

# Marketing Study Guide



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By

Geoff Lancaster

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## PREFACE

### PREPARING FOR MARKETING EXAMINATIONS

Marketing is a subject that occurs as a separate subject in a number of examining body syllabi. Many students fail to achieve their full potential in examinations because they are unable to appreciate examination technique. Advice is given to help students in practical terms and instil a positive way of thinking to give them confidence in their own abilities through being adequately prepared in terms of subject knowledge and attitude towards the examination itself. Very few students can pass examinations with limited revision so we advise that you plan your work and revision rigorously and set yourselves objectives.

#### **Objective setting**

It seems obvious that you should plan and organize work before an examination, but the reality is that many students fail to do this in any logical and planned way. Instead panic often sets in as the examination approaches, with students being ill-prepared, not having revised the essentials. Sadly, it is these quite often capable students who have worked hard during their course, but because of an inability to organise their revision schedule effectively that under perform in the examination.

Obviously the planning process should be to obtain a copy of the appropriate syllabus, especially and more so if it is for an external body. Such syllabi are usually very detailed and usually prefaced with a statement of objectives relating to individual subjects. These give an indication of the level of ease or difficulty that can be expected, as well as the level of generality or detail. Following this, a good syllabus should break down the subject into a number of logical sub-divisions.

The next stage is to obtain past examination papers and check to see if there have been any syllabus changes. You will then be able to ascertain the time available to answer a range of questions, and be able to practice completing answers to questions within time limits. In fact, many students

fail through bad time management. Specimen examination answers are available for most examination bodies and the best ones are those prepared by examiners themselves. However, do not be put off when reading these as they normally provide very comprehensive answers. Students could not really be expected to replicate these under normal examination timings and conditions.

The examination date and time is important, so ensure that you are entered for the examination in good time. Knowing the date will enable a revision timetable to be drawn up in good time and the best approach is to revise little and often, rather than leaving it to the last minute. You should then ensure that your revision timetable covers all topics on the syllabus. An examination of previous papers should give you an indication of a trend for regular questions, so ensure that you concentrate on these. You should know whether you are a 'morning' or a 'night' person so plan your revision to the time that suits you best, but ensure that you obtain sufficient sleep and relaxation immediately before the examination.

### **The revision process**

A good guideline is to commence revising about 6 weeks before the examination. Many leave less time than this which leads to superficial revision or heavy reliance upon certain 'banker' questions, termed 'question spotting', that have been forecast to appear on the examination paper.

When revising, it is important that you engage in active learning. Many spend hours revising without actually understanding or remembering much. Take brief key notes of the topic being revised and include in these notes appropriate sources of information relevant to the topic being revised, such as lecture notes, textbooks, correspondence course material, and your own ideas. Note the key points and space the notes out so you can find topics quickly at a date nearer the examination. Put in diagrams and illustrations as these are invaluable aids to memory. Many students condense their notes at each successive revision session starting out from detailed notes and ending up with a few basic statements and key words which provide 'leads' into the main aspects of the problem.

Progress tests are useful every few days and such tests should cover the areas being revised and should be devised before the start of the revision period. A useful source for such questions is previous examination papers or questions that appear in textbooks or websites, similar to the questions

that appear on this website. Forming ‘self-help’ groups with other candidates provides the medium for pooling information, questioning ideas and evaluating performance. ‘Brainstorming’ sessions are useful as well as ‘mock’ examination papers. The benefit of this group approach is that it encourages participants to be brief and to the point, while at the same time providing a comprehensive answer to the problem under review.

## **Information requirements**

Spending hours ‘rote’ learning is not the way to success. Note taking and reading around the subject are more effective. Reading speed is important and skim reading can be effectively combined with information retention and understanding so the process of revision can be more effective. The following guidelines should help:

1. Approach revision with a positive attitude, rather than as an unpleasant task.
2. Sit in a comfortable position behind a desk or table with a good light source.
3. Revise in sections, i.e. whole sections rather than dwelling on each word as the aim is to obtain an appreciation of what is being said.
4. Take regular breaks. About half an hour is the optimum time to revise before taking a five minute break. This allows for reflection and the break is something to look forward to when covering a lot of revision ground quickly.
5. Note taking is important. Remember to include points that are not fully understood, in order to pursue each later, rather than spending excessive time pondering over such points while revising.
6. For key concepts that have to be committed to memory try to take the first letters and make these into a sentence or word, no matter how meaningless the sentence or word might be. ROYGBIV stands for ‘Richard of York gave battle in vain’ represent the colours of the rainbow i.e.: Red, Orange, Yellow, Green, Blue, Indigo and Violet. Similarly in marketing: GUDBI stands for members of the organization buying decision making unit i.e.: Gatekeepers, Users, Deciders, Buyers and Influencers.



## **Application**

A common cause of failure is that students simply do not answer the question set and simply want to get a potted version of their notes across instead of attempting to apply such knowledge to the question itself. If questions are purely descriptive then this is simply, but at higher level examinations it is more likely that questions will be more conceptually based and the student will be expected to apply skills of understanding and analysis.

Descriptive questions usually begin with 'explain', 'describe', 'define', 'state' or 'outline'. When answering such questions, remember to include explanations and definitions. Better answers will include hypothetical or practical examples to reinforce the points being made. Analytical questions which are more difficult to answer usually begin with 'analyse', 'criticise', 'assess', 'evaluate' or 'discuss'. It is important to put forward differing viewpoints and to support them with appropriate examples to show an awareness of criticisms that can be levelled at a particular viewpoint. Such an answer should end with a conclusion that summarises the key issues and presents the student's own judgement on the subject.

Such careful revision and preparation as has been described should reduce any 'nerves' that might be present before the examination. For those still prone to stress, it is a good idea to talk it over with family, fellow students or counsellors to reduce anxiety. Examinations are stressful, but when viewed in a positive manner stress should be reduced. Allow yourself enough time to compose yourself at the beginning of the examination to ensure that you are calm before you start to write.

## **Sitting examinations**

Once the papers have been distributed it is important to read instructions carefully and see if a choice of questions is given. Questions chosen should then be rated in terms of whether they can be answered adequately. Answer your best question first as this might produce a 'halo' effect on the part of the marker who might then be more kindly disposed to forgive mistakes in later answers. Answering your best questions first will build up your self-confidence to attempt what seem to be more difficult questions later.

Prepare an essay plan consisting of brief notes at the beginning of the answer book, giving the main points and structure of the essay. Such a plan gives direction and makes it easier to compose. It is better to start each new question on a new page and lightly cross out your rough working when you have completed your answer. Obvious points are to write legibly and number all answers correctly and clearly, making sure that additional sheets have your name and number on them and these are attached to the answer book in chronological order sequence.

Budget your time in order to complete the number of questions to be attempted: this normally means when marks are equal, spend equal time on each answer, but where different marks are given for different sections then divide your time appropriately. Do not waste time by repeating the examination question and remember to write enough; too many candidates fail through giving embryonic answers with too little application or embellishment to score a pass mark.

### **Extracts from a number of examiners' reports**

This section gives a brief overview of what marketing examiners think about the work presented by candidates. It is not meant to be a comprehensive listing, but it does provide pointers to the more usual causes of failure.

- The overall standard was disappointing, with most candidates seeming to have little knowledge or understanding of the subject. This was shown by the number of wild guesses that were offered, showing that candidates were unfamiliar with the subject, presumably because they had done little reading.
- Candidates should write clearly the number of the question being attempted. In many cases it was unclear whether candidates were making points within a question they had started to answer, or whether their points related to a new question. Candidates should use the left hand margin for question numbers only and should leave a space of at least three lines between questions.
- Many candidates who failed did so because they misjudged time and concentrated too long on certain questions. When an instruction says: 'notes' or 'brief explanation' then candidates should abide by these instructions.
- Some candidates could offer no more than sketchy answer to some questions and failed to grasp the purpose of the question. Answers

were concerned with what they thought they knew, rather than with what was asked for in the question.

- Overall performance of candidates was low because of their inability to present adequate answers. It was apparent that preconceived answers were produced rather than a considered response to the questions set.
- Most candidates were ill prepared for an examination at this standard. Many answers were too short, providing a few basic bits of information, but in a number of cases, such information was unrelated to the question set.
- The marketing world is in a state of constant change and tutors and candidates should be aware of newer developments.
- The major problem is that too many candidates do not read and answer the set questions. Candidates cannot expect good results when they treat every question as if it reads: 'Write all you know about.....'.
- The principal reason for failure was misreading or misunderstanding of the questions.
- A large number of candidates gave no indication of which question they were attempting and some even ran one answer into another with no clear indication of where one question ended and the other began.
- There is still evidence of insufficient preparedness in terms of quite basic knowledge: students would do well to consult recommended texts more often.
- Some did not seem to be able to balance their answers very well and produced, for example, two very long answers and two very short answers.
- The old excuse of being a student with no practical experience to draw upon should no longer pertain: marketing is happening all around us and it takes only imagination to work relevant happenings into examination answers.
- Candidates are seldom aware of the practical application of behavioural knowledge and as a consequence lose marks.
- Some candidates had obviously been tutored in terms of examples to use. This indicates a lack of imagination: candidates should be encouraged to read widely and to take their own examples from currently reported business events from newspapers, journals, television, the internet, etc., and to quote marketing examples of what they see around them.

- It was incredible how many detailed answers had nothing whatever to do with the questions. Most of the candidates seemed to be on the very fringes of marketing. The object in taking an examination in marketing is surely to show that candidates have learned something about the subject.
- The point about an international marketing question was that students who answered the ‘standardisation’ and ‘centralisation’ question did so without any reference to overseas situations.
- Candidates who score high marks in this examination will be those who, in addition to demonstrating a basic understanding, distinguish themselves in a combination of one or more of the following factors:
  - appropriate use of relevant practical examples and an application of reality;
  - evidence of ability to think creatively or originally about a topic or problem;
  - answers which adhere to the specific question set and are clear, concise and objective.

These reports are a good cross-section of what marketing examiners say about poor candidates’ papers. It hardly needs any more comment or elaboration to see where most of the mistakes lie. The point that should be taken is not to fall into the same traps yourself, nor to suppose that examiners do not discriminate in favour of candidates who communicate, accurately and fully, exactly what is required. They do!

# CHAPTER ONE

## DEVELOPMENT OF MARKETING AND MARKETING ORIENTATION

### **Learning objectives**

By the end of this chapter you will:

- Understand the development of marketing as an exchange process, a philosophy of business and a managerial function,
- Recognize the contribution of marketing as a means of creating customer value and as a form of competition,
- Appreciate the importance of a market orientation to organizational performance and identify factors that promote and impede the adoption of a market orientation,
- Understand the role of marketing in coordinating organizational resources both within and outside the marketing function,
- Understand the impacts of marketing actions on society and the need for marketers to act in an ethical and socially responsible manner,
- Appreciate the significance of buyer–seller relationships in marketing and the role of relationship marketing in facilitating retention of customers.

### **Introduction**

This chapter introduces you to the development, meaning, and role of marketing in the contemporary organization. In short, it sets the scene for the remainder of the text and reflects the process that must occur in an organization if it is to improve its performance in marketing, in as much as the first step in this improvement is an understanding of what marketing means and how it can be implemented. We start by looking at definitions of marketing, moving on to consider the ‘marketing concept’ and ‘marketing orientation’. We look at marketing’s development and the

notion of marketing as an exchange process, a philosophy of business and a managerial function and consider the importance of marketing orientation to organizational performance and the issues and problems in implementing a marketing orientation through building and enhancing a marketing culture. The important contribution of marketing as a means of creating customer value and as a form of competition is considered, together with the role of marketing in coordinating organizational resources both within and outside the marketing function. We consider the changing role of marketing, and in particular the wider range of applications for marketing; the importance of environmental, ethical and social issues in marketing; and the growth of 'relationship marketing'. There is now increasing importance of new technology in marketing; this is a theme that is addressed throughout the text.

Some of the elements that have been outlined, especially activities and questions, are designed to help you develop application skills. Suggested answers and approaches follow, so do the activity or question before looking at the solution.

A glossary of marketing terms is provided at the end of the text. References are made to terms with which you might not be familiar, so that than attempt an in-situ explanation of each within the body of the text, it was decided that it would be more useful to incorporate these as an appendix that can be referred to whilst reading.

## **What is marketing?**

We don't expect a formal definition at this stage but do you really know what marketing is?

### **Study Tip**

**Organize your study materials from the beginning of your course:**

- **Use file dividers to keep broad topic areas indexed and relevant materials and articles with the relevant notes.**
- **Look out for relevant articles, newspaper reports, etc. that you feel provide good examples of the key concepts and techniques covered in the book. You will find these useful to illustrate examination answers.**

### Activity 1.1

#### **In your own words describe what you think marketing is about?**

Different people will have different views of what marketing is, but it would be surprising if many did not have one or more of the following in their description.

Marketing is about:

- Selling,
- Market research,
- Advertising,
- For those who prefer a more formal approach marketing is about ‘Analysis, Planning, Implementation and Control in order to develop a competitive advantage’.

The common theme that runs through these viewpoints about what marketing entails is that it is a set of managerial activities or functions required to be performed in an organization. Certainly marketing does encompass activities such as selling, researching markets, attracting and keeping customers, and developing and implementing plans. This managerial function of marketing is enshrined in the American Marketing Association’s (AMA) own definition of marketing as follows:

**‘Marketing is 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’.**

The UK Chartered Institute of Marketing’s (CIM) definition is:

**‘The management process which identifies, anticipates and satisfies customer requirements efficiently and profitably’.**

We can see that the CIM definition, in addition to confirming marketing as a management process, highlights the fact that the central focus of this process is the ‘customer’ and the aim is ‘satisfying’ his/her requirements or ‘needs’ which must be done in the most efficient way possible to achieve maximum profitability. However, the use of the word ‘profitably’ is slightly misleading, because when we consider the police and fire services for instance, they are not in business to make a profit.

We need to know the key tasks of marketing management and the tools that are used in these tasks. We shall be exploring both tasks and tools more closely. However, marketing is not only or even primarily a management function or set of activities. First and foremost marketing is a way of thinking, or a ‘concept’ for running a business. Some argue that marketing is essentially a ‘philosophy’. The point is that only by first understanding and accepting this way of thinking (concept or philosophy) can a company begin to develop a marketing culture or orientation and ultimately become effective at marketing.

So what is the marketing concept and how does it relate to the development of a marketing culture?

### **The Marketing Concept: Marketing Orientation**

Put simply, the marketing concept focuses on customers. A company that adopts the marketing concept puts the customer at the centre of business decision-making and planning: it is not just marketing department decision-making and planning. A company with this approach is said to be marketing-oriented. To understand the meaning and implications of being marketing-oriented we need to examine the background to the development of the marketing concept and the distinction between a marketing versus a production, product, or sales-oriented company. We start by highlighting the distinctions between these orientations.

#### **Activity 1.2**

**Marketing oriented versus other possible orientations of an organization.**

**A company can be:**

- **Production oriented,**
- **Product oriented,**
- **Sales oriented,**
- **Marketing oriented.**

**Using the following statements from the management of an organization, assess which of these possible orientations for a company best fits the organization described by each statement. Read each of the descriptions and then place a number in the space to indicate the following:**



1. **This company is marketing-oriented**
2. **This company is sales-oriented**
3. **This company is production-oriented**
4. **This company is product-oriented.**

*Company A*

**‘We believe that our products are the most innovative on the market. Our quality is second to none and we’ve gone all out to develop the best design team in the business.’**

No.....

*Company B*

**‘Our salespeople understand how to get the customer to sign on the dotted line. Most customers really want to purchase our product when they see it; they just need a little push to make up their mind.’**

No.....

*Company C*

**‘Customers can be very fickle sometimes. We’ve just had to change a specification because the customer wanted something else at the last minute. This also affected our production schedules and our delivery department, and everything had to be re-costed. Still at least everyone pulled together on this one.’**

No.....

*Company D*

**‘The customer can have any colour so long as it is black.’**

No.....

What conclusions did you arrive at from this activity?

Each statement is intended to capture the essence of the sort of differences in managerial attitudes and outlook we might find in organizations with each of the different orientations. Your answer should have been as follows:

Company A = No. 4 This company is product oriented: the attitude is that a good product will sell itself.

Company B = No. 2 This company is sales oriented: the attitude is that aggressive hard selling is required.

Company C = No. 1 This company is marketing oriented: the attitude is that even though it is sometimes difficult, everyone in the company must try to satisfy the customer.

Company D = No. 3 The company is production oriented. The attitude is characterized by an almost exclusive focus on production efficiency and effectiveness.

You may have recognized in Company D that Henry Ford, the founder of the Ford Motor Company, allegedly is said to have uttered this much quoted phrase about the world's first mass-produced motor car.

At the time, around 1915, Ford's major concern was with the problems of producing cars in sufficient volume and at a price the huge latent mass market, which he rightly perceived to exist, could afford. The colour of his cars therefore mattered little to Henry Ford other than the fact that only producing one colour enabled both output to be greater and prices to be lower. Black was the quickest drying paint, and this helped speed up the production process.

Interestingly, at the time, Henry Ford's focus on production rather than the colour preferences of his customers was right for the time. Customers at were less interested in colour than in availability and affordability.

The need to be marketing-oriented (Company C) is a function of the market and competitive conditions faced by companies. Put another way, marketing orientation is the result of a gradual process of evolution that many, if not all, companies have passed through as societies, manufacturing economies, and customers themselves have evolved.

The stages of evolution are shown below.

<b>Era (approx.)</b>	<b>Orientation/emphasis</b>
1900–1930s	Production orientation
1930s–1960s	Selling orientation
1960s–today	Marketing orientation

Societies and markets are still evolving and so too is marketing thought and practice. For example, many developed economies have now become service economies, giving rise to additional considerations in ‘services marketing’. Similarly, many consumers are more concerned about the environment and the possible effects of marketing activities, giving rise to ‘social marketing’. Organizations other than ‘for-profit’ ones are embracing the marketing concept and marketing practices. Charities, churches, political parties and personalities are only some of these wider applications of what is termed ‘meta marketing’.

We consider some of the implications of this evolving nature of marketing culture later. In addition to these wider applications of marketing, marketing practices are evolving and changing. In this respect, several recent developments in marketing are particularly worthy of note, namely: the growth of ‘relationship marketing’ and the development of ‘network marketing’. Perhaps one of the most significant developments affecting marketing managers in recent years is the changing nature of marketing due to an increased use, and application, of information technology. As in many areas of business, IT, in all its forms, is having a significant impact on management practice. In the area of marketing, examples of this impact include: the growth of the Internet with its implications for areas such as home shopping; increasing sophistication in the use of databases for marketing purposes with its implications for areas such as direct mail; increasingly powerful computer-based techniques for analysing customers and markets with their implications for areas such as market segmentation targeting and brand positioning. We look at the evolving and changing nature of marketing practices in more detail throughout the text.

### **Exam hint**

**Examiners will expect you to have a good basic grasp of how marketing and its applications are widening and changing in the modern world. It is vital that you try to keep as up to date as possible with what is going on in the world of marketing. You will be expected to be familiar with current thinking and practices in marketing. This book is designed to encompass and reflect this thinking, but the marketing world is very dynamic and you should try to keep up to**

**date with current industry practices. The business and financial pages of a good quality newspaper will help you keep up to date and provide you with examples that will potentially earn you higher marks in the examination.**

### **Factors contributing to the need to be marketing oriented**

Many factors have contributed to the requirement to be marketing oriented in today's business environment, but to appreciate some of the more important of these you should complete the activity below before proceeding.

#### **Activity 1.3**

**Listed are some of the key factors that have contributed to the need to be marketing oriented. To help you in this activity we have described the 'state' of each factor when, as it was in the days of Henry Ford, production orientation was appropriate for organizations.**

**Assess the 'state' of these factors today, which in turn underpins the need to be marketing oriented.**

**Look at each factor as it relates to the production oriented era and then decide how you feel each factor is likely to have changed in the era of marketing orientation.**

<b>FACTOR</b>	<b>PRODUCTION-ORIENTED ERA</b>	<b>MARKETING-ORIENTED ERA</b>
<b>Demand</b>	<b>Latent – demand high</b>	
<b>Average disposable income</b>	<b>Low</b>	
<b>General level of education</b>	<b>Low</b>	
<b>Mass media/access to information</b>	<b>Underdeveloped/low</b>	
<b>Supply/industry capacity</b>	<b>Insufficient</b>	
<b>Competition</b>	<b>Negligible/local</b>	

Your answers should have indicated the following:

FACTOR	MARKETING-ORIENTED ERA
Demand	Latent demand low
Average disposable income	High
General level of education	High
Mass media/access to information	Well-developed/high
Supply/industry capacity	Overcapacity
Competition	Severe/global

Broad economic, political, social and technological factors have all contributed to the development of marketing orientation; however, in summarizing these factors, the overriding reason underpinning the need to be marketing oriented is customer choice. Quite simply, the organization most effectively identifying and supplying customer needs will get the business.

It is important to stress that both production and sales orientation were probably the right approaches to markets for their times. However, not only does it now make more sense to focus the whole of the business and hence product design, pricing policies, distribution and everything else on a careful analysis of customer needs, i.e. to start the planning process around those needs, but the fact is that in today's environment, being market oriented is an essential ingredient in organizational survival and success. Business planning must now start and end with the customer.

We look at marketing planning shortly, but it is important to recognize that marketing plans and business plans are different albeit interrelated.

The business plan relates to the organization as a whole and encompasses objectives and strategies for the whole company embracing all functions and activities. Marketing plans, however, relate to marketing objectives and strategies and primarily involve the functions and activities of the marketing department. Marketing plans must start and end with customers, but under the marketing concept, and where a marketing culture exists in an organization, then business plans too, despite their wider remit, must also start and end with customers. The simple reason for this is that in the final analysis it is the customer's needs, and the importance of identifying and satisfying these, which lie at the heart of the success or failure of business plans.

It is acknowledged that business plans necessarily have a broader remit than just the marketing part of the business and must seek to co-ordinate every key function in the organization. However, the primary input into and focus for all the elements of the business plan in the company which has a true marketing culture must centre on the needs of the customer.

The truly marketing-oriented organization is the one that places customer needs at the centre of everything the company does. Not only marketers and the marketing function must accept this central importance of customers and the need to develop plans and activities to satisfy them, but every department, even every individual, in the marketing-oriented organization must be attuned to the importance of satisfying customer needs. We return to this aspect later.

This is what is meant by being marketing oriented.

### **Key Definition**

**Marketing orientation is a philosophy that places customer satisfaction at the centre of all organizational planning and procedures.**

## **Marketing as a Form of Competition: Creating Customer Value**

Although marketing and being marketing oriented is essentially about thinking customers and focusing all the company's efforts and resources on their needs and satisfaction, increasingly marketers recognize that it is as important to be competitor as well as customer oriented. This does not detract from the importance of customer orientation, but is simply recognition that with so much competition about, and with so many competitors themselves being customer and marketing oriented, very often the achievement of organizational and marketing objectives rests on whether or not a company can beat the competition. Beating the competition, of course, should still be viewed from a customer perspective; competitors are beaten where customers perceive a company's offerings, or more specifically the value of those offerings, to be superior to competitor offerings. In this sense although still oriented around customers, marketing can be thought of as a form of competition. The marketer's task is to out-compete other potential suppliers by creating and maintaining superior customer value through the effective application and co-ordination of the marketing mix. Obviously there are numerous ways in which a company can attempt to create superior customer value including,

for example, low prices, better service, higher quality, speedier delivery, etc. The ways a company creates superior value should reflect customer needs, but also needs to be based on marketing assets and strengths which are superior to competitors and which can be defended and sustained in the market place. Marketers refer to this process as creating a sustainable competitive advantage (SCA). Sustainable competitive advantage represents the objectives and output of successful marketing activities in the contemporary organization.

### **Building a Marketing Culture**

In today's environment it is vital to become marketing oriented. We have seen that although identification of customer needs and the development of plans and programmes to meet these needs are the responsibility of the marketing function, all functions and individuals in organizations need to accept the central importance of the customer. In other words, we need to establish and encourage the right (marketing-oriented) attitudes and practices throughout the company. What is required is a marketing culture. While most managers, even non-marketing ones, accept the importance of the customer/client to their organizations, in practice many do not 'think customers' in their day-to-day activities or even long-term planning. The questions are:

- How can we establish the extent to which an organization has the basics for building a marketing culture?
- How can we assess the extent to which this culture has permeated organizational thinking and planning?
- How, if necessary, can we instil and enhance a marketing culture in an organization?

These are not simple questions, and the last one, in particular, has no easy solution. Let us examine each question in turn.

### **Business Definition and a Marketing Culture**

The starting point for building a marketing culture in an organization is quite simply to 'think customers'. Perhaps one of the most fundamental ways in which the extent to which the management of an organization is 'thinking customers' can be assessed is in how it defines what business the organization is in.

### Activity 1.4

**Summarize what business the following organizations are in:**

- **The Ford Motor Company**
- **Microsoft**
- **Max Factor**
- **A religious organization**
- **Your own company (or an organization with which you are familiar).**

We each might have different ideas about what business the organizations listed in the activity are in, but what really matters is our perspective or basis for defining each business. The non-marketing oriented manager will base the definition of each of these organizations essentially on the products or services they produce. For example, Ford = vehicles; Max Factor = cosmetics/perfume; Microsoft = computing and software; a Religious organization = praying, and so on. In the marketing-oriented company, however, business definitions will be based on a customer perspective, i.e. the definition will stem from the benefits that the customer is seeking; so now, Ford = transport (or perhaps for some products, status); Max Factor = beauty; Microsoft = solutions to business problems; and a Religious organization = hope or salvation.

Any organization that sees and defines its business in anything other than customer benefit terms has not reached first base in developing a marketing culture. An organization that defines its business in terms of what it produces is said to be suffering from what Theodore Levitt, called 'marketing myopia'. Levitt, T. (1960). "Marketing Myopia". Harvard Business Review, Jul/Aug 1960, Vol. 38 (4), pp. 45-56.

### **Key Definition**

**Marketing myopia – Results from a company having a short-sighted and narrow view of the business it is in as a result of product- or service-based business definitions rather than customer need-based ones.**

The notions of marketing myopia and the importance of business definition are, quite rightly, much vaunted concepts in developing a marketing culture. The work of Theodore Levitt in this area therefore is considered classic.



### **Activity 1.5**

#### **Managers' definitions of their business**

**Talk to senior managers of an organization to whom you can gain access.**

**Ask them: 'What business do you feel the organization is in?' Preferably ask marketing managers and managers of other functional areas in the business this question.**

**From their answers what do you conclude about the extent the organization has begun to develop a marketing culture by 'thinking customers'?**

#### **Alternative/additional activity**

**If it is difficult to gain access, alternatively obtain copies of the annual reports of two public companies. Read through the reports, noting any signs/evidence you can find of the company 'thinking customers'.**

#### **Exam hint**

**Given the emphasis placed on business definition this is an important area. Because of this you can expect marketing myopia/business definition to be a popular area with examiners.**

### **Assessing the extent of the marketing culture**

'Thinking customers' through how we view and define the business is the first step in developing a marketing culture. It must permeate all functions and levels of the organization; not just the marketing function or senior management. Certainly, talking to managers from different functions to assess how they define the business will give the first indication of how widespread or otherwise is the marketing culture. Given the importance of developing this culture company wide, means more formal methods of assessing the extent to which a marketing culture has permeated organizational thinking and planning are available. Organizations now enshrine this assessment in annual marketing audits, parts of which are measurement of the extent to which there is a marketing or customer culture. Such measurement entails the use of formal questionnaires in a

marketing effectiveness rating review. Aspects covered by such reviews include:

- Evidence of market and customer research,
- Co-ordination between functions based on customer needs,
- Evidence of long- versus short-term planning and plans,
- Company-wide communication on customer needs.

### **Instilling and enhancing marketing culture: factors that promote and impede the adoption of market orientation**

A marketing culture essentially means putting customers first and 'thinking customers'. We have seen that this must permeate the organization at all levels and functions and it is possible to assess the extent of such a marketing culture in an organization. What if we find that no such culture exists and we wish to instil a marketing culture? Or, what if we wish to enhance and extend a marketing culture? This is probably the most difficult step, especially when it comes to instilling such a culture into non-marketing staff. However, a number of steps can be taken to grow a marketing culture.

#### **Activity 1.6**

**Think about an organization you know. Use these questions to prompt your thoughts about the key steps in growing a marketing culture:**

**Is senior management in the organization totally committed to customers and improved marketing?**

**Has anyone the specific responsibility and authority for enhancing a marketing culture in the organization?**

**Do job descriptions in functions other than marketing include reference to customer satisfaction?**

**Are marketing staff regularly trained in developments in contemporary marketing concepts and techniques?**

**Are non-marketing staff trained in customer appreciation and care?**

**Are non-marketing and sales staff ever given a chance to meet customers/clients?**

**Do reward and motivation systems in all jobs encourage employees to serve customers better?**

If the answer to any of the questions in the activity is 'no', then there are opportunities to enhance the marketing culture in the organization.

It is important to recognize that this sort of culture cannot be achieved overnight. Indeed, there is often antagonism and resistance on the part of individuals outside marketing or sales departments. Such resistance should be anticipated. Often the persuasive (rather than authoritative) powers of a respected senior executive committed to building a marketing culture are essential. The development of a marketing culture, and in particular, the training and motivation of all the individuals in an organization to achieve this is referred to as 'internal marketing'.

**Key Definition (Grönroos)**

**Internal marketing is the creation of an internal environment which supports customer-consciousness and sales-mindedness amongst all personnel within an organization.**

Grönroos, Christian (1991) *'The Marketing Strategy Continuum: Towards a Marketing Concept for the 1990s'*, Management Decision, Vol. 29(1) pp. 7-13.

The importance and value of internal marketing to building a marketing culture and ultimately in helping to achieve a sustainable competitive advantage has increasingly been recognized by organizations. Only if all the employees of an organization are committed to delivering customer satisfaction can an organization be said to be truly marketing oriented. Achieving this commitment requires the senior management through the marketing function of an organization to market the need for customer orientation and delivering customer satisfaction throughout a company's employees. Internal marketing starts by identifying how customer orientation relates to the needs of non-marketing employees in an organization and how these needs can be met through providing customer satisfaction. At its most basic, by helping meet customer needs an employee derives the benefit of helping the company stay in business and hence help keep a job. Internal marketing needs to go further than this; to convince employees that by helping generate customer satisfaction an employee's job satisfaction and motivation can be improved. Another facet of internal marketing is the use of the tools of marketing within the

organization such as segmentation and targeting, i.e. recognizing that different employee groups or functional areas of the business will have different needs and requirements and identifying and satisfying these. Internal marketing is achieved through the application of marketing mix elements, though in this case this would involve, for example: the use of staff training; the provision of systems and technology to help employees provide customer satisfaction through their work activities; linking reward and remuneration structures to customer satisfaction; and so on. It is suggested that marketing plans should include objectives, strategies and activities for marketing internally as well as externally.

Although internal marketing is important, it has proved particularly popular in service organizations, e.g. banks and hotels, where a wide range of staff are often in direct contact with customers. Not-for-profit organizations too have made extensive use of the idea of internal marketing. Special and additional issues of marketing in voluntary and not-for-profit organizations are considered in more detail in Chapter 7, but in the context of internal marketing, the fact that many voluntary and not-for-profit organizations also have substantial employee contact with their customers and clients, coupled with the fact that the exchange process between company and customer is often complex and multi-faceted, serve to heighten the importance of all employees being customer oriented and trying to deliver customer satisfaction and value.

### **Managing introduction of a customer-oriented culture**

Achieving a customer-oriented culture is not easy. Some difficulties and barriers are:

- Managers fail to realize or understand the true concept,
- The structure of the organization may require changing and this can lead to other managers' resistance and costs,
- People are frightened and reluctant to change,
- The power struggle between different departments within an organization can hinder the process, e.g. the production department,
- In some organizations, responsibility for marketing strategy and implementation are separated, and this may cause problems.

### **Marketing's co-ordinating role**

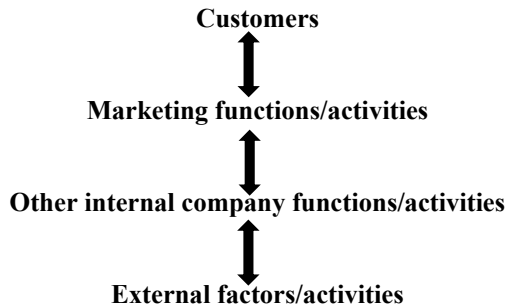
Effective marketing, as we shall see when we consider marketing planning and the management of the marketing mix, requires that all marketing and sales activities within the marketing function be co-ordinated. Unfortunately, the degree of co-ordination required in some organizations, particularly between sales and marketing, is not perfect. For example, in some organizations the sales department often functions almost independently of the marketing department. In part this is because of the traditional structure and position of the sales function in many organizations and also because some organizations are not truly marketing oriented. Sales and selling activities should be part of an overall co-ordinated marketing effort. As with achieving a marketing culture, this gives rise to problems of conflict and antagonism between sales and marketing. Senior management needs to ensure that sales personnel understand their relationship to marketing and the fact that all marketing activities including selling need to be marketing department led and in the process, customer driven. This is not to suggest that selling is inferior or should be subservient to marketing, but rather stresses the co-ordinating role of marketing. Other marketing activities, too, need to be co-ordinated including activities encompassing marketing research, promotion and advertising, customer service and the marketing mix.

Even more problematical, marketing also has a role and responsibility in co-ordinating organizational efforts and resources outside of the marketing function; hence the need for a company-wide marketing culture. In particular, marketing should help co-ordinate the efforts and activities of the other key functional areas of the business that impinge on and affect customers. This includes, for example, the production and quality control functions, accountancy and finance, research and development and personnel. This is not to imply that these other functions should be subservient to marketing, rather only that marketing should play the co-ordinating role in the efforts of these other functions, again centred on achieving customer satisfaction.

Marketing also has a role to play in co-ordinating resources and activities not only outside of the marketing function in the organization, but also outside of the organization itself. Often marketing strategies and plans encompass and involve other individuals and external organizations. A simple example would include the need to co-ordinate the activities and resources of, say, distributors. After all, they play a key part in achieving marketing objectives and in levels of customer satisfaction achieved. In

many ways effective marketing requires the efforts of many parties to be co-ordinated both internal and external to the organization. Sometimes external parties are marketing agencies like market research companies and advertising agencies. Marketers must often play a co-ordinating role with other parties in the overall value chain including suppliers. Increasingly, marketers build strategies and plans taking into account and having to co-ordinate the full set of activities in the value chain.

Achieving co-ordination, both inside and outside of the marketing function and including outside agencies and organizations, requires the marketer to have clear objectives and planning processes. The marketer must ensure that all parties concerned with customer satisfaction are aware of customer needs and the company's objectives and plans with respect to meeting these. Other parties must also be aware of their contribution and role in fulfilling these plans and the activities that need to be performed. The marketer increasingly needs analysis and planning skills to be able to steer other parties in the right direction with regard to the use of resources to achieve customer satisfaction. The contemporary marketer must have good communication and interpersonal skills to be able to motivate these other parties. Figure 1.1 illustrates this issue:



**Figure 1.1 Coordinating role of Marketing**

### **Technology and the marketing culture**

Developments in technology affect every facet of marketing. Indeed, these developments are among the most pervasive of factors influencing the practice of marketing. Because of this we shall be looking at some of the more important of these developments later. At this point it is useful to point to some of the ways in which technology and particularly