

Chapter MP3 script 31

The Marketing Concept, Competitiveness and the Global Dimension

In this recording we summarise the content of chapter 31 The Marketing Concept, Competitiveness and the Global Dimension.

Studying this chapter should help you outline the marketing concept; evaluate alternative generic competitive strategies; discuss the impact of globalisation on marketing; explain the internationalisation process; .

Introducing the chapter, the authors start with 1. Marketing is the one function of management which has to be more concerned with what is going on outside the organisation than with what is happening internally. Marketing activities are conducted mainly across the external boundaries of the organisational system, and they are undertaken by managers of all functions, not only by marketing specialists. The idea of the 'marketing concept' is introduced in this chapter. Managers frequently pose questions such as how might we communicate with customers; what is the role and value of the brand; how do I identify markets and then enter them; what products should we offer and what should be the content of the business and product portfolio and, how do we price offerings. We address such issues in this part of the book. The other chapters in the section deal with those aspects of marketing which are the most frequent topics of examination for non-marketing specialists. These are: the marketing mix, market research, the organisation of a marketing department and consumer protection.

2. Every business or public organisation has its market, that is to say the group of existing and potential buyers (prospects) or users of its goods and services. A market may consist of a mere handful of people, or it may consist of millions. Clearly, relationships with the market are an important ingredient of corporate planning and policy-making. Organisations have developed several different ways of regarding their existing and potential customers. The most notable options are as follows:

- Production orientation – in this situation, the organisation concentrates its attention on production efficiency, distribution and cost in order to attract customers to its products. This works well when demand is well ahead of supply, and where lower costs will encourage people to buy. Engineering firms tend to favour this orientation.
- Product orientation – in this case the organisation stands or falls by the quality of its products. The thinking behind this orientation is that customers buy products or services rather than solutions to problems. Examples of product orientation are to be found in education, the arts and journalism, where the inference is often that the supplier knows best what the customer needs.
- Sales orientation – here the dominant concept is that people will not buy until they are persuaded to buy by positive selling. Thus the focus of attention is more on the skills of selling, than on the needs of the buyer. Several life-insurance companies have adopted this approach over the years.
- Market orientation – a market-oriented organisation is one which focuses on the needs of its customers. Its primary concern is to identify customer needs and wants so that these may be met with the highest level of customer satisfaction. In this situation production responds to the demands of marketing rather than the other way round. This approach to marketing is called the 'marketing concept' and its perspective is radically different from the approaches of production, product and sales-oriented organisations. Examples of market-oriented attitudes can be found in supermarket chains, a number of travel agency operations and in motor-car manufacturing (e.g. 'Everything we do is driven by you').

3. Few business organisations have total control over their markets. On the contrary, most businesses find they are in fierce competition with others wanting to serve the same group of buyers. In recent times competition has become more widespread, as foreign competitors join domestic competitors in offering similar goods or services to the same market. Lower trade barriers, better worldwide transport systems, and access to the internet mean that new competitors can enter markets previously the preserve of just one or two key players. Suddenly, the world seems a smaller place, and major firms decide on their marketing strategies in a global context, both in terms of markets and suppliers. Thus 'globalisation' and 'competitiveness', especially in terms of competitive advantage, become increasingly important concepts to modern companies..

The key concepts discussed within this chapter are:

Competitive Dynamics - how one firm responds to the strategic actions of competing firms; Diamond of competitive advantage - Configuration of four sets of attributes (factor conditions, demand conditions, supporting industries and inter firm rivalry) which, in Porter's theory, determine a nation's competitive advantage.; Global strategy - assumes a single market and offers a standard product(s) to meet customer needs wherever they are located; internationalisation - the gradual process of taking organizational activities into other countries; Marketing - the processes associated with the transfer of goods from and the relationships between producer and consumer - it is also concerned with anticipating the customers' future needs and wants - marketing involves researching, promoting, selling, and distributing products or services; Marketing concept - The philosophy that an organisation should try to provide products that satisfy customers' needs through a coordinated set of activities that also allows the organisation to achieve its goals; marketing orientation - A marketing-oriented organisation devotes resources to understanding the needs and buying behaviour of customers, competitors' activities and strategies, and of market trends and external forces – now and as they may shape up in the future; inter-functional coordination ensures that the organisation's activities and capabilities are aligned to this marketing intelligence; .

Other terms discussed include:

Generic routes to competitive advantage; global; Global strategy; globalisation; Multidomestic organization; Perfectly Competitive Industry; Value creation; Value system; .

Summarising and concluding, the author(s) make the following comments - 19. This chapter sets the scene for the marketing section of the book. We defined marketing and the marketing concept and then contrasted marketing from a domestic and global standpoint. We went on to recognise that when customers have a choice, the organization must compete for their business. With this in mind we outlined how companies compete..

We have now reached the end of the chapter 'The Marketing Concept, Competitiveness and the Global Dimension'.

There are a number of references for this chapter where further reading opportunities are identified for you.

Additionally, there are questions or activities to help develop and test your understanding of this chapter