Marketing is Dead. Long Live Marketing

Naresh S. Warrier
School of Management, Ajeenkya D.Y. Patil University, Pune, Maharashtra, India

***Abstract:-*"Long live the King" was adopted in Europe in the 13th century to proclaim not just the death of a ruler but also the immediate transfer of power to his or her heir. Today, the consumer is in control and many forward-looking business enterprises have acknowledged this paradigm shift. Technologies such as social media, data analytics and the Internet of Things (IoT) have changed how transactions and communication take place between sellers and buyers. No longer are businesses driving this relationship, customer have now taken control. The availability of information about both businesses and customers is forcing businesses to treat customers very differently. Globalization has expanded consumer choices and powered the growth of the middle class around the globe. The digital revolution has given consumers access to information and to one another—anywhere, anytime. New technology along with new media has led to disruptive innovations and provided new opportunities as well as new challenges for business enterprises.**

***Keywords*:- Marketing mix, innovation, product proliferation, social media, Web 2.0**

I. INTRODUCTION

Marketing is probably as old as human civilisation itself (Moore & Reid, 2008). However, marketing emerged as an academic disciplineand business practice early in the twentieth century. According to Bartels (1988) the term 'marketing'was first used as a noun, that is, as a label for a particular practice, sometimebetween 1906 and 1911. The first course actually called'Marketing' was delivered some time in 1911 by Ralph Starr Butler at theUniversity of Wisconsin. Economists started teaching the concepts of distribution, later - advertising, and then – promotion and pricing. By 1900, it was evident that demand consisted of more than simple purchasing power. Demand was defined as the desire as well as ability to purchase. Marketers realized that advertising and salesmanship could be used to increase and mould demand and that factors other than the mere existence of supply could influence consumer demand (Bartels, 1988).According to Borden (1964), marketing is an art, and the marketing manager, as head chef, must creatively marshal all his marketing activities to ensure the short-term and long-term survival of his firm. Borden identified twelve controllable marketing elements that, properly managed, would result to a "profitable business operation". Jerome McCarthy (1964) reduced Borden's factors to a simple four-element framework, referred to as the "4 P's" : Product, Price, Promotion and Place. Practitioners and academics have hence embraced this concept which is even today, an indispensable element ofmarketing theory and operational marketing management (Constantinides, 2006).

The traditional marketing mix built around the 4Ps — product, price, place and promotion — seems to discount the breadth and complexity of current-day marketing. Additionally, the concept of 4Ps has been criticised as being a production-oriented definition of marketing rather than being customer-oriented. Some believe that the 4 P's should be seen from a consumer's perspective by converting product into customer solution, price into cost to the customer, place into convenience, and promotion into communication, or the 4C's (Goi, 2009).

II. POWER SHIFT: THE RISE OF THE EMPOWERED CONSUMER

An important challenge and opportunity marketers face is the shifting balance of power among the central players: those whocreate products (goods and services), those who sell them, andthose who buy them. In the early twentieth century, the power to decide what will be sold, how it will be sold, at what price it will be sold, and how customers should be managed rested with product creators. During the second half of the twentieth century this power gradually shifted to retailers. Big retail chainsgained strongnegotiating positions with their suppliers. In the twenty-first century, another power shift is occurringas consumers are beginning to exert large influence with the companies that market to them (Berry, Bolton, Bridges, Meyer, Parasuraman & Seiders, 2010).

Price

Price is one of the most flexible elements of the marketing mix. Price decisions are one of the most important decisions of a marketer because it affects profitability and the companies' return along with their market competitiveness. Marketers would always like to manage their prices not lose control over them. In an interview in 2011, the renowned investor Warren Buffett said "The single most important decision in evaluating a business is pricing power. If you've got the power to raise prices without losing business to a competitor, you've got a very good business. And if you have to have a prayer session before raising the price by 10 percent, then you've got a terrible business."

In the 1980s the Americanauto industry which was driven by Ford's mass production started losing ground to the Japanese. According to Womack, Jones and Roos (1990), the superiorperformance of Japanese Auto manufacturers was due totheir implementation of lean manufacturing.Toyota Motor Company, thanks to Taiichi Ohno realized many years back that markets fix the price that t will pay. Instead of using the concept that selling price = actual cost + profit, Toyota used formula of selling price - cost = profit. The goal was cost reduction, not increasing selling price (Liker, 2004).

The manufacturing industry has been shaped by two great thinkers, Henry Ford andTaiichi Ohno.Henry Ford was responsible for transforming the automobile from an invention of unknown utility into an innovation that profoundly shaped the 20th century and continues to affect our lives today.Henry Ford's implementation of the assembly line as it relates to assembling complete automobileswas further refined by Taiichi Ohno through his innovative concepts of lean manufacturing, just-in-time inventory, kanban, and kaizen (Goldratt, 2009). Eiji Toyoda and Taiichi Ohno of the Toyota Company created the Toyota Production System, the basis of which was the absolute elimination of waste. This led to the Japanese philosophy of doing business which has been different from the philosophy followed by the Americans. Pricing models in the twentieth century were driven by the belief that selling price was merely an addition of the costs incurred in manufacturing a product plus the desired level of profit. The Japanese however believe that customers determine prices and that the difference between cost of a product and this customer driven price is what determines profit. Target costing originated in Japan in the 1960s and since the 1980s has been widely recognized as a major factorfor the superior competitive position of Japanese companies. Marketers have realized that customer input is needed throughout the product development cycle to set prices and profit targets (Feil, Yook,Woon Kim, 2004). Eiji Toyoda and Taiichi Ohno at the Toyota Motor Company pioneered the concept of "lean manufacturing" which is a system that utilizes less in terms of all inputs to create the same outputs created by the traditional system (Womack & Jones, 1994).

The Internet hasallowed the establishment of morecompetitive prices because costs such asstorage, staff and locations have been minimized. The Internet also allows the buyer instantaccess to a large amount of information onoffer price, delivery terms, return policy and consumer reviews (Talpau 2014).

Product

One of the most distinctive changes in markets over time has been the expansion inthe choice of goods and services available to consumers. This growth has been spurred byregulatory reform, trade liberalisation, and advances in information and communication technology Product proliferation is an important tool of competitive strategy used by firms in diverse industries and has led to a large number of new product introductions, wide product variety, and long productlines (Bayus & Putsis, Jr, 1999). In fact, researchers in consumer behavior have debated whether the ever-expanding array of goods creates "choice overload" that can actually discourage people from buying. In the age of disruptive innovation, products can be easily duplicated and even made redundant (Carpenter, 2013). But it is obvious that customer's power is increasing due to improving access to information, ever widening choice of goods and services and opportunities to share their experiences with the seller as well with other customers or prospects. Marketers are resorting to practices such as customer involvement and co-production since this leads to higher product performance, increasedcustomer satisfaction, and better relationships between customers and producers (Denegri-Knott, Zwick & Schroeder, 2006). Consumer choice is so high that firms need to find ways to draw people to their brand and drive engagement.

According toHui (2004), firms prefer to differentiate its products and priceschedules finely so that each consumer can find anoffer that matches his or her preference. But increasing variety may raise production andoperating costs because of the loss of scale economies. Additionally, because the firm sells a menu of similarproducts, consumer self-selection may result in significant cannibalization between the product variants ofthe firm. As many goods and service markets becomesaturated and highly competitive, firms realize thatthey would have to acquire new customers by compromising on margins. Additionally, customers, thanks to availability of many competing products will switch to other brands in response to an attractive competitiveoffer. Firms are using innovative methods to cross-sell products to increase thenumber of products or services that a customer uses within a firm so as to lower costs (Kamakuraa,Wedel, de Rosad&Mazzone, 2003).The focus of innovation is becomingmore radical as firms look fornew sources of revenue rather than justbetter products. Products are still the toppriority, firms are now also focusing on business models and customerexperience.

Place

The purpose of distribution channels is to facilitate the physical flow of product from manufacturers to consumers. The rise of digital technology has disrupted channels of distribution.The internet emerged as a powerful new channel for distribution, rendering many intermediaries obsolete, and restructuring the value chain in several industries. Online shopping revenues are rising dramatically. The Internet is challenging the traditional distribution structures that firms have employed to get goods and services to market (Rao, 1999). Internet will have the most profound effect on place in the marketing mix. E-commerce puts the purchase decision anywhere a connection to the Internet exists (Allen & Fjermestad, 2001). The adoption of channel power has meant ashift in the relationships between consumers, retailers, distributors, manufacturers and service providers. It presents many companies with the option of reducing or eliminating the role of intermediaries and lets those providers transact directly with their customers. The magnitude and speed with which electronic marketing channels have emerged, alongwith the trend toward multichannel distribution, have increased the possibility of higher levels of channel conflicts. Tsay and Agrawal (2004) argue that retaining both channels (direct and reseller-intermediated) is a compromise alternative which may enable greater market penetration than using either one alone even though it may lead to channel conflict. Ultimately, customers, based on the value they seek and their perception of whether this value is being adequately delivered by the channel mix, will have an influence on whether internet should be introduced into the channel mix (Webb, 2002).

Marketing activity occurs through three types of channels: distribution channels, transaction channels, and communication channels. The distribution ensures the physicalexchange of products and services, the transaction channels are those that generate sales activities between buyers and communication channels enable the exchange of informationbetween buyers and sellers. Transaction channel intermediarieswill probably be significantly affected by the existence of the Internet, but communication channel intermediaries will probably be the most affected bythe existence of the Internet (Peterson, Balasubramanian& Bronnenberg,1997).

Promotion

The digital age has changed the scripted, one-way flow of information that existed when only traditional channels existed to a two-wayunplanned, unscripted discussions. The Internet provides a low-cost way for the manufacturer to build a direct link with the consumer. The rise of the Internet has given consumers access to information, both firm-created and consumer-created, that was previously unavailable or difficult to obtain. Consumption-related information includes product or service of the firm as well as easy access to information on competitor offerings thus reducing information asymmetry between marketers andconsumers. A new generation of online tools, applications and approaches such as blogs, wikis, online communities and virtual worlds, commonly referred to as Web 2.0 or Social Media is leading to what is now known as Customer-Generated Content (CGC). Customers are able to, besides extracting value, also add value to Web 2.0 applications by generating, reviewing, editing and disseminating content (Constantinides, Lorenzo& Gomez-Borja, 2008). The impact ofthe production of user-generated content can last beyond the impact of traditional marketing communication (Labrecque, vor dem Esche, Mathwick , Novak & Hofacker, 2013). The use of information communication technologies offers the customer multiple benefits, including efficiency, convenience,richer and participative information, a broader selection of products, competitive pricing, cost reduction, and product diversity (Tiago &Verıssimo, 2014).

III. MANAGERIAL IMPLICATIONS

Today, buyers hold significant power over the buying process. They have clear preferences on how they want to receive information and make selections. Buyers use online reviews, social media, and the internet to gather information about a firm, competitors, and industry. Listening to the customer is especially important in order to identify market experiences,new market needs, and hear early warnings about product problems indicating the need to improve, modify or drop productsWord of mouth is a powerful influence in the buying process. Though the internet has shifted some power away from the retailers too, large retailers still wield considerable bargaining power. Marketers must hence increase customer engagement and build stronger relationships with customers. They must also carefully assess thecosts and benefits of multi-channel distribution.

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