

# The Marketing Concept: Problems and Promises

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In recent years, business management has begun to recognize the importance of the need to utilize a "marketing concept" of management in order to create a more effective organization structure and increase profitability. This marketing concept can be defined as a unifying approach marshalling and directing the total resources of a business firm toward the determination and satisfaction of consumer and middleman wants and needs in a way planned to enhance the firm's over-all profit position.

If a firm is to implement the marketing concept properly, management should be aware of the changes imposed by the demands of this approach, as well as the impact of these changes. Changes will normally be needed in the organization structure and job requirements. Changes, however, will take a variety of forms, depending on the particular circumstances in which the company operates. Management must first make a determination of

the changes which are needed. It should then be able to build an effective organization structure, make appropriate work assignments, establish the mechanics of putting this structure into operation, and staff the organization with the people needed to establish unity of purpose, affect the integration and coordination needed for success, and carry out work assignments.

## The Challenge

The change from a production or sales oriented company to one that is marketing oriented is not a simple one. There is evidence that the marketing concept, *per se*, is overwhelmingly accepted by modern business management as a sound philosophy, and that those firms which have successfully implemented it have benefited from increased profitability. Conversely, it is also evident that an overwhelming majority of business firms have failed to create an adequate market-

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ing organization structure, and have failed to establish adequate procedures for putting this structure into operation.<sup>1</sup> A study by Lewis, Holloway, and Hancock offered a possible reason for this failure to effectively implement the approach: "It may be that marketing authorities have failed to recognize a number of factors which have worked against its implementation, even though the concept may be well understood."

How can management meet this challenge? What steps should be taken to establish an adequate marketing structure and place it into effective operation? There obviously is no single prescription which can be offered, but it is evident that management must understand potential problems before it can hope for success. The more common and troublesome of these problems are presented here in an attempt to help management foresee and avoid these difficulties. The expected benefits from avoiding these problems are also presented.

### **Possible Problems in Implementing the Marketing Concept**

Whenever business enters a period of dynamic change, traditional criteria are challenged vigorously. Such a challenge is issued by the marketing concept, which has been designed by management to operate in a period of dynamic change. Consequently, when a firm implements or prepares to implement this approach, management should consider its impact on traditional criteria. The following areas offer potential resistance to the successful implementation of the marketing concept. . . . Human resistance to change may make it difficult to implement the marketing concept. Firms which have traditionally placed their major emphasis on production or sales may have created employee acceptance of an ideal that will be hard to change. This may cause some employees to either disagree with or fail to understand the meaning of the concept and

may create a barrier to its acceptance. For example, salesmen who have been taught to push the products in their line may find it hard to change and become consumer and customer oriented.

. . . The creation of a company-wide drive toward creative destruction in which everyone searches for new and improved products and services represents an ideal which management should pursue. Management must recognize, however, that the development of truly revolutionary ideas may bring about significant changes in the organization structure and cause the elimination of some positions and/or create widespread dissatisfaction among present employees. Employees, realizing that changes may effect their jobs, may be discouraged from submitting new ideas.

. . . Unity of purpose and coordination of efforts are required for successful implementation of the marketing concept. In order for this to be possible, improved lines of communication are necessary so that widespread understanding of the contribution of each responsibility center to the accomplishment of company-wide objectives can be made to pervade the organization. This may be very difficult to achieve in large companies where the communication job becomes so massive that it defies success.

. . . The marketing concept tends to create positions requiring unusual talents. People with the necessary breadth of vision, perspective, judgment, analytical ability, and imagination to fill these positions are hard to find. Staffing represents one of management's greatest challenges in trying to implement the concept.

. . . The marketing concept approach requires a constant flow of information from the market place so that management can be continuously aware of the needs and desires of consumers. Unfortunately, the avenues of communication that are normally available contain deficiencies which may be difficult to overcome. The sales force, for example, will usually lack the

companies needed to interpret information correctly. The marketing research department is plagued with problems in that many existing marketing research techniques have not been developed to a point of high sophistication. In addition, the material which the marketing research department traditionally gathers is not often decision oriented. If management cannot correct these deficiencies, it may find itself making decisions using partial or incorrect information.

. . . The marketing concept approach is an action oriented approach that requires flexibility so that companies can keep in tune with changes in consumer needs and wants. But the large expenditures which are often required for plant and equipment may make this difficult, if not impossible. For example, if a company has several million dollars invested in a machine which produces a particular product, it has a large commitment to try to sell the output of that machine. Unfortunately, this may have very little to do with an honest attempt to satisfy consumer needs and desires. This means that it may be very difficult to make the needed adjustments in the short run.

. . . In industries which are highly technical in nature, the technical skills necessary to develop products and services designed to satisfy the consumer may be so great as to render normal channels of communications of very little value. In these industries the development of new products and services will normally have to be left in the hands of technicians who will have to be brought into contact with consumers so they can search for new and improved ways of providing value satisfactions.

. . . Selling in the industrial area is normally thought to be most affected by rational buying motives aimed at high quality products and low costs. Since selling under the marketing concept is concerned with delivering a *total mix* of needs and wants, the industrial salesman using this approach will find it necessary

to sell the value of intangibles his company can offer. This reorientation may require considerable retraining to teach salesmen to sell not only a product, but related intangible services as well.

. . . In areas where long channels of distribution offer the most efficient way of reaching the final consumer, it may be difficult to maintain the marketing concept philosophy to the point of sale. Management should devote adequate attention to this problem to insure that the initial thought behind the concept is not destroyed by middlemen with opposing ideas.

. . . Proper balance between consumer service and profit may be difficult to maintain. Consumer orientation should permeate the organization, but this orientation should not overshadow the need to enhance the firms overall profit position. The profit motive must continue to be used to create direction in the decision process.

### **Benefits Resulting from Effective Implementation of Marketing Concept**

As the preceding problem areas illustrate, it may take a great deal of time to implement the marketing concept approach in an effective fashion. Management should be prepared to exhibit great patience during this period of transition. Given this time, however, the approach promises to offer many benefits to the adopting business firm. These benefits are reviewed here to establish the reasons for the growing popularity of the approach in industry.

. . . The emphasis which the marketing concept places on screening groups of needs and wants in order to select that group which the firm is best equipped to satisfy insures that adequate attention will be devoted to selecting the correct marketing target.

. . . The marketing concept provides a guide for use in selecting the channel of distribution. It treats the needs and de-

sires of the middleman as additional opportunities for creating value satisfactions which can add to the firm's differential advantage and enhance its profit position. . . . Focus on consumer needs, helps in the development of new and improved product lines and aids in reducing the number of new product failures.

. . . Analyzing the work to be done and then effectively assigning it to responsibility centers helps to improve the distribution of work assignments and insures efficient utilization of the firm's total resources.

. . . The marketing concept approach results in improved management through the development of more carefully defined objectives which provide better direction in the implementation and control of operating plans.

. . . A definite improvement in management and employee morale should result from the focus of the approach on unity of purpose and integration of efforts. A spirit of teamwork should evolve.

. . . The marketing concept approach leads to improved profits for the firm by requiring management to consider the effect of each decision on the firm's overall profit position. This tends to sharpen management's focus and produce better end results.

. . . The marketing concept approach results in improved consumer and middleman relations through increased attention

to their needs, better products, and better services.

. . . Finally, the marketing concept approach creates a circular system capable of adapting to a changing marketplace. It is oriented toward determining the direction of change and responding in a manner designed to turn this change into profit for the firm.

### A Synopsis

The needs and desires of the consumer are under constant pressure for change from a myriad of environmental influences. This creates a dynamic marketplace and extends a challenge to management. Management must organize to meet this challenge by establishing procedures for continual reevaluation of the role of the business in satisfying these needs and desires. It must learn to anticipate the directions of change and plan products and services designed to accommodate the resulting consumer viewpoints. Large profits should accrue to those companies which are most successful at this task.

### NOTES:

1. Robert F. Vizza, Thomas E. Chambers, and Edward J. Cook, *Adoption of the Marketing Concept—Fact or Fiction?* New York: Sales Executives Club of New York, 1967.
2. Edwin H. Lewis, Robert J. Holloway, and Robert S. Hancock, *Growth of the Marketing Concept in Manufacturing Companies.* Minneapolis: University of Minnesota, 1964, p. 15.

