Marketing Mix Essay, Research Paper

Has today’s dominant marketing mix paradigm become a strait-jacket?

A relationship building and management approach may be the answer. The marketing mix management paradigm has dominated marketing thought, research and practice since it was introduced almost 40 years ago. Today, this paradigm is beginning to lose its position. New approaches have been emerging in marketing research. The globalization of business and the evolving recognition of the importance of customer retention and market economies and of customer relationship economics, among other trends, reinforce the change in mainstream marketing. Relationship building and management, or what has been labelled relationship marketing, is one leading new approach to marketing which eventually has entered the marketing literature. A paradigm shift is clearly under way. In services marketing, especially in Europe and Australia but to some extent also in North America, and in industrial marketing, especially in Europe, this paradigm shift has already taken place. Books published on services marketing and on industrial marketing as well as major research reports published are based on the relationship marketing paradigm. A major shift in the perception of the fundamentals of marketing is taking place. The shift is so dramatic that it can, no doubt, be described as a paradigm shift. Marketing researchers have been passionately convinced about the paradigmatic nature of marketing mix management and the Four P model. To challenge marketing mix management as the basic foundation for all marketing thinking has been as heretic as it was for Copernicus to proclaim that the earth moved. The purpose of this report is to discuss the nature and consequences of the dominating marketing paradigm of today, marketing mix management of the managerial school and how evolving trends in business and modern research into, for example, industrial marketing, services marketing and customer relationship economics demand a relationship-oriented approach to marketing. Relationship building and management are found to be an underlying facet in the research into these areas. Relationship marketing is suggested as one new marketing paradigm, and a number of consequences for marketing and management of a relationship-type marketing strategy is discussed based on the notion of a marketing strategy continuum. Finally, the possibility of building a general theory of marketing based on the relationship approach is examined. A further discussion of the nature of the relationship marketing paradigm is, however, beyond the scope of this report. Marketing Mix and the Four Ps Marketing the way most textbooks treat it today was introduced around 1960. The concept of the marketing mix and the Four Ps of marketing – product, price, place and promotion – entered the marketing textbooks at that time. Quickly they also became treated as the unchallenged basic model of marketing, so totally overpowering previous models and approaches, such as, for example, the organic functionalist approach advocated by Wroe Alderson as well as other systems-oriented approaches and parameter theory developed by the Copenhagen School in Europe that these are hardly remembered, even with a footnote in most textbooks of today. Earlier approaches, such as the commodity , functional , geography-related regional and institutional schools have suffered a similar fate. Only a few models from these approaches have survived. American Marketing Association, in its most recent definition, states that “marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange and satisfy individual and organizational objectives” (emphasis added). Eventually the Four Ps of the marketing mix became an indisputable paradigm in academic research, the validity of which was taken for granted. For most marketing researchers in large parts of the academic world it seems to remain the marketing truth even today. Kent refers to the Four Ps of the marketing mix as “the holy quadruple…of the marketing faith…written in tablets of stone” . For an academic researcher looking for tenure and promotion, to question it has been to stick out his or her neck too far. Prospective authors of textbooks, who suggest another organization than the Four P solution for their books, are quickly corrected by most publishers. As a result, empirical studies of what the key marketing variables are, and how they are perceived and used by marketing managers, have been neglected. Moreover, structure has been vastly favoured over process considerations. In marketing education, teaching students how to use a toolbox has become the totally dominating task instead of discussing the meaning and consequences of the marketing concept and the process nature of market relationships. Marketing in practice has to a large extent been turned into managing this toolbox instead of truly exploring the nature of the firm’s market relationships and genuinely catering to the real needs and desires of customers. How Did the Marketing Mix Emerge? A paradigm like this has to be well founded by theoretical deduction and empirical research; otherwise much of marketing research is based on a loose foundation and the results of it questionable. The marketing mix developed from a notion of the marketer as a “mixer of ingredients”. The marketer plans various means of competition and blends them into a “marketing mix” so that a profit function is optimized, or rather satisfied. The “marketing mix”, concept was introduced by Neil Borden in the 1950s (e.g.[40]), and the mix of different means of competitions was soon labelled the Four Ps.The marketing mix is actually a list of categories of marketing variables and, to begin with, this way of defining or describing a phenomenon can never be considered a very valid one. A list never includes all relevant elements, it does not fit every situation, and it becomes obsolete. And indeed, marketing academics every now and then offer additional Ps to the list, since they have found the standard “tablet of faith” too limited. It is, by the way, interesting to notice that since the Four Ps were definitely canonized sometime in the early 1970s, new items to the list almost exclusively have been in the form of Ps. Advocators of the marketing mix management paradigm have sometimes suggested that service should be added to the list of Ps. This would be disastrous, because it would isolate customer service as a marketing variable from the rest of the organization, just as has happened with the Four P marketing mix variables. It would effectively counteract all attempts to make customer service the responsibility of everyone and not of a separate department only. In fact, the Four Ps represent a significant oversimplification of Borden’s original concept, which was a list of 12 elements not intended to be a definition at all. Moreover, the elements of this list would probably have to be reconsidered in any given situation. McCarthy either misunderstood the meaning of Borden’s marketing mix, when he reformulated the original list in the shape of the rigid mnemonic of the Four Ps where no blending of the Ps is explicitly included, or his followers misinterpreted McCarthy’s intentions. In many marketing textbooks organized around the marketing mix, such as Philip Kotler’s well-known Marketing Management, the blending aspect and the need for integration of the Four Ps are discussed, even in depth, but such discussions are always limited owing to the fact that the model does not explicitly include an integrative dimension. In the 1950s in Europe, researchers within the so-called Copenhagen School approached marketing in a similar way to the notion of the marketing mix, based on the idea of action parameters presented in the 1930s by von Stackelberg. Arne Rasmussen and G?sta Mickwitz developed what became known as parameter theory, which was a dynamic marketing mix approach linked to the product life cycle and where the parameters were integrated by means of varying market elasticities. Moreover, Mickwitz also stated that the demand side has to be connected to the supply side in a managerial marketing theory. This was done using an economic approach rather than a behavioural approach. Parameter theory was a much more developed model than the Four P version of the marketing mix notion. Unfortunately, it never received enough international attention, and eventually it was overwhelmed by the Four Ps that were much easier to comprehend and teach. Today, the key aspects of parameter theory, dynamism and an integration of consumer behaviour and managerial decision making are pointed out as important research topics . Probably Borden’s original idea of a list of a large number of marketing mix ingredients that have to be reconsidered in every given situation was shortened for pedagogical reasons and because a more limited number of marketing variables seemed to fit typical situations observed in the late 1950s and in the 1960s by the initiators of the short list of four standardized Ps. These typical situations can be described as involving consumer packaged goods in a North American environment with huge mass markets, a highly competitive distribution system and very commercial mass media. However, in other markets the infrastructure is to varying degrees different and the products are only partly consumer packaged goods. Nevertheless the four Ps of the marketing mix have become the universal marketing model or even theory and an almost totally dominating paradigm for most academics, and they have had a tremendous impact on the practice of marketing as well. Is there any justification for this? The Nature of the Marketing Mix Any marketing paradigm should be well set to fulfil the marketing concept, i.e. the notion that the firm is best off by designing and directing its activities according to the needs and desires of customers in chosen target markets. How well is the marketing mix fit to do that? One can easily argue that the four Ps of the marketing and where the parameters were integrated by means of varying market elasticities. Moreover, Mickwitz also stated that the demand side has to be connected to the supply side in a managerial marketing theory. This was done using an economic approach rather than a behavioural approach. Parameter theory was a much more developed model than the Four P version of the marketing mix notion. Unfortunately, it never received enough international attention, and eventually it was overwhelmed by the Four Ps that were much easier to comprehend and teach. Today, the key aspects of parameter theory, dynamism and an integration of consumer behaviour and managerial decision making are pointed out as important research topics. 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The Nature of the Marketing Mix Any marketing paradigm should be well set to fulfil the marketing concept, i.e. the notion that the firm is best off by designing and directing its activities according to the needs and desires of customers in chosen target markets. How well is the marketing mix fit to do that? One can easily argue that the four Ps of the marketing mix are not well able to fulfil the requirements of the marketing concept. As Dixon and Bloisput it, “…indeed it would not be unfair to suggest that far from being concerned with a customer’s interests (i.e. somebody for whom something is done) the views implicit in the Four P approach is that the customer is somebody to whom something is done!” (emphasis added). To use a marketing metaphor, the marketing mix and its four Ps constitute a production-oriented definition of marketing, and not a market-oriented or customer-oriented one . Moreover, although McCarthy recognizes the interactive nature of the Ps, the model itself does not explicitly include any interactive elements. Furthermore, it does not indicate the nature and scope of such interactions. The problems with the marketing mix management paradigm are not the number or conceptualization of the decision variables, the Ps, as American Marketing Association as well as the authors of most publications criticizing the marketing mix management paradigm argue. Rather, the problem is of a theoretical nature. The Four Ps and the whole marketing mix management paradigm are, theoretically, based on a loose foundation, which in a recent Journal of Marketing article was also demonstrated by van Waterschoot and Van den Bulte. They conclude: “To our knowledge, the classification property(-ies) or rationale for distinguishing four categories labelled ‘product’, ‘price’, ‘place’ and ‘promotion’ have never been explicated…Though casual observation of practitioners, students, and textbooks suggest a general consensus to classify marketing mix elements in the same categories, the lack of any formal and precise specification of the properties or characteristics according to which marketing mix elements should be classified is a major flaw”. Van Waterschoot and Van den Bulte[61] recognize three flaws in the Four P model: “The properties or characteristics that are the basis for classification have not been identified. The categories are not mutually exclusive. There is a catch-all subcategory that is continually growing” Many marketing-related phenomena are not included. Moreover, as Johan Arndt has concluded, marketing research remains narrow in scope and even myopic, and methodological issues become more important than substance matters. “Research in marketing gives the impression of being based on a conceptually sterile and unimaginative positivism…The consequence…is that most of the resources are directed toward less significant issues, overexplaining what we already know, and toward supporting and legitimizing the status quo”. Unfortunately, far too little has changed in mainstream marketing research since this was written over a decade ago. The usefulness of the Four Ps as a general marketing theory for practical purposes is, to say the least, highly questionable. Originally, although they were largely based on empirical induction and earlier lists of marketing functions of the functional school of marketing , they were probably developed under the influence of microeconomic theory and especially the theory of monopolistic competition of the 1930s , in order to add more realism to that theory. However, very soon the connection to microeconomic theory was cut off and subsequently totally forgotten. Theoretically, the marketing mix became just a list of Ps with roots.

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Marketing From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift

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