THE MARKETING MANAGEMENT CONCEPT

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INTRODUCTION

Economic developments during the past decade have placed the United States in what may be called the Age of Marketing or the Age of Distribution. Industrial policy makers have seen a trend toward more attention to marketing and the distribution of the productive wealth of society to the people. The United States has seen a change from production and the management of scarcities, to consumption and the management of surpluses. Research and technology have triumphed over production problems, and labor and capital are ready to provide optimum well-being for all citizens. The one key factor which is lacking is sufficient market demand. Production can handle the job if the market can absorb the output.

While the productivity of labor and capital are increasing at about 3 per cent annually, the productivity of the distribution function is increasing only at about 1 per cent annually. Because of this fact there is growing recognition among firms of the need to apply scientific management techniques to the field of marketing such as has been done in the fields of production and finance.

Originally, manufacturers were close to their customers but as local markets expanded into markets having national and international scope most of this closeness was lost. Firms became so concerned with production and finance that output forged ahead of demand and market development. The marketing function was looked upon as merely selling. It was passed off as being of relatively minor importance and marketing executives were seldom given a voice in top-level decisions.

As competition increased and profit margins decreased management was forced to make important decisions in order to remain in business. Led by such giants as General Motors and General Electric, business concerns all across the country began to reorganize under the marketing concept.

Because marketing is becoming increasingly more important to attaining a higher standard of living and full employment, it is receiving increased attention and emphasis. This study is mainly concerned with the marketing management concept and its present-day application to business. In the course of the next few sections the developments leading to the present emphasis on marketing and the nature of the marketing concept itself will be reviewed. Since implementation of the "concept" rests mainly on the marketing manager, a discussion of his qualifications will be presented. Finally, a look at some of the problems of implementing the "concept," followed by a short discussion of the benefits accruing to a firm operating under the marketing concept, will be presented.

Pursuant to the preparation of this report, material was obtained from the best available books, magazines, journals, and bulletins, such as Lazo and Corbin's Management in Marketing, the Journal of Marketing, and bulletins of the American Marketing Association and the American Management Association.

CHANGING AMERICA EFFECTS A CHANGE IN MARKETING

The marketing management concept, as applied to business today, is the result of changes that have been and still are taking place in the United States and the world. These changes have caused a re-examination of business operations. Marketing as it is practiced today is a far cry from the barter and country-store selling of the past. The United States has grown into a dynamic and rapidly expanding nation, and along with the country's changes marketing has also changed in nature and scope.

Marketing in Colonial America

In Colonial America essential materials were first supplied by England, but as farming methods became better and more land was brought under cultivation settlers were able to supply their needs at home. Internal trade was slow to develop due to: (1) the lack of surplus items for exchange, (2) the self-sufficient nature of the settlements themselves, and (3) the lack of adequate transportation facilities. Early economic life was tuned to supplying goods and services to satisfy only minimum needs and comforts.

Transition to a Sellers' Market

Gradually the United States began to develop an industrial complex capable of supplying the necessities of life in greater quantities; however, this supply was by no means entirely adequate. Scarcity of goods and the difficulty of supplying immediate needs of food, clothing, and drugs were some of the characteristics of the "sellers'" market which existed in this country from the middle of the 19th century to about the time of World War I. Firms that had surpluses usually found ready outlets for various types of goods and services. The rapidly expanding market due to the rising population made selling relatively easy. Marketing at this time was relatively unimportant because the main emphasis was on the installation of production facilities, the training of workers, and the production of acceptable quantities of goods. Manufacturers were not concerned with sales to final consumers. They left the distribution end of the business to the wholesaler and retailer.

Emergence of a Buyers' Market

Characteristics. Shortly after the turn of the century there was a gradual shift to a "buyers'" market with the following features:

1. Capacity to produce caught up with demand.
2. The rate of market expansion decreased along with a decrease in the rate of population increase.
3. A larger variety of goods began vying for the consumer dollar.
4. Wholesalers and retailers could not keep pace with increased manufacturers' output.
5. Manufacturers began to look for new outlets.
6. Manufacturers began to realize that selling was more than just order-taking.
7. Brand names and trademarks appeared.

8. There was increased use of advertising and other demand creation devices.

9. Manufacturers became more sales and marketing minded. They looked for more efficient selling methods.

Population Changes. As the United States placed greater emphasis on an industrial economy rural America gradually moved to the cities. Technological developments in both farming and mining operations released workers to the cities where they were able to find employment in manufacturing and in the wholesaling, retailing, and servicing trades. More recently, there has also been a relative decline in manufacturing employment. By 1957, the percentage of total employees engaged in the extractive and manufacturing industries was 35.1 per cent as compared with 35.5 per cent employed in the trade, transportation and service areas (see Table 1).

Table 1. Comparison of number of full-time equivalent employees as a percentage of total employees. (Selected years)

Year	Executive and manufacturing	Trade, transportation, and service
1930	40.0	39.0
1940	38.0	36.0
1950	37.0	36.6
1955	36.0	35.0
1956	35.1	35.5
1957	33.1	35.8

Source: Hector Lazo and Arnold Corbin, Management in Marketing, p. 5.

The beginning of 1957 marked the first time the world has seen the scales tip from a majority of persons employed in the extractive and producing industries to a majority employed in selling and servicing the things that are produced.

Total population, family formation, and multiworker families are subjects which have and will continue to have important effects on American business in general and on the distribution function in particular. Estimates of the future population of the United States are many and varied, but a level of "between 231 million and 273 million is forecast for 1980."[1] There has been and (according to forecasts) there will continue to be an increasing rate of family formation. Some estimates place the rate of family formation from "1¼ to 1½ million annually in the early 1960s, to 2 million by 1970."[2] Along with increased population and family formation there is growing acceptance of multiworker families. It is no longer unusual to find that both the husband and wife are gainfully employed.

Post World War II Expansion. After World War II the United States returned briefly to a sellers' market. War-time production left manufacturers unable to meet the pent-up demand for consumer goods. While firms were adjusting to the peace-time economy, they were once again faced with the pleasing situation of being able to sell just about all they could manufacture. Prices rose as more and more consumers vied for restricted quantities of goods. Labor, seeing a rising standard of living

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[1] William J. Shultz, American Marketing, p. 23.

[2] Hector Lazo and Arnold Corbin, Management in Marketing, p. 15.

and higher prices, began an unending campaign to raise wage levels and improve working conditions. It was during this post-war period that management began to take a second look at its marketing practices. As the conversion to peace-time operation progressed, competition became intense. Shrinking profit margins and declining net earnings, in spite of increased sales volume and increased productivity, seemed to be management's real reasons for increased concern with distribution (see Table 2).

Table 2. Corporate income after taxes, as a percentage of national income: 1929, 1940, and 1946 - 1958 inclusive.
(In round numbers)

Year	Percentage after taxes
1929	9.1
1940	7.6
1946	7.2
1947	8.8
1948	8.9
1949	6.9
1950	9.0
1951	6.5
1952	5.5
1953	5.5
1954	5.1
1955	6.5
1956	5.9
1957	5.5
1958	5.2

Source: Hector Lazo and Arnold Corbin, Management in Marketing, p. 9.

Need for Planning. With the average annual increase in industrial productivity about 3 per cent and the corresponding average annual increase in distribution productivity at only 1 per cent,[3] management is becoming increasingly aware that if full employment and the American standard of living are to be maintained, adequate and effective distribution must be employed. Twenty years ago economics was new and untried in the minds of most businessmen, but today it is a subject which is commonly discussed and commonly understood at business meetings. Long-range forecasting has become the key to survival for most businesses. Without adequate and accurate analysis of the years ahead, long-range commitments would be groundless.

The Sophisticated Consumer. The present emphasis on the marketing concept owes much to the increased level of education in this country. The educated person tends to be more sophisticated in his buying habits. Business must be more concerned with recent trends in education because accompanying a higher level of education is a higher standard of living. The resulting increase in incomes has converted many of yesterday's luxuries into today's necessities.

Marketing Complexity. Marketing of the future, as has been the case of marketing in the past, will have to keep pace with rapid developments in technology. Discoveries made in the next ten years will probably exceed the total of all innovations made previously. This will mean a continuous flow of new products and processes, and business must be ready to dispose of the output. Increased technology will place a premium on correct

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[3] Ibid., p. 11.

decisions because of the large amount of resources which must be committed on any one product or process.

Government Influence. Since the beginning of the 20th century, the government has had an increasingly active hand in regulating manufacturing and marketing practices, and during the last decade there has been increased enforcement of the many federal trade laws. The government has stepped in to curb pricing practices which would limit competition and to eliminate bribery, "kick-backs," and forced reciprocity. The government has increased activities to protect consumers by cracking down on misleading advertising, labeling, and packaging.

Discretionary Income. Another significant change which has affected and will continue to affect the thinking of marketers is the increasing amount of discretionary spending power, i.e., income not required for the purchase of the basic necessities of life, in the hands of consumers. As of 1959, the National Industrial Conference Board reported that discretionary income had risen about 10 per cent from $107.6 billion in mid-1957 to $117.6 billion, representing 34.8 per cent of total disposable income.[4] Professors Hector Lazo and Arnold Corbin of the Graduate School of Business Administration, New York University described the role of discretionary purchasing power in the following manner:

> At any rate, the important trend for marketers to note is that discretionary spending power has been increasing

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[4] Ibid., p. 18.

> steadily in total dollars and will most likely continue to expand in the decades ahead. This growth in the ability of families to buy goods and services beyond what they must expend for basic living costs, abetted by the concomitant increase in leisure time, has stimulated the development of tremendous new markets in such diverse fields as recreation, travel, cultural activities, "do-it-your-self," hobbies, hi-fi, stereo, sports cars, and countless other "non-necessities."[5]

Competition from Abroad. Ever since the Treaty of Rome in 1957, United States' marketers have been aware of a powerful new force affecting world trade and world markets. The European Economic Community has as its aim the lowering of tariff barriers among member countries and the institution of an external tariff wall to protect its industries and markets from foreign competition. The Congress of the United States has granted the President broad powers, under the Trade Expansion Act of 1962, to lower tariffs on European imports and to otherwise make favorable agreements with the Common Market. Congressional actions, to-date, have not been sufficient to cope with the problem. American manufacturers and marketers will have to seek further operating economies and better and more efficient channels of distribution as well as to provide products suitable to European tastes if they are to compete successfully with the Common Market.

All of the foregoing changes that have taken place along with the emergence of the buyers' market in the United States have contributed to the development and adoption of the marketing management concept. Because of these changes one finds a reap-

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[5] Loc. cit.

praisal of thinking within management circles with the ultimate realization that while business can influence its environment to some extent, it is controlled primarily by outside forces.

THE NATURE OF THE MARKETING CONCEPT

Now that one is familiar with some of the underlying changes that have and are taking place in the American economy which have and are affecting management's thinking about the distribution function, perhaps a more definitive look at the nature of the marketing concept is in order. What is the "marketing management concept?" What changes does its adoption entail for the individual firm? Is the "concept" really new? How does management fit into the picture? Throughout this section, as well as in those that follow, the terms "marketing concept" and "marketing management" will be used interchangeably with the term "marketing management concept."

Definition of the Marketing Concept

Many years ago the scientific world gave up the idea that the earth was located at the center of the universe, but it has been only during the past decade that the business community has begun to realize that the company is not always at the center of the business universe. The new sun in the center of the business universe is the consumer. Fred J. Borch, Vice President - Marketing Services for the General Electric Company, expressed his feelings concerning the marketing management philosophy by pointing out two key fundamentals on which it rests: (1) the "dual-core" marketing job, and (2) the profit concept. He stated:

> The initial part of this dual-core job is that we in marketing must focus our businesses on the consumer's needs and desires, including those needs and desires which the customer is not aware, as well as those he knows all to well. Only after identification of these needs can marketing people lead the way for a business in determining what each function of the business should do to provide the necessary products and services to satisfy them.
>
> The other half of the dual-core job of marketing is one that we are familiar with--namely, the need to persuade the prospective customer, through all the arts of selling and advertising, to purchase the products and services which have been developed.
>
> The second fundamental on which the marketing philosophy rests is that it is rooted in the profit concept, not the volume concept. (I am not eliminating the use of volume as a rewarding way of obtaining profits from the efficiency of the service rendered; rather, I am referring to the profitless volume or volume-for-the-sake-of-volume-alone concept.)[1]

In previous years a company's preoccupation with the consumer had been in terms of an end rather than a means to an end. Management seemed to be concerned with beating the competition rather than with the satisfaction of consumer wants and desires. J. B. McKitterick, also with the General Electric Company, said of the marketing concept:

> ... a company committed to the marketing concept focuses its major innovative effort on enlarging the size of the market in which it participates by introducing new generic products and services, by promoting new applications for existing products, and by seeking out new classes

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[1] Marketing Series No. 99, American Management Association, Inc., p. 5.

> of customers who heretofore have not used the existing products.[2]

Originally, and in many cases even today, marketing was thought to cover only the steps involved in transferring goods from the factory to the consumer. Professors Milton P. Brown, Wilber B. England, and John B. Matthews, Jr. of the Graduate School of Business Administration, Harvard University expressed the traditional view of marketing when they said:

> Marketing embraces all the business activities involved in getting commodities of all kinds, including services, from the hands of producers and manufacturers into the hands of final consumers. Marketing is concerned with all the business steps through which goods progress on their way to final consumption, and especially with all the points in those stages at which change of ownership takes place.[3]

Marketing includes not only the distribution of finished goods from manufacturer to individual consumer, i.e., "consumer goods," but also the disposal of such goods as raw materials, equipment, and supplies to industrial concerns for use in the production of other goods, i.e., "industrial goods."

The physical movement of goods and services to the consumer is only one phase of marketing. In discussing the marketing concept one must emphasize the dynamic nature of marketing. Marketing is an extremely important factor affecting the American standard of living. It not only helps to satisfy existing demand but creates new demand by bringing out latent desires and

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[2] Frank M. Bass, ed., The Frontiers Of Marketing Thought And Science, p. 78.

[3] Milton P. Brown, Wilber B. England, and John B, Matthews, Jr., Problems in Marketing, p. 1.

yearnings. It provides a path for new products, it gains the acceptance of innovations, and it converts the "strange and unfamiliar into the wanted and familiar."[4]

The marketing concept is not of itself an operating method; the concept is the belief that the best way to sell successfully is to sell what the consumer wants in the way that he wants it, when and where he wants to buy it, and at a price he will pay. The true meaning goes further than the above statement might be interpreted to indicate. One finds that it is a fundamental method of managing all the functions of a business in a way that takes the customer out of the role of being simply a sales target and makes him the constant focal point for all of the firm's basic business planning and decision-making. The marketing concept is a way of managing a business so that each critical decision of the firm is made with the foreknowledge of the impact of that decision upon the customer.

Changing Company Outlook

When a firm switches to the marketing management concept, it must become a customer-oriented concern rather than a production-oriented concern. To accomplish the objective of consumer-orientation it becomes necessary for top management as well as for all management to accept the consumer as the center of all its activity. The traditional functions of production and

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[4] Ibid., p. 3.

finance were to make products and to provide money for operations respectively. They were not greatly concerned as to now their decisions affected the consumer. Under the marketing management concept, production and finance must now be cognizant as to how their actions affect the firm's relationship with its customers. Many functions which were traditionally under the control of production and finance are now placed under the control of the marketing department and the marketing manager.

Product planning and styling which for a long time had been under engineering and production are now coordinated under the marketing manager. Credit analysis, traditionally under finance, now comes under the control of the marketing department, but there is still a need for close coordination between the finance and marketing departments. No matter what marketing does it must continue to operate within the financial framework of the company. A further discussion of the areas under the control of the marketing department will be reserved for the next section.

A popular anecdote to illustrate the nature of consumer-orientation and the marketing concept can be found in the history of the automobile industry. The one hundred odd companies that originally comprised the auto industry were mainly production-oriented. They set about making the best automobile that they knew how to make thinking that the public would realize the virtues of their product and rush to the factory to buy. The companies that remain today took their product to the market and gave the consumer what he wanted. For example, Ford's production-oriented policy nearly ruined the company because it did not provide for changing models and colors or for building more luxurious cars. The neglect in these areas gave General Motors irreclaimable inroads into the car market. When Ford began giving the public what it wanted, the company regained some of the share of the market it had lost.

Under the marketing management concept, marketing is given a voice equal in importance with that of production and of finance. Management is beginning to realize that marketing is the income-producing side of business. An individual firm as well as industry in general cannot exist by merely the production of goods alone; the goods must be sold. In this light it can be seen that marketing must carry equal responsibility with production in maintaining a balance between what is produced and what is sold.

Marketing Concept Not New

There are many persons who believe that the marketing concept is entirely a product of recent years; however, marketing management is new only in relation to present-day medium and large size corporations. Before mass production, mass communications, and mass markets businessmen knew their customers through personal relationships, and they obtained fairly rapid feedback of customer wants and needs. The small firm and especially the small retailer knew the importance of pleasing the customer. Today, however, the large size of business firms and the vast areas of the market place make personal relationships nearly impossible. The wider gap between consumer and manufacturer calls for better marketing.

David W. Ewing, a member of the Harvard Graduate School faculty, maintains that the present interest in the marketing concept is just a re-emphasis of traditional economic ideas. He stated:

> Economists have always said that the basic objective of a free enterprise economy is the satisfaction of human needs and desires, and the production in such an economy is guided by consumer choice working through the price system. ... in re-emphasizing this approach [marketing management], business concerns are going back to sound principles which have often been disregarded through inadvertence, a lack of comprehension, or inability to cope with the problems which such an approach brings forward.[5]

Professor Ewing goes on to state:

> In 1933, Mr. Alfred P. Sloan, Jr. President of General Motors Corporation, said in a statement to stockholders: "The matter of keeping a business sensitively in tune with the requirements of the ultimate consumer becomes a matter of increasing importance." He spoke of consumer research "as an operating philosophy, which, to be fully effective, must extend through all phases of a business--weighing every action from the standpoint of how it affects the good-will of the institution, recognizing that the quickest way to profits--and the permanent assurance of such profits--is to serve the customer in ways which the customer wants to be served."[6]

Perhaps the impact of Mr. Sloan's statement and the thinking of other companies like General Motors would have been felt sooner had World War II not taken place--a time when goods were relatively scarce compared to demand.

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[5] David W. Ewing, Effective Marketing Action, p. 7.

[6] Loc. cit.

Implementing the Marketing Concept

Successful marketing starts with a recognition of the true role of marketing at the top decision-making level. It is dependent upon a planned and programmed approach. After all, it is the customer who determines the correctness of business decisions. This is not to say that the customer should control the business. A balance of interests is the aim--a balance between what is best for the customer and what is best for the business. There is a big difference between a customer-oriented business and one which is customer-dominated.

Mr. Donald Longman, Vice President and Director of Research for the J. Walter Thompson Company of New York City, has stated four requirements for efficient marketing which apply to companies operating under the marketing management concept. Mr. Longman's requirements are:

> 1. ... to acquire a comprehensive understanding of the market itself. This is a matter of getting the facts, completely and accurately;
>
> 2. The second requisite to superior marketing lies in innovation. There is no progress in acceptance of routine, in copying competitive practices, in turgid operations;
>
> 3. The third major requisite to superior marketing lies in hard-headed, scientific decision making. This requires a solid grasp of the facts of a business through research and through experience. More important, it requires imagination, perceptiveness, thoroughness, objectivity, analytical skill, and emotional stability;
>
> 4. The fourth requisite to marketing success lies in efficient administration--the daily execution of policy and practice, the employment of facilities and men, the operating job. [There is] need ... for inspiring leadership of men, operating drive, astute supervision of performance in

> every detail, the building and maintenance of a morale that enstills a motivation in the doers of the marketing job.[7]

The preceeding remarks by Mr. Longman will serve aptly as a preparatory note for the next section. Thus, under the marketing management concept, the marketing manager or vice president of marketing assumes the role of chief coordinator of the firm.

THE MARKETING EXECUTIVE

Since the rise of modern sales management as a profession, the title that has been used for the top sales executive has been that of general sales manager or vice president in charge of sales. Today, however, there is a newer title to describe the functions of this super-modern sales executive. He is now the marketing manager or director of marketing. When he is accepted as a member of top management, he becomes the vice president in charge of marketing.

Functions of the Marketing Manager

One must keep in mind that there is a difference between the functions of the sales manager and the functions of the marketing manager. The differences are indicated as follows:

> The function of sales management is to direct and control the activities of the salesman in line with the company's selling program. Marketing management implies the integration of all the functions in moving the product from the factory to the user. Sales management is a vital part

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7 Donald Longman, "The Role of the Marketing Staff," Journal of Marketing, July 1962, Vol. 26, No. 3, pp. 30-31.

> of marketing management, but neither the functions nor the titles are interchangeable.[1]

One of the tasks of the sales manager is to maintain a well-trained selling organization. He must determine, actuate, and sustain effective distribution for all markets. He must also be able to direct selling operations to distributors and other customers so as to obtain objectives within company policies and budgets.

Mr. Fen K. Doscher, Vice President - Marketing for the Lily-Tulip Cup Corporation of New York City, stated the basic function of the marketing manager as follows:

> ... to plan and manage all aspects of the marketing program; to maintain and equip a well trained organization to carry out the program; and to direct all--not some, but all--marketing operations, so as to attain stated objectives within company policy and budgets and desired profitability.[2]

Mr. Doscher goes on to list a number of allied functions of the marketing manager:

1. Build a vigorous, hard-hitting sales force;
2. Sponsor a continuing program of research;
3. Analyse and interpret data on indicated trends;
4. On the basis of forecasts, participate in corporate decision making and develop detailed sales plans and budgets which will represent the thinking and programming of all levels and form an integral part of over-all company plans and budgets;

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[1] Harry Simmons, New Techniques in Marketing Management, p. 40.

[2] Elizabeth Marting, ed., The Marketing Job, p. 26.

5. Determine the most desirable channels of distribution;

6. Plan and direct actual selling effort; maintain contacts with the field; control selling expense;

7. Cooperate with other top-level officers and departments in product planning;

8. Participate in pricing policies;

9. Determine general policy in relation to advertising and sales promotion;

10. Coordinate customer services;

11. Promote good employee relations;

12. Carry out periodic reviews of over-all marketing organization.[3]

As one might imagine, the marketing manager's job is much broader and more complex than the job of the sales manager. He has control over and is responsible for more company functions than the traditional sales manager's job calls for. The marketing manager is charged with responsibility for seeing that the various company functions progress toward the common goal--pleasing the consumer.

The new authority and responsibility given to the director of marketing often conflicts with some traditional ideas of organization. Product planning used to be the exclusive domain of engineering and production. Credit, pricing, and costing policies were handled only by the finance department. Market research was the pet area of the company president. Advertising and sales promotion were autonomous functions accountable only to

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[3] Ibid., pp. 28-29.

the president. Under the marketing management concept, all of the previously mentioned functions fall under the jurisdiction of the marketing manager.

The marketing manager does not have to perform all of the functions for which he is responsible. He usually is provided a staff which keeps him informed on developments in the various areas, checks performance efficiency, and/or recommends policy or procedure changes when needed.

The fact that many corporate functions come under the watchful eye of the marketing manager does not mean that he has complete and absolute control of these functions. The main idea of the "concept" implies a coordination of all functions under the marketing manager. This tends to leave the sole responsibility for sales and profit performance in his hands. Richard H. Buskirk, Professor of Marketing at the University of Colorado, expressed the idea of the marketing manager's responsibility in the following:

> ... he must be cognizant at all times that his long-run success depends on his ability as an administrator more than his technical ability as a marketing executive or salesman.[4]

> ... [the marketing manager] serves as a channel of communications between society and the business organization; he interprets society's demands for goods and services. In this role he has a tremendous responsibility for correctly interpreting society's demands. If he erroneously reports that it demands a certain product, considerable economic waste is incurred and society has been frustrated in getting what it wants.[5]

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4 Richard H. Buskirk, Principles of Marketing, p. 588.

5 Ibid., pp. 592-593.

Personal Characteristics

Choosing a man to implement the policies of a consumer-oriented company must be done with great care because the success of the firm and the morale of its employees hang in the balance. The man must have a reasonably good grasp of fundamental business organization tools. It is not absolutely necessary that he have had previous selling or sales department experience. Many a star salesman has fallen flat on his face when confronted with the job of planning and organizing the entire marketing effort.[6] A certain amount of technical competence is desired because of morale factors among those persons he supervises.

Since the marketing manager is usually a director of the company with liaison activities among all other officers of the company, the marketing man must be able to discuss and explain marketing policy to other company personnel--engineering and finance personnel, for example. He must be patient and not try to force changes on persons who, because of traditional practices, do not quite understand the significance of the marketing concept. He must remember always that the change to the "concept" is a process of "evolution not revolution."[7]

A list of personal characteristics describing the marketing manager can be as varied as there are writers and as individual-

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[6] Ibid., p. 588.

[7] Henry Bund and James W. Carroll, "The Changing Role of the Marketing Function," Journal of Marketing, January 1957, Vol. 21, p. 299.

istic as the marketing man himself. The characteristics reviewed in the next few paragraphs are not to be construed as belonging exclusively to a marketing manager. Most enlightened, modern managers will possess some or all of the enumerated traits in one degree or another. In general the marketing man is deliberate, cautious; he wants to make sure he is right; furthermore, he is customer and service-minded and is concerned with accuracy rather than speed.[8]

The marketing executive realizes that his company's marketing plans and policies are put into operation by people rather than by machines. He is gentle but firm with his subordinates. He is familiar with line and staff functions in his area and he delegates authority and responsibility equally. Through careful planning and the analysis of trends, the marketing man develops a sense of proper timing. "The "when to do" is often as important as, or more important than, the "what or how to do."[9]

The marketing manager must be adaptable and flexible. He must analyse trends and prepare his organization in advance for future operations. There is no place in a dynamic marketing organization for a man who maintains that the traditional campaign or channel of distribution is best even though time has proven him wrong.

The marketing director must have the "ability to train,

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[8] Simmons, op. cit., p. 40.

[9] Ferdinand F. Mauser, Modern Marketing Management, p. 12.

inspire, and indoctrinate"[10] the people who will work under him. He must be articulate enough to be able to express the marketing department's ideas and programs to his subordinates as well as to persons in other departments with whom he must work. He must be able to adequately present the marketing department's ideas to top management; furthermore, he must be able to sell the company and its products to the public.

Finally, the marketing man should have "respect for facts and the scientific method."[11] Many decisions are based on intelligent and objective analysis of the best available knowledge. Not all decisions, however, can be made on complete and accurate studies of existing situations. Because time and money are limited resources, the marketing man must have the ability to make reasonably accurate intuitive judgments. He must be venturesome and willing to take the calculated risk.

If the modern marketing manager does not possess or begin developing the above attributes; if he does not avail himself of the assistance of modern research; or if he does not take heed of the rising forces and implications of the consumer movement he may be heading into trouble with the customers of today and tomorrow. If he does not take advantage of the many possible new and changing outlets for his products, he may be overcome by competition. He may find himself at the tail-end of the business procession if

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[10] Ibid., p. 13.

[11] Ibid., p. 14.

he does not cater to the up-graded wants and desires of his prospects and customers.[12] In short, he must be able to cope with the trials and tribulations of the swiftly moving economic universe of today and tomorrow.

PROBLEMS OF IMPLEMENTING THE MARKETING CONCEPT

Implementation of the marketing management concept in a corporate structure usually does not take place without certain difficulties. There have been many companies that have adopted a consumer-oriented attitude only to find that their operations were no better off than before--perhaps worse off than before. The following paragraphs will illuminate some marketing concept problems other than the selection of the marketing manager which has been discussed in the previous section.

Top Management Recognition

In the final analysis a company's marketing efficiency is only as good as the inspiration and direction its top management has to offer. Many boards-of-directors and company presidents do not fully understand the nature of modern marketing management because some of them have come up through the ranks of production and finance. They do not fully appreciate the dynamic nature of modern marketing.

The last decade has seen the research and development

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[12] Simmons, op. cit., p. 39.

department challenged by a new corporate status symbol--marketing orientation. Many companies have been quick to affirm their allegiance to the consumer-orientation principle. Numerous books and articles discussing the marketing concept have flooded the market; management development courses have given attention to the marketing concept; companies have made hasty product revisions; advertising budgets have been increased; and consumer surveys of questionable value have been made under the guise of being consumer oriented. However, one is aware that what one affirms in word is often contradicted in deed. If top management tends to be production and finance oriented, it may be more concerned with programs that promise more immediate payoffs. The big share of the corporate expense dollar these days goes for research and development, the direct results of which are mainly product and process-oriented rather than marketing-oriented.

When a company adopts the marketing management philosophy, all too often the people concerned are not quite sure that their ideas are completely consumer-oriented. When they are asked to describe their products, they usually describe them in materialistic, technical terms rather than in terms of user satisfactions. They discuss them in terms of things rather than in terms of people. Theodore Levitt, lecturer at the Harvard University Graduate School of Business Administration, comments on the implementation of the marketing concept with the following:

> It is rare that the critical area of marketing ever gets any of the kind of careful and continuing planning and experimental support that are so abundantly lavished on such respectable business functions as research and development

or financial planning. All it gets is money for more advertising and "sales push."

Companies lyrically proclaim their marketing orientation, but for most of them it exists only on the verbal level. If it really existed on the operating level, there wouldn't be the involved inactivity and vagrant waste that characterize so many marketing departments. There wouldn't be the chaotic pulling and tugging regarding one transient and expedient policy or procedure after another. More marketing departments would have something of the same aroused frontier spirit of solid adventure and imminent breakthrough that is found in the better R & D departments. Indeed, marketing departments would do their own R & D--not in quest of new products but new marketing methods and strategies.[1]

To combat the lack of marketing skill and know-how at top management levels, there seems to be a definite trend toward having more men who are marketing-minded on boards-of-directors. There should be good communications between the policy-making levels and the departments responsible for carrying out the decisions. Closely allied with these changes in boards-of-directors one finds an increase in the number of comapny presidents who have marketing backgrounds; this is especially true in companies that manufacture consumer products. A statement made by the American Management Association points up the trend toward having more marketing men in the president's chair. Its statement declared:

"Every company president from 1965 on will be a marketing man"--a man who is not necessarily an experienced line marketer, but whose most outstanding attribute is that "he thinks marketing."[2]

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[1] Theodore Levitt, Innovation in Marketing, pp. 98-102.

[2] Loc. cit.

Marketing Shortsightedness

A necessary requirement for an efficient marketing program and forward-looking product policy is an accurate statement of just what business the company is in at the present and what it will be producing in the future. In a Harvard Business Review article[3] Theodore Levitt discussed a problem which has plagued companies in the past and which may well cause them concern in the future--marketing shortsightedness. He felt that too many firms define their scope of operations in such a narrow way that they lose sight of what they really should be doing. For example, the railroad industry defined its scope of operations as being strictly in the railroad business rather than being in the transportation business. As a result the railroads failed to take advantage of the possible expansion into the trucking, shipping, and air transportation fields.

The petroleum industry serves as another example. Again, one finds that this industry defined itself as being strictly in the oil business. Its chief product, gasoline, was until recently defined as just gasoline, not energy or fuel. The oil companies neglected many developments which were undertaken by companies outside the oil industry, namely, the development of tetraethyl lead and oil and gas transmission by pipeline. Only recently have oil companies begun to explore the possibilities of atomic power.

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[3] Theodore Levitt, "Marketing Myopia," Harvard Business Review, July-August 1960, pp. 45-56.

A final example is the moving picture industry. The many companies which once made up this field defined themselves as being only in the business of making movies. When television was introduced, Hollywood scorned and rejected the development when it should have realized that it was an opportunity to expand the entertainment business.

Over-Control by Management

Another problem associated with top management and the implementation of the marketing management concept is the failure of company presidents and/or marketing executives to let go of their subordinates. The company president who claims to be using good management principles, but who insists that every detail proposed by his subordinates be checked through him (before final approval) is not providing the atmosphere needed for a dynamic and aggressive marketing team. The marketing manager who has been promoted from sales manager but who still thinks that he should continue to perform his old job is putting shackles on his sales manager. The marketing manager must remember that his primary job is that of administration.

Internal Morale

The very nature of the marketing management concept, i.e., the coordination of all corporate activities with the consumer or final user in mind, tends to intensify minor personnel problems. Under older systems of marketing, minor personality differences between departments were usually of little consequence. With the adoption of the marketing concept or integrated approach, previously autonomous departments are brought together, and unless minor differences are reconcilled serious inefficiencies will result in marketing effort. Personal differences can lead to morale breakdowns, as men who were once their own bosses now find themselves under the control of a newcomer or an old rival. Under such emphasis on togetherness, individualism can be lost. Committee membership to map marketing strategy can result in a watered-down solution which will please everyone--everyone except the consumer. It takes aggressive, patient, and intelligent leadership on the part of the president and/or marketing manager to insure that petty differences and overemphasis on togetherness do not get the upper hand. Once top management accepts the value of the marketing management concept and has ironed-out personnel qualifications and personal differences, there still remains the uneasy task of accurately determining consumer wants and desires.

Accurate Market Information

Marketing plans and ideas are only as good as the information which supports them. Marketing research is being increasingly relied upon to supply management with information about the consumer. The many forms which market research takes need not be discussed here; however, it will suffice to say that the worth of some techniques is still in the process of evaluation. One must keep in mind that marketing research is only a supplement to executive judgment, not a substitute. Its primary function is to narrow the field of choice, thus leaving the final decisions up to the experience and training of the marketing personnel.

Industry Regulations

Even after a concern has satisfied all previously mentioned requirements and has begun a consumer-oriented marketing program there may be further restrictions imposed by competition. In some industries present and future operations may be governed by past practices and agreements. It may be necessary for a firm to follow the dictates of the industry for fear of retaliation and not introduce a product deemed to be in the consumer interest. In such a case the company would lose the gains from innovation and exclusiveness at the cost of conformity to industry practices.

Government Regulations

A final thought concerns the increasing number of government regulations applying to manufacturing and marketing activities. In recent years the government has stepped-up its investigations of violations of federal trade laws, such as the Robinson-Patman Act, Wheeler-Lea Act, etc. Concerns which are truly consumer-oriented usually have the customer's well being upper-most in their minds; however, good taste, honesty and integrity demand that companies conform to acceptable standards for packaging and advertising. Once the public is aware of the fact that it has been deceived, irreplaceable consumer goodwill can be lost.

BENEFITS OF THE MARKETING CONCEPT

Although the marketing management concept has had active support for about a decade, undoubtedly many companies adopting its use experience benefits not realized in the past. As more and more firms come to realize the advantages (both to the company and to the consumer) to be gained under the marketing concept, industry will find newer and more efficient ways to please consumers and at the same time dispose of its productive abundance.

Achievement of Company Objectives

Perhaps one of the most direct advantages of the marketing concept is the ability of the firm to set common, over-all goals for all parts of the marketing function--sales, advertising, marketing research, product planning, publicity, and distribution. Coordinated effort insures that the various departments will not be working against each other. Coordinated effort lets management know where it is going. It is able to anticipate possible developments rather than to operate on a crisis basis.

Because of clearer statements of company policies and plans under the "concept," intracompany communications are improved. Where successful marketing management operates, department heads and other personnel understand the "concept" and the marketing department has an easier time selling its ideas. Clearer communication makes management more aware of the importance of marketing as the income-producing side of the business.

Better Product Development

The marketing concept places much of its responsibility on market research to find out what the consumer really wants. Firms no longer use the "trial-and-error" method for new product acceptance. Research lets them see their target and proceed toward it. Product research and market research help to eliminate product obsolescence by anticipating changing consumer wants. Firms functioning under the marketing management concept can realize cost savings by eliminating unprofitable product lines, and a proper product mix is more easily attained.

Emphasis on Profitable Volume

The old idea of volume at any cost is replaced with business conducted on a profitable-volume basis. Department heads now realize that each part of the distributive function must carry its weight in achieving the company's profit goal.

Because the customer's needs are better anticipated under the "concept," production schedules are easier to maintain. The marketing manager, sales manager, and salesman determine what volume can be adequately sold, and production is scheduled accordingly. Both time and money are saved by eliminating speed-ups, overtime, and storage costs.

SUMMARY

Since the end of World War II, one has seen a change in the American economic picture from one of production and the management of scarcities, to consumption and the management of surpluses. The "marketing age" is here. Increased buying power in the hands of the ever growing middle class has caused businesses to re-evaluate and redirect their selling efforts. No longer can business sell only what it wants to produce; it must now, more than ever before, satisfy the demands of the consumer. The firm which is wholly production-centered is on the way out and in its place is a new firm which organizes production, finance, and marketing with the consumer in mind.

The new man in this age of distribution is the vice president in charge of marketing under whose guidance the firm is to achieve its marketing goals. He has the job of coordinating and integrating the business functions of sales, advertising, production, and finance to produce, not just volume, but profitable volume for his company.

In review, a firm's best hope for broader markets and increased sales lies in reorganization around the idea of consumer-orientation, a blending of consumer wants and business wants, and a marketing manager who will bind all business functions into an efficient operating unit.

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THE MARKETING MANAGEMENT CONCEPT

by

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AN ABSTRACT OF A MASTER'S REPORT

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Economic developments during the past decade have placed the United States in what may be called the Age of Marketing or the Age of Distribution. Because of higher levels of education, increased technology, higher wages and discretionary income, and increased foreign competition, industrial policy makers have seen a trend toward more attention to marketing and the distribution of the productive wealth of society to the people. No longer can business sell only what it wants to produce; it must now, more than ever before, satisfy the demands of the customer. The firm that is wholly production-centered is on the way out and in its place is a new firm which organizes production, finance, and marketing with the consumer in mind.

As competition increased and profit margins decreased, management was forced to make important decisions in order to remain in business, and business concerns began to reorganize under the marketing concept. The marketing concept is not of itself an operating method; the concept is the belief that the best way to sell successfully is to sell what the consumer wants in the way that he wants it, when and where he wants to buy it, and at a price he will pay. The marketing concept is a way of managing a business so that each critical decision of the firm is made with the foreknowledge of the impact of that decision upon the customer.

The new man in this age of distribution is the vice president in charge of marketing under whose guidance the firm is to achieve its marketing goals. He has the job of coordinating and integrating the business functions of sales, advertising, production, and finance to produce, not just volume, but profitable volume for his company.

To efficiently implement the marketing concept, management has to fully understand the nature of modern marketing. It must do more than just pay lip-service to the "concept." Furthermore, management must be sure that it defines its scope of operations broadly enough to include, not only present products and services, but possible future products and services. It must secure competent marketing personnel and allow them to function to insure a dynamic marketing effort.

A firm which is truly consumer-oriented and operating under the marketing management concept is better able to set common over-all goals for all parts of the marketing function. All department heads now realize that the business is aimed at profitable volume, not volume-for-the-sake-of-volume alone.

In retrospect, a firm's best hope for broader markets and increased sales lies in reorganization around the idea of consumer-orientation, a blending of consumer wants and business wants, and a marketing manager who will bind all business functions into an efficient operating unit.