



Market orientations-Evolution and Application

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Abstract:

This research paper deals with various marketing orientations which dominated business world in one era and other. It aims to provide the reader with basic understanding about history and evolution of marketing as a concept. It is a conceptual paper which summarizes various researches in the area that how a firm applies marketing concept and what are the important components of marketing concept. It also deals with the angle that application of marketing concept doesn't mean refutation of all other earlier philosophies rather it concludes with how one philosophy becomes dominant in one industry as per situational and environmental factors.

Keywords: *Competitor orientation, Consumer orientation, Marketing concept, Marketing, Myopia Marketing orientation*

1. Introduction

There are four main areas of a business- production, finance, marketing and human resources. Out of all these areas-Marketing is one such area which feed rest of the functional areas of a business. For example-if you have to retain your employee you may have to incentivize him with higher pay or if you have to pay back your interest on loan in finance area then marketing is one of the revenue generating area in business. As a concept marketing has evolved over a period of time. Marketing involve all those activities which generate and facilitate exchange, where in buying and selling constitutes the core activities. Now there are different firms surviving in different industrial and economic environment, because of which each perform marketing function differently. In order to answer the question as to how this marketing function is performed by different organizations differently, various research took place over a period of time. This paper basically deals with various researches that have taken place in this area over a period of time. People generally know the sequence that first production concept then product then selling then marketing concept emerged but they generally are not aware of situations which give rise to such concepts and how transition was made from one concept over the other. Similarly terms like marketing concept and marketing orientation are used interchangeably whereas there is significant difference between these two terms. So this paper aims to provide the reader with a more conceptual understanding of various marketing orientations and how these are applicable to various situations.

2. History and evolution

The concept of marketing has not been a discovery taken place all of a sudden rather it passes through a voyage of discoveries over a period of time. It has developed in a progressive function forming a continuum of six different philosophies being the latter ones dominant over the previous ones. As already stated out of four functional areas of business, marketing is one of them. But when we talk about evolution of marketing as concept we are basically pointing towards the "Way of Thinking" by different businesses about how marketing function is performed. So it will be suitable

to call them philosophies. Here by we begin our discussion with the first philosophy called production philosophy.

2.1 Production Philosophy

This philosophy dominated the business style of performing marketing from 1850s to 1900s. This philosophy was the result of industrial revolution in United States where country witnessed growth in its various manufacturing industries such as electricity generation, steam engines, rail transportation etc. As most of the resources were under the control of government being used basically to manufacture defense related goods, it was a real task for producers to get the procurement of resources and engage them in production. Because of which production of large quantities and that to at cheaper rates become the dominant ideologies of business. Producer were guided by thinking that consumer want goods that are available and are affordable.

Thus, all major work at that time in academics took place keeping this assumption in mind. In order to achieve high production efficiency at lower cost gave rise to Taylor concepts of division of labor, standardization and simplification, economies of scale, science not rule of thumb etc. At that time two major functional area of business were overlapping i.e. marketing and production.

But after the end of Second World War when the goods were freed for production then firm following the philosophy of 'Production' were not the ones to be successful. There came the question that if producing a good and making it available is sufficient then why not all firms are successful? Answer to which pointed out various limitations of this concept. This concept concentrated on quantity not quality of production. Quality of product was ignored as labor was considered only as source of production and human component of fatigue, boredom were ignored for the sake of specialization, economies of scale were paid attention to but diseconomies of scale were ignored, all of which leads to the emergence of product concept.

2.2 Product Philosophy

This philosophy dominated the business functions up to 1930s. This philosophy stated that consumer will prefer the product based on its quality, innovative features and performance. Thus this thought process leads follow up of Japanese school of thoughts concerned with Total quality management, Zero defect system etc. This philosophy marked the period where demand exceeded supply, so whatever was produced got consumed immediately. The problem with this philosophy emerged when despite the continuous improvement and innovation; producers were piled with the stocks of goods. This was because of inherent limitations in this school of thought. Firstly producers following this philosophy focused too much on product rather than on the needs of consumers. This philosophy was followed with the assumption that producer very well know the definition of quality and performance for consumer and hence goods were produced according to what producer think are the needs of consumer, this tendency is called Marketing myopia.

Secondly, research pointed out that simply producing a Quality well is not enough unless the person for whom it is made knows about its presence. That is consumer need to be informed and persuaded to buy a good for the sake of quality. As Mises rightly says: *The consumer is not omniscient. He does not know where he can obtain at the cheapest price what he is looking for. Very often he does not even know what kind of commodity or service is suitable to remove most efficaciously the particular uneasiness he wants to remove. At best he is familiar with the market conditions of the immediate past and arranges his plans on the basis of this information (1966, p. 320).* Thus, it is important to make consumer aware about present state of market which leads to the emergence of selling concept.

2.3 Selling Philosophy

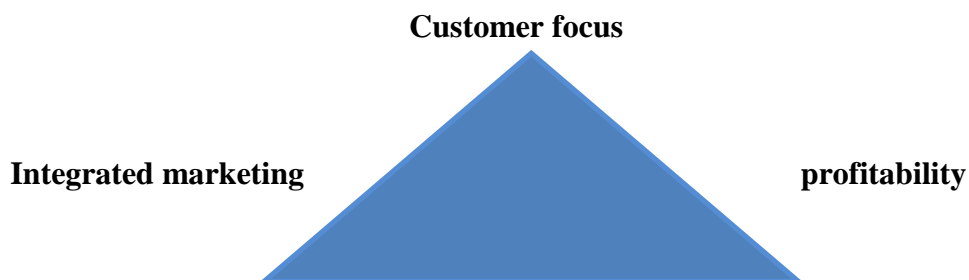
This philosophy dominated business functions till 1950s. Production and product concept based on say's law of market that supply creates its own demand failed when after industrial revolution

supply exceeded demand. Excessive supplies leads businessman to think that consumers if left alone will not buy enough of organizational goods on their own rather they need to be informed and persuaded.

This assumption leads to emergence of concepts such as Effective selling, Sales management, Salesmanship, Personal selling, Promotion, Campaigning etc. One thing to be noted carefully is that selling philosophy carried forward product concept, as the focus was still on selling what producer wants and not what consumer wants. This leads to the problem of Pressure selling where consumer in the name of persuasion was forced to buy a product. But the question which arises is that if consumer is available with a quality product and that to at affordable rate and is being approached with the product then what possible reasons stops consumers from buying those products? Answer to which was provided as that consumer do not buy 'Product' in a market but he buys 'Satisfaction'. He is not buying tea just for the sake of making tea but for the sake of getting satisfaction from the consumption of that tea. This leads to the emergence of marketing concept which is considered as most comprehensive philosophy because it addressed all the limitations of previous philosophies.

2.4 Marketing Philosophy

This philosophy dominated the major part of the era of business thinking. It was followed from 1950s till twenty first century. This philosophy stated that focus of a successful business should not be production or product or selling but consumers. Consumer should be at heart of the business. That is their needs and wants are of utmost importance. A product which will be developed according to these needs and wants will be a satisfier and hence will sell in the market on its own. There are three pillars which defines marketing concept clearly



As rightly put up by Kotler and Armstrong in defining these three pillars: *“The marketing concept starts with a well-defined market, focuses on customer needs, and integrates all the marketing activities that affect the customers. In turn, it yields profits by creating lasting relationship with the right customers based on customer value satisfaction”*.

With these pillars marketing concept so strongly dominates all previous philosophies in marketing. As against erstwhile production, product and selling concepts of marketing which focus upon means (i.e. achieving high efficiency in production, aggressive selling), this philosophy focus upon ends i.e. customer. (Bhatia and Jain, 2004)

Until now we have discussed the various philosophies that have guided the performance of business in marketing area. Although marketing concept is a philosophy very well suited in today's scenario. But it is difficult to put in practice in comparison to all other philosophies. Various studies over a period of time have been undertaken to see how it is actually implemented by each firm and to what extent. It is generally said that in order to be competitive, to increase sales and formulate a strong consumer base; every firm should be following marketing concept. Question arises: Is marketing concept a guarantee to business success???

Following section deals with these questions.

3. Marketing concept and Market orientation

Marketing concept is a philosophy; implementation of this philosophy is called Market orientation. Market orientation is concerned with all activities necessary for implementation of marketing concept (McCarthy and Perrault, 1990; Wrenn, 1997). But more rightly said “It is easier said than done”. Over a period of time various scholars has defined market orientation and its components as follows:

- **Customer orientation:** - In sixties market orientation was considered synonymous to customer orientation. This orientation stated that consumer should be at the center of the organization i.e. every activity in the organization and at all levels should be focused upon satisfaction of consumer needs and wants. Organization should understand not only the stated but unstated needs of the consumer also, not only present but future needs also. Consumer orientation involves following three activities:
 1. Choosing the target market which involves market segmentation, market positioning and market targeting.
 2. Analyzing the needs and wants of consumer in target market which may involve formal (Market research, Consumer survey) or informal (Observation, Discussion) methods of information generation.
 3. Organizational responsiveness which states that it is not sufficient to analyze what consumer wants but also to response towards their needs at the right time to create utilities (place, time) for consumer. It involves product development, product modification, distribution etc.

This orientation was supported by various scholars (McKitterick, 1957; McNamara, 1972; Kotler, 1977; Webster, 1988; Narver and Slater, 1990; Jaworskie and Kohli, 1993)

- **Inter-functional coordination:** - This orientation stated that consumer orientation should be pervasive at all levels in the organization. All departments in the organization should make a coordinated effort to serve consumer. Narver and Slater (1990) conceptualized the culture based perspective of market orientation according to which they emphasized inter-functional coordination and said that this orientation should be embedded in the culture of the organization and reflected through behaviors of each and every employee of the organization (from subordinate to superior) towards customer. Similarly Kohli and Jaworski (1990) focusing on inter-functional coordination stated that there should be one or two departments in the organization focusing strictly on consumer needs and wants but the understanding with regard to same should be shared across all departments so that all activities could be performed in one direction.
- **Profit orientation:** - This orientation was considered as one of the important component of market orientation. This concept states that consumer needs and wants should be met profitably. It is considered as long term perspective because an organization selling goods at loss may run for a short period but its survival is not possible in the long run. This concept entails marketing as ‘Entrepreneurship’. Kirzner (1973) elaborates this concept as follows:
“Entrepreneur function is essentially one of Arbitrage. The entrepreneur for Kirzner is a speculator who exercises 'alertness to opportunities' i.e. to buy factors low in the factor market and sell products high in the product market.”

This orientation involves strategies such as skim the cream that is if you have innovative product no one else has in the market; sell it at high profit margins and when your product is standardized follow a low cost strategy. Kohli and Jaworski (1990) stated that interfunctional coordination is an antecedent to market orientation whereas profit orientation is one of the consequences of market orientation rather than being the component of market orientation.

- **Competition orientation:** - Narver and Slater (1990) were the first to advocate competition orientation. They conceptualized that an organization should satisfy consumer needs and wants better than the competitor. This orientation states that an organization should continuously involve itself in market research so that it can continuously come up with innovative and

different product with one essential condition that those products must be sought out by customer.

Thus, what we are trying to say is that a marketer should anticipate the needs and wants of the consumer, design and develop products to satisfy those needs at prices the consumer is willing to pay, and make the products available to the consumer at a location that is convenient—but all of this should be done in a way that is more attractive to the consumer than any competitor can do (Kirkpatrick, 1982). All these orientations if present in organization we can say that organization is market oriented or organization is implementing the marketing concept fully.

4. Conclusion

With all this discussion what we can say is that no doubt marketing concept is most superior of all the previous philosophies but research shows that each firm do not employee market orientation fully rather they do it in varying degrees. (Bhatia and Jain, 2004) in their study on manufacturing firms in India concluded that different types of firm differ in their market orientation. They found that private limited companies were more market oriented then public limited firm's similarly foreign companies were more market oriented then Indian companies so on and so forth. This is because of difference in nature, form of ownership, different customer base etc. But the question is not only about the degree to which a firm is market oriented but also which market orientation (production, product, selling) becomes prominent in what situation. For example:-

- When a firm is going to do business in an under developed country with socialist economy, in that case production orientation becomes prominent or we can say that market orientation will be less.
- When it comes to developed countries where availability is not a problem but consumers are very sophisticated and demanding then in that case product concept becomes a prominent one than marketing orientation.
- When it comes to selling the goods such as encyclopedia, insurance which people generally not think of buying then selling orientation becomes prominent.

Thus, what we are trying to say is that marketing concept or implementation of same does not mean refutation of all previous concepts. It is just that every concept is applicable as per the environment a firm is dealing with. Thus this paper give rise to research questions such as

1. Is simply following market orientation a guarantee of success?
2. If different firms follow market orientation in varying degrees then what other orientation becomes prominent and what are the factors that cause variance in degree to which marketing concept is implemented?

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