successful consumer-orientated business while still promising (and delivering) low environmental impact.

The societal marketing concept includes the marketing concept in that it recognises the needs of individual consumers, but it goes further in that it aims to improve the well-being of the wider society in which the firm operates. This means that the

Figure 1.1 Societal classification of new products



Source: Kotler, P., Armstrong, G., Saunders, J. and Wong, V. (2001) *Principles of Marketing.* Pearson Education Limited.

organisation takes on responsibility for good citizenship, rather than expecting consumers to understand or take account of the wider implications of their consumption behaviour. The problem is that firms need to balance three factors: customer needs, company profits (or other objectives) and the needs of society as a whole. Since competing companies may not always be so concerned about society at large, it is not clear how societal marketing will contribute to creating competitive advantage; it is very clear how customer orientation helps firms to compete, however.

Ultimately, consumer orientation and societal marketing both seek to ensure that the organisation (whether a business or a non-profit organisation) should be looking to create greater value for customers, and thus meet the competition better (or even create competition in new markets).

Relationship marketing

During the 1990s, marketing thinking moved towards the **relationship marketing** concept. Traditional marketing has tended to concentrate on the single transaction with a short-term focus. Relationship marketing focuses on the 'lifetime' value of the customer. For example, a motor manufacturer might have one model aimed at young drivers, another aimed at families with children, and another aimed at middle-aged motorists. Each segment might be treated as a separate and unique entity. Under a relationship marketing paradigm, the organisation recognises that the young motorist will pass through each lifestyle stage in turn and is then potentially a customer for a different model each time. Relationship marketing aims to determine who will be (or could be) the most loyal customer throughout his or her life: marketers are responsible for establishing and maintaining these relationships.

In practice, relationship marketing has met with its greatest success in the business-to-business world. Companies that sell to other companies have generally been most proactive in establishing long-term cooperative relationships; for example, aircraft engine manufacturers such as Rolls-Royce and Pratt & Whitney need to establish close relationships with aircraft manufacturers, such as Airbus and Boeing, since the designs of airframes and engines need to be coordinated. The ability to adapt the designs to meet the needs of the other company has obvious advantages in terms of cost savings and (eventually) greater profits, but it also has an advantage from the supplier's viewpoint in that close cooperation makes it harder for competitors to enter the market. Customers that have committed to a shared design process are unlikely to want to start the process all over again with another supplier. Creating this kind of loyalty has a significant effect on customer retention and future profitability.

It is a commonly held belief that it costs five times more to attract a new customer than to keep an existing one. Therefore, the creation of customer loyalty is a key element in relationship marketing (Sayil *et al*. 2019, Tahmasbizadeh *et al.* 2016) as is the establishment of a mutually rewarding connection, and a willingness to adapt behaviour to maintain the relationship.

There is more on relationship marketing throughout the text: it has become, like the internet, central to marketing practice in recent years.

Critical thinking

Do we really want to have a relationship with the companies that supply our needs? Of course, politeness is one thing – but we aren't going to go on a long walking holiday with our bank, are we? Maybe the relationship is a bit one-sided: the company wants to lock us in to a long-term deal and offers us all kinds of incentives to do so, whereas, actually, we would rather be free to choose between firms. We soon learn that threatening to leave means we get freebies, so the more they try to hang on to us, the more we take advantage!

Hardly the basis for a long-term relationship, is it?

Holistic marketing

In the twenty-first century, many companies are now moving towards the **holistic marketing** concept. Holistic marketing is a business philosophy that considers all parts of the organisation to be one single entity. It is based on the thinking that a company can only function when each part of the business works together to achieve the same goals. So, all systems, processes, departments and communications, etc. should be directed to the common organisational goal(s). This connectedness, in turn, will help the business to project a positive, focused image to the customer and society in general.

Holistic marketing is comprised of four key components:

- *Relationship marketing.* Relationship marketing has been discussed in the previous section, but this is based on building customer relationships and creating customer satisfaction, which, in turn, will lead to customer retention and loyalty. The further outcomes of which may be to build brand image, increase profits and gain a competitive advantage.

- *Integrated marketing*. This aspect focuses on ensuring a consistent message across all forms of promotion. So, a company's promotional campaigns should have unified messages that are clear, consistent and work towards the same objectives.
- *Internal marketing*. Internal customers (employees) play an important role in creating brand messages. They are the key to creating a good customer experience and conveying the brand image with each customer interaction. If your employees don't buy into your brand image, why should the customer? So, ensuring your workforce understands the common goal(s) and the brand message is a crucial element of the holistic approach to marketing, as is making clear what their role is within the marketing process and providing the right training.
- *Socially responsible marketing*. We have considered some aspects of this area of the holistic concept earlier in the chapter. The focus here is to consider society at large and potentially attract those customers who want to make a difference. This could be done by demonstrating the company's ethical ethos, by working with charitable organisations, working with the community, etc.

Ultimately, the aims of the holistic concept are to build brands, ensure consistency (a unified message), create greater efficiency within the business and develop a more effective strategy.

Marketing and other business disciplines

As the marketing concept has evolved from production orientation through to customer orientation, the role marketing occupies relative to other business functions has also evolved. Under a production-orientated regime, marketing usually occupies a departmental role; the marketing role is contained within a marketing department which carries out the communications functions of the firm.

If customers are central to the organisation's thinking, marketers act as the moderating group. Marketing can be seen in several ways, as follows:

- As a moderating force in the exchange process.
- As the driving philosophy of the business. Looked at in this way, everyone in the organisation becomes concerned primarily with adding value for the customer.
- As a managerial function. This aspect of marketing means that marketers manage resources to obtain the most positive responses from customers.
- As a dynamic operation, requiring analysis, planning and action. Because customers' needs, tastes and requirements change rapidly, marketing needs to change also. A product-orientated firm does not have this difficulty, since it seeks to change its customer base (either by persuading customers to buy, or by seeking out new customers) rather than change the product or the overall offer.

- As a catalyst for change. Market-orientated firms need to change to meet customers' needs: marketers are at the forefront of these changes because they represent the customer.

Integration of different functions will almost always improve performance and, in a customer-orientated firm, it is the marketing people who are best placed to coordinate activities to maximise customer satisfaction. Bringing colleagues from other disciplines on board in developing a marketing orientation is as essential to this process as communicating with customers (Gonzalez-Zapatero *et al.* 2016).

Marketing on a day-to-day basis

Marketers deal with the **marketing mix**, which was described by McCarthy (1987[1960]) as the 4 Ps of marketing. These are:

- *Product.* The product should fit the task the target consumers want it for, it should work and it should be what the consumers expected to get.
- *Place.* The product should be easily available from wherever the firm's target group of customers feel it most convenient to purchase. This may be an online store, a high-street shop, it may be mail order through a catalogue or from a magazine coupon, or it may even be doorstep delivery.
- *Promotion.* Advertising, public relations, sales promotion, personal selling and all the other communications tools should put across the organisation's message in a way that fits what the particular group of consumers and customers would like to hear, whether it be informative or appealing to the emotions and through the media channels that they prefer to receive messages through (internet, mobile messaging, social media, TV, etc.).
- *Price.* The product should always be seen as representing good value for money. This does not necessarily mean that it should be the cheapest available; one of the main tenets of the marketing concept is that customers are usually prepared to pay a little more for something that really works well for them.

The 4-P model has been useful when applied to the manufacture and marketing of physical products but, with the increase in services provision, the model does not provide a full enough picture. In 1981, Booms and Bitner proposed a 7-P framework to include the following additional factors:

- *People.* Virtually all services are reliant on people to perform them, very often dealing directly with the consumer: for example, the waiters in restaurants form a crucial part of the total experience for the consumers. In effect, the waiter is part of the product the consumer is buying.
- *Process.* Since services are usually carried out with the consumer present, the process by which the service is delivered is, again, part of what the consumer is paying for. For example, there is a great deal of difference between a silver-service meal

in an upmarket restaurant and a hamburger bought from a fast-food outlet. A consumer seeking a fast process will prefer the fast-food place, whereas a consumer seeking an evening out might prefer the slower process of the restaurant.

- *Physical evidence.* Almost all services contain some physical elements: for example, a restaurant meal is a physical thing, even if the bulk of the bill goes towards providing the intangible elements of the service (the decor, the atmosphere, the waiters, even the dishwashers). Likewise, a hairdressing salon provides a completed hairdo, and even an insurance company provides glossy documentation for the policies it issues.

In fact, virtually all products combine a physical product with a service element. In some cases, the service element is the main factor in distinguishing one product from another, especially in business-to-business markets (Nezami *et al.* 2018).

Each of the above elements of the marketing mix will be dealt with in greater detail throughout the text, but it is important to recognise that the elements need to be combined as a mix. Like a recipe, one ingredient of the mix will not substitute for another, and each ingredient must be added in the right quantities at the right time if the mix is to prove successful in achieving consumer satisfaction. Each organisation will tend to have its own approach to the mix, and therefore no two firms will follow exactly the same marketing approach. This is one of the features that distinguishes marketing from the other business disciplines such as accountancy or company law. The marketing mix concept is also useful as a way of thinking about marketing but, in practice, many marketing activities do not fall neatly within the boxes: there is considerable overlap. For example, a money-off special offer overlaps between pricing and sales promotion.

To illustrate how the marketing concept is implemented in practice, the next section looks at some of the jobs that marketers have.

Marketing jobs

In a sense, everybody in the organisation is responsible, to some extent, for ensuring that the consumers' needs are met. Clearly, though, some individuals will have greater responsibility than others for this; some of the job titles that marketers hold are shown in Table 1.1.

In market-orientated companies, it is the customer who has the major say in what happens, and it is the marketing team that works within the company to ensure that everything is geared to the customer's (and consumer's) needs. Not all companies are market-orientated in the sense of putting customer satisfaction at the core of everything the business does; even some marketing managers might see marketing as purely a departmental responsibility rather than an organisational one. In fact, everyone within the firm has some responsibility for ensuring customer satisfaction; those who have direct contact with the firm's customers have a particular role to play (for example, delivery drivers, receptionists and credit controllers).

The **marketing orientation** is adopted because it works better than any other orientation; customers are more likely to spend money on goods and services that meet

Table 1.1 Marketing job titles and descriptions

Job title	Job description
Brand manager	Responsible for all the decisions concerning a particular brand. This concept was originally introduced at Mars; brand managers compete with each other as well as with other firms for market share in the chocolate bar market, even though they are all working for the same firm. This tends to result in greater efforts and greater corporate share all round.
Digital marketing manager	Responsible for devising, implementing and developing a digital marketing strategy. They must drive, innovate and explore all new digital marketing opportunities in order to communicate effectively with the consumer.
Product manager	Responsible for all the decisions around a group of similar products within a firm. For example, a biscuit manufacturer might have one product manager in charge of chocolate-covered snack biscuits, and another in charge of savoury biscuits for cheese.
Sales manager	Responsible for controlling, training and motivating the salesforce and the sales back-up team. Sales managers often also have a role in credit control, since they are in the best position to know the individual customers and can give an opinion on the customer's creditworthiness or (as a last resort) on the least damaging way to get the customer to pay up.
Content manager	Among many other roles, typically they create/edit copy and imagery for online promotions as well as managing blogs, undertaking webinar programme planning and production. Also responsible for ensuring that all content fits with the brand (is 'on-message') and is consistent in terms of style, quality, tone of voice, etc.
Salesperson	Finds out what each customer needs, and tries to arrange for it to be delivered. Salespeople do this by selecting from the range of products that the company has on offer, and explaining those products in terms of how they will meet the client's needs.
Advertising manager	Controls media purchases, deals with advertising agencies, generally handles the flow of information to the company's customers and consumers.
Public relations manager	Monitors the company's public image and applies corrective measures if the company is acquiring a bad reputation. Organises events and activities that will put the company in a good light, and tries to ensure that the company behaves responsibly towards its wider publics.
Market research manager	Collects evidence about what it is that consumers really need, and what they would really like to buy. Sometimes, this also includes monitoring competitors' activity so that the company can take action early to counteract it.
Web manager	Controls the design and maintenance of the corporate website, including regular updates to reflect changes in the product range, and arranges the design of new promotions (for example, online games and viral marketing activities).

their needs than on those that do not. In other words, looking after customers is good for business, and organisations that adopt a customer orientation are more likely to meet their objectives than those that do not. This applies even in non-profit organisations; charities, government departments and other organisations that offer benefits to 'customers' also function more effectively if they put their customers at the centre of everything they do (Lee & Markham 2018).

Key concepts in marketing

Apart from customer centrality, there are several more key concepts that are the running themes of any marketing course or career. These will be dealt with in more detail later in the text, but they are as follows:

- *Managing exchange.* This goes further than promoting exchange through clever advertising and sales techniques; it also means ensuring that goods are where they should be when they should be and ensuring that the products themselves are worthy of exchange. Viewing marketing as the management of the exchange process gives clear guidance to people working within the firm.
- *Segmentation and targeting.* This is the idea that people can be grouped according to their needs (i.e., there are groups of potential customers who are looking for the same type of product) and that we can, and should, devote our limited resources to meeting the needs of a few groups rather than trying to please everybody.
- *Positioning.* As marketers, we often seek to create an appropriate attitude towards our brands, and the firms for whom we work. This perception needs to be accurate, at least for our target customers; otherwise they will be disappointed and will not do business with us again. The position our brand occupies in the minds of the target group is therefore critical and, in this context, the brand is the focusing device for all our planning – it is the lens through which our customers see us.

Definitions of some marketing terms

Customers are the people or firms who buy products; *consumers* actually use the product or consume it. Frequently, customers are also consumers, so the terms might be used interchangeably, but often the person who buys a product is not the one who ultimately consumes it.

A **need** is a perceived lack of something. This implies that the individual not only does not have a particular item, but also is aware of not having it. This definition has nothing to do with necessity; human beings are complex and have needs that go far beyond mere survival. In wealthy Western countries, for example, most people eat for pleasure rather than from a fear that they might die without eating – the need for enjoyment comes long before there is a necessity for food.

A **want**, on the other hand, is a specific satisfier for a need. An individual might need food (hunger being awareness of the lack of food) and want (for example) a curry rather than a sandwich.

Wants become **demands** when the potential customer also has the means to pay for the product. Some marketers have made their fortunes from finding ways for people to pay for the products, rather than from merely producing the product. The demand for a given product is therefore a function of need, want and ability to pay.

A **product** is a bundle of benefits. This is a consumer-orientated view because consumers will buy a product only if they feel it will be of benefit. Diners in a restaurant are not merely buying a full stomach; they are buying a pleasant evening out. Customers in a bar are not buying fizzy water with alcohol and flavourings in it; they are buying a social life. Here, a distinction should be made between *physical goods* and *services*. For marketers, both of these are products since they may well offer the same benefits to the consumer. An afternoon at a football match or a case of beer might serve the same morale-raising function for some people. Services and physical goods are difficult to distinguish between because most services have a physical good attached to them and most physical goods have a service element attached to them. The usual definition of services says that they are mainly intangible, that production usually happens at the same time as consumption, that they are highly perishable, and that services cannot be owned (in the sense that there is no second-hand market for them).

Publics are any organisations or individuals that have actual or potential influence on the marketing organisation. This is an important definition for public relations practitioners because they have the task of monitoring and adjusting the firm's activities relative to all the firm's publics, which can include government departments, competitors, outside pressure groups, employees, the local community, and so forth.

Markets are all the actual and potential buyers of the firm's products. Few firms can capture 100 per cent of the market for their products; marketers more commonly aim for whichever portions of the market the firm can best serve. The remainder of the customers would go to the competition, or just be people who never hear of the product and therefore do not buy it. Even giant firms such as Coca-Cola have less than half of the market for their product category. For this reason, marketers usually break down the overall market into *segments* (groups of customers with similar needs and characteristics) or even *niches* (very specific need and product categories).

Price is the amount of money for which a product is sold. *Value* is what the product is worth to the customer or consumer. The value is always higher than the price, or no business would result, but individual customers will make a judgement as to whether the product is good value or poor value. If the product is poor value, the customer will try to find alternatives; if the product is good value, the customer will remain loyal. The decision about value for money is, of course, subjective; what one customer considers a great bargain, another customer might see as a waste of good money.

Meeting marketing resistance

Most organisations still tend to see marketing as one function of the business, rather than seeing it as the whole purpose of the business. Marketing departments are frequently seen as vehicles for selling the company's products by whatever means present themselves, and marketers are often seen as wizards who can manipulate consumers into buying things they do not really want or need. This means that many marketers find that they meet resistance from within the firm when they try to introduce marketing thinking.

This is, at least in part, due to the fact that the practice of marketing is difficult. Adopting a marketing stance means trying to think like somebody else, and to anticipate somebody else's needs. It means trying to find out what people really need and develop products that they will actually want. It means bending all the company's activities towards the customer. Inevitably, there will be people within the firm who would rather not have to deal with these issues, and would have a quieter life if it were not for customers.

Table 1.2 shows some typical arguments encountered within firms, together with responses that the marketer could use.

Table 1.2 Reasons not to adopt a marketing philosophy

Source	Argument	Response
Production people	This is what we make efficiently. It's a good, well-made product, and it's up to you to find people to sell it to.	You might like the product, but the customers may have other ideas. What we need to do is not just 'keep the punters happy' but *delight* our customers and ensure their loyalty in future.
Accountants and financial directors	The only sensible way to price is allocate all the costs, then add on our profit margin. That way, we know for sure we can't lose money. Also, how about cutting out the middleman by selling direct to the retailers?	If you use cost-plus pricing, you will almost certainly either price the product lower than the consumers are prepared to pay, in which case you are giving away some of your profit, or you'll price it too high and nobody will buy the product. And that way, you'll *really* lose some money. And cutting out the wholesalers means we'd have to deliver odd little amounts to every corner shop in the country, which would make our transport costs shoot up. Not to mention that the retailers won't take us seriously – we need the wholesalers' contacts.
Legal department	We have no legal obligation to do more than return people's money if things go wrong. Why go to the expense of sending somebody round to apologise?	With no customers, we have no business. We have all our eggs in one basket; we can't afford to upset any of them.
Board of directors	Business is not so good, so everybody's budgets are being cut, including the marketing department. Sorry, you'll just have to manage with less.	If you cut the marketing budget, you cut the amount of business coming in. Our competition will seize the advantage, and we'll lose our customer base and market share – and we won't have the money coming in to get it back again, either.
Front-line staff	I'm paid to drive a truck, not chat up the customers. They're getting the stuff they've paid for, what more do they want?	Giving the customer good service means they're pleased to see you next time you call. It pays dividends directly to you because your job is more pleasant, but also it helps the business and keeps you in a job.
Salesforce	You're paying me commission to get the sale, so getting the sale is all I'm interested in.	You can get sales once by deceit, but what happens when you go back? How much more could you sell if your customers know you're a good guy to do business with? And apart from all that, if you're doing your best for the customers, you can sleep at night. Collaboration between sales and marketing improves overall business performance.

Overcoming this type of resistance is not always easy because of the following factors:

- Lack of a leadership which is committed to the marketing concept.
- Lack of a suitable organisational infrastructure. For example, information about customers and consumers is a great deal more difficult to communicate throughout the firm if the firm's information technology systems are inadequate.
- Autocratic leadership style from senior management. In companies where the top managers believe that only their own ideas are right, the idea of changing the corporate direction to meet customer need better is less likely to take root.
- Inherent mistrust of marketing by some individuals in positions of power.
- A preference for a production or sales focus (as seen in Table 1.2).
- A transactional approach to business, in which making each sale is seen as the appropriate focus rather than thinking in terms of encouraging customers to return.

In an ideal corporate situation, marketing would be seen as the coordinating function for every department. The marketing function would be supplying information about the customer base, there would be common control systems in place to ensure that each department contributes primarily to customer satisfaction, the business strategy would be based around customer need, and goals for the organisation would be realistic and aimed at customer satisfaction. In practice, most firms have some way to go in reaching this ideal.

Quotations about marketing

For companies to be successful, the management must put the customer first. Here are some quotations that illustrate this.

> **Many companies have forgotten they sell to actual people. Humans care about the entire experience, not just the marketing or sales or service. To really win in the modern age, you must first solve humans.**
>
> (Dharmesh Shah, CTO & Co-Founder, HubSpot)

> **We see our customers as invited guests to a party and we are the hosts. It's our job every day to make every important aspect of the customer experience a little bit better.**
>
> (Jeff Bezos, Founder & CEO of Amazon)

> **A business is simply an idea to make other people's lives better.**
>
> (Richard Branson, Founder of Virgin)

Probably the most important management fundamental that is being ignored today is staying close to the customer to satisfy his needs and anticipate his wants. In too many companies the customer has become a bloody nuisance whose unpredictable behaviour damages carefully-made strategic plans, whose activities mess up computer operations, and who stubbornly insists that purchased products should work.

(Lew Young, Editor-in-Chief of *Business Week*)

Marketing is so basic that it cannot be considered a separate function . . . It is the whole business seen from the point of view of its final result, that is, from the customer's point of view.

(Peter F. Drucker, 1973)

There is only one boss – the customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.

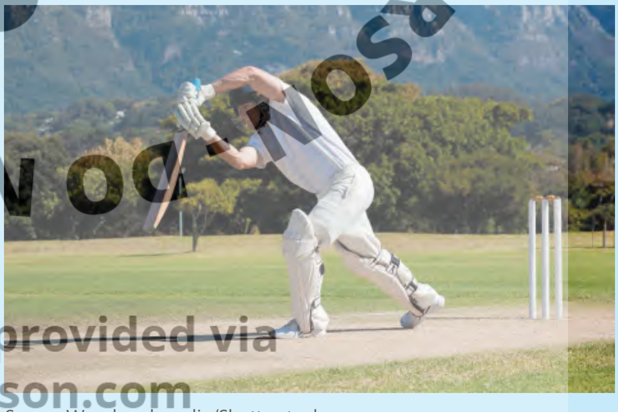
(Sam Walton, American founder of Wal-Mart stores, the largest retail chain in the world)

And, finally, Tom Watson of IBM was once at a meeting where customer complaints were being discussed. The complaints were categorised as engineering complaints, delivery complaints, servicing complaints, etc., perhaps 10 categories in all. Finally, Watson went to the front of the room, swept all the paper into one heap, and said, 'There aren't any categories of problem here. There's just one problem. Some of us aren't paying enough attention to our customers.' And, with that, he swept out, leaving the executives wondering whether they would still have jobs in the morning. IBM salespeople are told to act at all times as if they were on the customer's payroll – which, of course, they are.

CASE STUDY 1 Castore

Castore was founded in 2015 by two brothers Thomas and Phili Beahon. As teenagers, they both played sport to a high standard. Tim had been a professional youth football player for Tranmere Rovers and Phil played semi-professional cricket for both Cheshire and Lancashire Cricket Clubs. So, both had some good insight into the needs of sportsmen playing at a higher level.

They had been frustrated at the lack of high-quality sportswear available to men so, they were determined to create a range of high-performing technical sportswear that offered an



Source: Wavebreakmedia/Shutterstock.

alternative to the major brands that dominated the market. In order to achieve their goal of setting up their sportswear venture, they both headed to London to pursue financial careers in order to raise the necessary funds. They made the most of their time there, researching potential customers and signing up investors and, in 2016, they realised their dream and launched Castore online.

The brand has since grown from strength to strength and, by August 2021, the company had 22 shareholders and 8 stores as well as concessions in department stores.

In 2019, Castore became the official kit partner to Andy Murray, who, in turn, became a shareholder in the company in the same year. Shortly after, they signed a deal with the West Indies Cricket Club to produce their official kit and, two years after that, they became the official apparel partner of the Lawn Tennis Association, as well as the official team apparel and sportswear partner for McLaren Formula One, not to mention signing a deal with the US golfer Patrick Reed.

However, the brothers didn't stop there. In May 2022, they signed a landmark premier league partnership deal with Aston Villa to supply kits for the 2022/23 season and, to further strengthen their foray into football clothing, they also signed a deal with Charlton Athletic, Salford City and Sevilla FC. As well as football, Castore announced a partnership with Bulk, the sports and nutrition brand that helped them to move in another direction.

The deals have continued to come in thick and fast and have been fundamental in building the brand in a relatively short space of time. Castore seems unstoppable and they are certainly living up to their philosophy of 'Better Never Stops'. The brand clearly wants to expand into different territories and they are aggressively pursuing those areas.

One key advantage that Castore have is that they respond quickly to the market needs and demands and turn around products rapidly. They can do this much more easily than the large brands who tend to order materials in massive quantities, way ahead of time. Castore don't need to do this in the same way and can buy the resources to produce the clothes as and when needed, thus keeping costs lower and operating in a much more responsive and efficient manner.

Castore products are now sold in more than 50 countries. Their products are created using advanced technical fabrics and they offer a fresh bespoke approach to the sportswear market. The company is proud of its British heritage; they state that their DNA is British but their ambition is global.

Case study questions

1 Why does Castore use partnerships as a way to expand their business?

2 Is this approach to expansion sustainable in the long term?

3 Are there any problems associated with being tied to so many different sports teams and individual players?

4 What challenges might Castore face as they continue to expand into global markets?

5 How important is the brand image when expanding into new markets?

For answers to these questions, see the companion website at go.pearson.com/uk/he/resources.

Ethical thinking

Marketing has often been criticised for forcing people to buy things that they don't need or want or can't afford.

- Is this true? Why might marketers be thought of in this way?
- Think about both sides. Why is the marketer's role important?
- How can marketing be undertaken in an ethical way?
- Can marketers be ethical?
- Think about ways in which marketers act ethically.

Summary

This chapter has been about the terms and concepts of marketing. Here are some key points from the chapter:

- Marketing is about understanding what the consumer needs and wants and seeing that the company provides it.
- A need is a perceived lack; a want is a specific satisfier.
- Customers buy things; consumers use them.
- Price is what something costs; value is what it is worth.
- A product is a bundle of benefits; it is only worth what it will do for the consumer.
- Consumer (or customer) orientation is used because it is the most profitable in the long run.

Chapter questions

Understanding the basics

1. In a situation where supply exceeds demand, which orientation would you expect most firms to have?
2. Why might a consumer feel that paying £150 for a pair of designer jeans represents good value for money?
3. What needs are met by buying fashionable clothes?
4. What needs might a parent meet by buying a child sweets?
5. Why should marketers always refer back to the consumer when making decisions?

For answers to these questions, see the companion website at go.pearson.com/uk/he/resources.

Deeper thinking

1 'Marketing is a crucial part of every business.' Evaluate this notion.

2 It is often thought that marketing has evolved over the years, through a number of orientations (production, product, sales, etc.). To what extent are these orientations valid and what might be the next evolutionary step in marketing?

Action learning

Visit the website of one of your favourite brands. Think about who their target segment(s) is and explain why you think this. Then try to outline the company's marketing mix. Don't forget about the 7 Ps.

Further reading

***Marketing: An Introduction*, 4th edn, by Gary Armstrong, Philip Kotler, Michael Harker and Ross Brennan** (Pearson, 2019) contains a useful section on the strategic orientations in marketing.

***Marketing*, 5th edn, by Paul Baines, Chris Fill and Sara Rosengren** (Oxford, 2019) has a good overview of what marketers do in Chapter 1.

E. Constantinides, 'The marketing mix revisited: Towards the 21st century marketing', *Journal of Marketing Management*, 22 (3–4) (2006), pp. 407–38. While this journal article was written a number of years ago now, it offers a good overview of the development of marketing and reviews a number of academic viewpoints.

V. Lhatinen, T. Dietrich and Rundele-Thiele, S., 'Long Live the Marketing Mix. Testing the effectiveness of the commercial marketing mix in a social marketing context', *Journal of Social Marketing*, 10 (3) (2020) pp. 357–75. The article offers a very useful review of marketing perspectives over time and brings it up to date by considering the marketing mix in a social context.

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