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The Role of Marketing

The marketing philosophy of business says that customer satisfaction should govern a company's every action. Considering how important marketing has become to society, it makes a good social philosophy as well . . .

☐ If you were to stop five people on the street and ask them what it meant by marketing, the odds are that four would say "selling" and the fifth, "advertising." In one way they would all be right; in another, all wrong. The ultimate aim of marketing is indeed to sell things, and advertising is employed in attempts to carry sales to their conclusion. But these activities are to marketing what wheels are to a car — essential to the purpose, but inadequate to fulfil it by themselves.

Selling is making transactions, advertising is persuading people to buy, marketing is. . . ? Even professional marketers have trouble saying exactly what it consists of. Marketing professors are always pecking at one another's definitions, this one being judged too narrow, that too broad. It seems that the subject is just too big to allow for capsule explanations.

So as not to be completely detached from what we are talking about, however, let us take as a starting-point one of those debatable definitions. "Marketing is ascertaining, creating, and satisfying the wants of people and doing it at a profit," it runs. By referring only to "people," this has the weakness of giving the impression that marketing is confined to consumer products or services, whereas it applies just as much to inter-company transactions in services, industrial goods and commodities. The reference to profit implies that it must necessarily be profitable, whereas these days marketing programs are routinely undertaken by non-business institutions with no profit as such in mind.

Still, the choice of language does convey a notion of why marketing has gained such importance in western society. The key words are "creating" and "wants." The science or art (or mixture of both) called marketing is a natural outgrowth of an economy of surpluses. Most people in countries like Canada have surplus money to spend after they have acquired life's necessities. At the same time, markets are full of surplus products which must be sold to keep the system going round.

Marketing takes its cue from management psychologist Douglas McGregor's observation that "man is a wanting animal." It stimulates human wants, though that is not to say that it is concerned strictly with wants as opposed to needs. Most of what is sold in Canada can be classified as necessary up to a point; what marketing does is take the necessary and add value to it. For instance, a winter coat might be a necessity to a Canadian woman, but she does not absolutely need an expensive designer model. The efforts made to market the coat are aimed at combining her need with a want, making her feel that looking smart is worth the price.

Dynamic companies are constantly moving through a marketing cycle. It begins when products and services are developed to be offered for sale. Since it is fruitless to try to sell something nobody wants to buy, market research must establish that there is a probable demand for it. Often the order is reversed: market research establishes that there is a potential demand for something new and different, then the product or service is developed to meet the demand.

The next step is to set a price, which must be competitive and sufficient to cover the expense of producing and selling it over the long term. From there the cycle moves on to packaging and labelling it. A decision must then be made on how best to distribute it — whether through wholesalers, retailers, mail order or other methods. Advertising and promotional programs are created. Once the sales message has been disseminated, the cycle passes on to the direct salespersons, who try to convince customers that this is what they should buy.

Oddly enough, at least some textbook explanations of the marketing cycle omit its final, vital stage — ensuring that the customer is happy and is kept happy through servicing, the fulfilment of guarantees, and ongoing contact after the initial transaction. "The sale merely consummates the courtship, then the marriage begins," writes the dean of American marketing education, Theodore Levitt of Harvard University. "How good the marriage is depends on how well the relationship is managed by the seller." He adds a cautionary note: "The natural tendency of relationships, whether in marriage or in business, is entropy — the erosion or deterioration of sensitivity and attentiveness." When entropy threatens, the marketing-minded organization is ready to renew its attentiveness and do its best to correct whatever the buyer finds wrong with the relationship.

"I would rather pay ten million dollars for trademark-goodwill without property than one million dollars for property without trademark-goodwill," said the old-time American industrialist George K. Morrow. This goes straight to the heart of the marketing philosophy: that, since there obviously can be no sellers without buyers, getting and keeping customers must come before anything else. It is remarkable that anybody in business large or small should lose sight of this simple precept, but it happens. In their best-selling book *In Search of Excellence*, Thomas J. Peters and Robert H. Waterman Jr. quote Lew Young, editor of *Business Week*: "Probably the most important 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."

The roots of such negligence lie deep in human nature. Arthur Schopenhauer's dictum that "every man takes the limits of his own vision for the limits of the world" has never been better illustrated than by people in their jobs. In this age of specialization, workers get stuck in compartments, and become so mesmerized by their immediate functions that they cannot perceive the final purpose of what they are doing. Human nature also decrees that communications between different parts of an organization become clogged, and priorities clouded. Thus, say, an airline will schedule flights at odd hours for its own operational convenience, forgetting about the inconvenience it may be causing passengers.

Ironically, such "marketing myopia," in Levitt's phrase, frequently comes from being successful. Prosperous companies are inclined to ignore potential competition and concentrate on products that lend themselves to cost reductions through economies of scale. They attach more importance to saving money from within than to going out and making more of it.

Opening the door to innovation by redefining a company's job

A common symptom of marketing myopia is the inability to see beyond the narrowest conception of a company's business. Organizations suffering from it tend to define themselves in terms of products ("We are a fertilizer company") or technology ("We are a chemical processing company") instead of what they can do for their customers ("We help farmers increase their productivity").

Levitt implies that if companies were to straighten out their thinking about what their job really is, they would stand a better chance of survival. A company at the turn of the century which considered itself a horse carriage maker would have closed down when automobiles took over the market. If it had thought of itself as being in the people-moving business, it would have made a smooth transition from manufacturing carriages to manufacturing automobiles.

A redefinition of a company's *raison d'etre* from the customer's point of view can be the first step in spreading an organization-wide consciousness of marketing. A railway might conclude that it is not in the business of running trains, but in the distribution of goods and commodities to customers in the most efficient and inexpensive way. Suddenly the door is opened to innovative thinking about how to use the optimum combination of trains, trucks, and perhaps water transport. The change in mentality affects everyone's job from the chief financial officer (who must become concerned with pricing) to the switchman (who must deal with the movement of containers from rail cars to trucks).

Persuading people throughout an organization that they should keep the customer uppermost in mind may be the toughest selling job marketing people have ever encountered. It is easy enough to convince a store clerk that his or her job depends on not keeping people waiting; but how do you tell a foreman scrambling to meet production schedules that he (or she) is just as responsible as the direct sales person for "selling" the product, because what he does affects the quality?

The idea that marketing should be the leading preoccupation of a company in all its parts goes against business tradition, which has always placed a premium on doing the main job effectively — the main job usually being operations or production. As in the case of the proverbial better mousetrap, the presumption was that if you offered something superior, the world would beat a path to your door in the woods, with only a little traffic direction from your sales force. The customary order of priority was to conceive a product without consulting the sales people, set a price for it based on production costs, then hand it over to them with instructions to sell it or else.

In recent years professional marketers have been insisting that the selling process should begin at the beginning of the production cycle, not the end of it. This, they say, means that marketing people should be involved in top management decisions regarding the allocation of resources, including how the company's money will be spent. Management at every level should be geared to the "marketing concept," which entails a realignment of functions so that the entire operation is turned in the direction of getting and keeping customers. Thus the chief of marketing has a say in activities like research and development, inventory control, quality control, production scheduling and traffic.

Resistance to the marketing concept is at its least in organizations where the realization has spread that marketing is not a separate part of the body, but is organic. It is like the central nervous system, which interacts with all the parts. In their book *Marketing Management — Analysis, Planning and Control*, Philip Kotler and Ronald E. Turner state: "Enlightened marketers argue for *customer orientation* in which all functions work together to sense, serve, and satisfy the customer." The customer, they say, is the "controlling function," and marketing the "integrative function" in such an approach.

The power of marketing must be balanced by responsibility

The more competition there is, the clearer the need for marketing becomes. It began in its modern form in the United States among big rival producers of consumer products as they fought it out for market share by putting "new, improved" products on store shelves. More recently it has spread to the service, industrial goods and primary materials industries as competition has sprung up from substitutes — plastics for metals, for example. To stay in the running, companies of all kinds have had to diversify their product lines, and pay more attention to servicing.

The ultimate winner in the marketing race is the consumer. By its nature, marketing is concerned with improvements in quality and design. It has channelled human ingenuity into innovations in both products and services which make everyday life incomparably more convenient than it was years ago. By widening the choice of products and improving distribution, it has brought luxuries formerly reserved for a fortunate few within the geographic and financial reach of millions who had never had access to such things before.

For all the benefits it has brought to the public, however, it is not without its public opponents. They claim that marketers manipulate people into spending more than they can afford. They argue that it costs too much, taking up 50 cents of every retail dollar spent in Canada. High costs for marketing are said to mean unnecessarily high prices for consumers. This ignores the fact that marketing activities are a large source of consumer income in themselves. Over 20 per cent of the Canadian labour force works in distribution and sales.

If there is one word which sums up all the complaints made against the marketing system, it is "irresponsibility." Marketers are accused of being willing to do anything for a profit, not stopping at misleading or tasteless advertising or stitching loopholes into guarantees. Some will cover up deficiencies and even dangers in products. Marketers are alleged to have no social conscience; they always ask whether something *can* be sold, never whether it *should* be sold.

The truth is that there is just as much amorality and downright immorality in marketing as there is in any other walk of life, so that sharp practices will never be entirely eliminated. Still, in their desire to have their occupation recognized as a profession, influential marketing people lately have been urging their colleagues to pay keen attention to the ethical and social consequences of what they do. This accords with the age-old rule that those who have power also have responsibility. Marketing today exerts tremendous power over peoples' preferences and habits. Thus its professional practitioners must, if they are to live up to that description, exercise vigilance over the impact of their activities on the society.

The point overlooked in all the criticism is that marketing performs a positive social role merely by going about its business, which is to allocate the flow of production efficiently throughout the population. To see what happens when this is not done, one need only look at the bare shelves, line-ups and crowded housing in Marxist countries where marketing as we know it does not exist.

Any system which puts the ordinary citizen's wants and needs first cannot be all bad; on the contrary, that has been the dream of idealistic philosophers throughout the centuries. In a curious way, a commercial philosophy has achieved what egalitarian political philosophies have signally failed to do.

To suggest, as some of its critics do, that marketing widens social and economic inequalities is to mistake its fundamental purpose. If marketers had their way, every man, woman and child would be a millionaire. The goal of a consumer society is, after all, to create more and more free-spending consumers. As for the argument that it misdirects spending away from those in need, it should not be forgotten that marketing is good for the economy, which is the mainstay of social security. It has been demonstrated again and again that you cannot have a solid welfare system to aid the disadvantaged without having a solid economy.

By stimulating wants, it leads people to work hard and save

In Canada's case, at least, economists are always talking about the need for innovation to back up our efforts to pay our way in the world; and marketing, of course, thrives on innovation. It also promotes productivity, the key to prosperity in a country like ours, because when marketing competition is intense, companies cannot afford waste. A healthy economy is one in which people work hard and save to build a strong capital base. By stimulating wants, marketing indirectly stimulates the work and saving which ordinary people must do to be in a financial position to fulfil them. As Winston Churchill wrote of the net effect of advertising, "It sets up before a man the goal of a better home, better clothing, better food for himself and his family. It spurs individual exertion and greater production. It brings together in fertile union, those things which otherwise would not have met."

Marketing is the heart of our economic system in the sense that a heart is a pump which circulates a life-giving essence throughout the body. In the broadest terms, a consumer economy lives through exchange: workers buy things produced by other workers with the income they receive from producing things those other workers buy. Without marketing to keep the flow of these exchanges alive, clots would soon occur in the system, with damaging if not fatal effects on the body politic. One of the incomplete definitions of marketing is "the delivery of a standard of living." When it is doing its job effectively and responsibly, it might be more apt to say that it is the delivery of a way of life.

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