

DIVERSITY OF MARKETING – TRENDS AND DEVELOPMENTS

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Abstract

Marketing and marketing theory in our dynamic, turbulent and global economy changes very fast. Since marketing was announced as a part of management and scientific discipline there were a lot of changes. In past decade a lot of changes were stimulated by development of information and telecommunication technologies. Accordingly, a lot of new theories on marketing have been developed and we expect more changes in the future. The paper gives insight in changes in marketing theory caused by different circumstances. The author forecasts possible areas of development of marketing. The research is based on scientific findings of professionals in marketing. The author concludes that most changes will be in marketing theory (what is connected with development of new directions and approaches of marketing) and with marketing (marketing in different sciences).

Keywords: Marketing theory, development, electronic environment.

Introduction

In 1946, Bartels argued that there “is no one theory of marketing, but there are many theories”. Twenty two years later, Bartel specified seven theories that combine to a general theory of marketing. Thus, all subsequent studies conceptualized a potential theory of marketing as a combination of theories in marketing without asking reasons for existence of the subject of analysis and without allowing for other theoretical forms (Lüdicke, 2006).

While the discussion on scope of marketing goes on, complementary business concepts are developing. Theories on corporate social responsibility, collaborative communication, stakeholder management, corporate communications, communication management or integrated marketing communications are successfully overtaking sections of the original scope of marketing.

Marketing has been changing all the time. Skinner in 1994 has written in his book preface: “So the relationship between marketing and other functions has to be examined. The way in which general managers, accountants, production managers and service chiefs see marketing can determine its success or failure, and their view is in turn influenced by the attitude of marketing people towards other department. If we can look at these human factors in detail and find ways in which relations can be improved, we will have taken positive steps towards fully integrated marketing.”(Skinner, 1994). Relationship between marketing and other functions should be examined and this question is still topical. Are we going to shift to interactive marketing? May be it will be holistic marketing? In past 20 years many new theories and approaches of marketing had been developed – electronic marketing, permission marketing, social marketing, guerilla marketing etc. All these concepts are based on classic marketing theory, but demonstrate different attitude to organization stakeholders. What theories and approaches to marketing we can expect in the future?

Answer to this question is possible to find by analysis of current situation in marketing, by analysis of trends and changes in global society. Currently external circumstances, like global economical slowdown, forces organizations and companies to revise strategy and it directly influence marketing activities.

First cuts in expanses usually are in a field of marketing and communication. At the same time research and development for many companies, especially for industrial companies, is a key for further development.

According to last statistical information Latvian market of advertisement shrink in average by 45-50% by sales volume. Industry with higher losses in advertising incomes is magazines. By analysis of statistical information is possible to predict trends for marketing development.

Objective of the paper: to analyze current situation in marketing methods and approaches with an aim to evaluate most possible ways for further development of marketing theory and practice.

Research methodology: The author employs well-known quantitative and qualitative methods of research: grouping, analysis, statistic method, etc.

The theoretical and methodological background of the research is formed by, scientific researches and publications, publications from mass media and professional literature; statistical information from legal institutions.

Marketing transformations

Marketing transforms from mass marketing through degasification to individual (one-to-one) marketing. Perhaps that is what has been so surprising – the incredibly fast change from mass marketing to one-to-one marketing, from mass communication to individual communication, from what we knew and were comfortable with to things that seem to challenge the very nature of business and our lives. In an incredibly short time we have seen the rise and now seeming decline of mass media; the move from local media to global electronic communication systems. The shift from planned scheduled media events to instantaneous communication between persons and organizations. It all has contributed to the increasing need for a new and radically different view of marketing communications that takes into account changes that they likely will occur in the next few years. (Shultz *et al.*, 1994).

Besides marketing development there are different trends in management that affects development of other functions within the company. One of such is upcoming influence of knowledge management as such. Today we are discussing issues of knowledge management, its impact on innovation, product development, management etc. It influences all marketing aspects – theoretical and practical. As Dalkir claims “In the short term, knowledge management will continue to contribute to the improved exploitation of the information and knowledge resources available to the company because as John Dewey states: “information is an undigested burden unless it is understood”. In the long term, knowledge management will continue to build the foundation for improved business advantages and strengthen the capabilities for sustainable future.” (Dalkir, 2005).

Doyle in his book “Value Based Marketing” gives new definition of marketing: “Marketing is the management process that seeks to maximize returns to shareholders by developing and implementing strategies to build relationships of trust with high-value customers and create a sustainable different advantage” (Doyle, 2008)

Doyle also explains that objective of marketing is “to maximize returns to the owners of the business, as measured by its long-term dividend stream and capital growth. The specific contribution of marketing lies in the formulation of strategies to choose the right customers, build relationships of trust with them, and create different advantage” (Doyle, 2008).

This explanation of marketing definition leads us to main goal of any company – profits. Business units should keep the orientation to the profit all the time. At the same time there are a lot of companies who are oriented on social issues of marketing and do not profit from it. There are possible many scenarios for marketing development according to this definition – companies are oriented to profiting from customers accordingly they are looking forward for creating customer value.

According to Lüdicke (2006) there are three main areas for marketing theory: theory on marketing (marketing as such), theory in marketing (new approaches in marketing, like environmental marketing, permission marketing, social marketing etc.) and theory with marketing (marketing in different sciences, for example management, innovation etc.). According to this approach, it is possible to evaluate possible trends in development.

Trends of development theory on marketing

According to the author viewpoint development on marketing theory, for example new segmentation methods have been developed during last years, especially under impact of developing electronic market.

Traditional segmentation usually is customer of business (industrial) oriented. There are two problems with using these sorts of segmentation schemes. First, although the segments appear reassuringly quantifiable, demographics seldom accurately affect customers’ idiosyncratic needs or behaviors. Second, if you can segment on the basis of demographics, so can everybody else. It’s hard to hang onto a competitive advantage if your approach to customers is not different from your competition’s. (McGrath, 2005).

Marketing has moved from ‘customer acquisition’ (winning new customers) through ‘customer retention’ (keeping customers for life) towards ‘customer selection’ (dumping unprofitable customers while selectively seeking and keeping the more profitable ones). This sometimes called ‘adverse selection’. It is becoming obvious that some customers are promiscuous, non-loyal bargain hunters who exploit any sales promotion move on to the next supplier as and when the next special offer appears. (Smith, Taylor, 2007).

The problem with marketing segmentation was that it was expensive and limited in effectiveness. More variants meant higher manufacturing costs and spiraling inventory levels leading to lower profits and asset turnover. By 2000, the information revolution was beginning to offer a better alternative – mass customization. Media products could be tailored to the individual customer and made to order, using modern

high technology communications and manufacturing systems. Information technologies allow companies to record all the information they obtain from customers through their personal, written, telephone or Internet communication with company. Creating a database allows companies learn about the buying behavior preferences of customers and communicate individually and directly with them. Direct marketing creates the opportunity for dialogue, allowing a precise specification of the customer wants. (Doyle, 2008)

To address many development and marketing challenges, companies are dependent on segmentation: identifying groups of customers in the market that represent opportunities for innovation and growth. Outcome-based segmentation is different (from traditional). It has been optimized to address the innovation challenges faced by development and marketing. It honors the basic tenets of sound segmentation theory and covers segments of opportunity. Outcome-based segmentation uses the customer's desired outcomes as the bases for segmentation and it uses the opportunity score for each outcome as the variable for segment creation. (Ulwick, 2005)

These examples show that there are and should be a lot of changes on marketing theory. For example, one of most popular ways of segmentation in Internet or electronic era is self segmentation – the way the interactive selection capabilities of the Web allow customers to divide themselves into target market segments. Marketers can provide product choices that customer select so that they see the right information for them (Moran, 2008).

Due to enlarging of electronic environment impact, we can expect also changes in marketing theory – new models will be developed for different purposes.

Trends of development theory in marketing

Rapid scientific and technological changes continue to radically reshape many industries. But most dramatic and far-reaching changes of the current era result from the revolution in information technology. By 2001, only a decade after the emergence of the World Wide Web, a fundamental change in business and society had accrued – a critical mass of people, over 200 million, at home, work, were able to communicate electronically with one another at essentially zero cost, using universal open standards. By the end of 2007, that number had multiplied exponentially to over 1.3 billion. (Doyle, 2008).

There are a lot of examples described in literature about changes under impact of information technologies. It is obvious that information technologies had and will have impact on development of new practical and theoretical developments of science.

Philip Kotler more than 8 years ago announced that holistic marketing will become as a platform. Holistic marketing – this new paradigm combines the best of traditional marketing with new digital capabilities to build long-term, mutually satisfying relationships and co-prosperity among all key stakeholders (Kotler, 2002). This statement became real and many new approaches in business had been developed since then. For example, in the “White Paper of Computerization (2005 edition)”, the government reexamines the former e-Japan strategy, which had its aim “the realization of Japan as the most advanced information technology nation in the world by 2005”, and presents a future image of ubiquitous network society dubbed “u-Japan”, where free flow of information will be realized through a network that can be accessed “at anytime, from anywhere, by anything, and by anybody” (Ishikawa, Tsujimoto, 2008).

The idea behind this u-Japan is covered by following four words that begin with the letter U: ubiquitous, indicating a time when communication plays a vital role in every aspect, linking every person and every object together; universal, indicating ease of use regardless of age or handicap; user-centric, indicating the merger of the user viewpoint; and unique, indicating the blossoming of individuality to help express higher creativity. At the heart of u-Japan, however is “ubiquitous”, emphasizing that it is about a society where the communication takes place easily between not only people, but also between people and objects and between objects themselves. (Ishikawa, Tsujimoto, 2008).

This example show that we can expect even more changes in the future caused by electronic environment and development of information and telecommunication technologies.

Marketing and marketing communications are changing. Strategic alliances (partnership marketing) offer new communication channels into existing and new markets that were simply not five years ago. There has been clear shift of focus and budget resources into interactive online marketing. (Smith, Taylor, 2007). On the basis of that new theories in marketing had been developed, like electronic marketing, environmental marketing, social marketing, network marketing etc.

The author presumes that in the future we can expect fast development of new theories in marketing, what is connected with changes in consumer behavior, customer transition towards electronic market, change

of generation, and other important factors. Besides that, old marketing models should be improved, adopted or change for application in this new and developing environment.

Trends of development theory with marketing

The marketing as compound is included in very many sciences. Marketing is included in strategic management, value chain, and different management models. Marketing burst into many disciplines – communication theory, entrepreneurship, innovation etc. From one hand it is difficult to evaluate the role of marketing theory in other theories; on the other hand it seems that everything can be called marketing.

Nevertheless, as a component of other theories marketing is a present in Chan Kim and Renee Mauborgne developed “Blue Ocean Strategy” (2005). In I. Adizes (2004) book “Managing Corporate Life Cycles“, and later developed “*Company Treatment Theory*” are a lot of marketing components.

Marketing also is a part of strategic planning in any company. Arthur A. Thompson and A.J. Strickland have described four basic approaches to formal strategic planning:

1. Bottom-up approach;
2. Top-down approach;
3. Interactive approach: in this approach, a compromise between the bottom-up and top-down methods, corporate executives and lower-level managers develop strategy in consultation with each other, making a link between wider corporate objectives and managers’ detailed knowledge of specific situation;
4. Dual-level approach.

According to mentioned basic approaches to strategic planning it is obvious that for small and medium companies interactive approach would be most appropriate. Taking into account that in Latvia more than 90% of all companies belongs to SME group, the author presumes that it can stimulate development of interactive approach to all – strategic management, marketing etc. It also can be approved by trends in development of interactive marketing.

Th.P. van Hoorn has observed that small organizations differ from large ones in the following aspects (Stoner *et al*, 1986):

1. They create relatively few products or services;
2. Their resources and capabilities are comparatively limited;
3. They generally do not have formal procedures to monitor the environment, make forecasts, or evaluate and control strategic progress. As a result, information necessary for implementation or revision of strategic plans is unavailable or unreliable.
4. Most management and staff personnel have been trained on the job. They tend to rely on experience as a guide, rather than on systematic, specified procedures;
5. Management positions and large blocs of shares are often held by relatives of the founders (s).

At the same time small companies are more flexible in decision making, and reorganization of the company, they are more challenging and creative, they have a lot of different positive characteristics. Today companies shift from product-based competition to knowledge-based advantage. As a result many new theories had been announced and will be developed, especially for SME’s competitiveness enlargement.

The demands of marketplace, the scale of business generated through partnering, and benefits from successful collaboration now underline the essentiality of business partnering. Partnering has thus moved to become a central plank of many firms’ strategy and key building block in the new-order business models which are being crafted and adopted (Gibbs, Humpheries 2009). These trends also will stimulate development of new theories in which the marketing will be a compound

Conclusions

The research helps understand the particularities of theoretical aspects of marketing. There are many possible trends for development of marketing, in marketing theory, on marketing theory and with marketing theory. The most obvious trends for further development according to the author opinion are following:

- Examples described in the article underlines that we can expect even more changes in theory of marketing in the future caused by electronic environment and development of information and telecommunication technologies.
- The author presumes that in the future we can expect fast development of new theories in marketing, what is connected with changes in consumer behaviour, customer transition towards electronic market, change of generation, and other important factors. Besides that, old marketing

models should be improved, adopted or change for application in this new and developing environment.

- Due to development of electronic market and information and telecommunication technologies, existing trends in business and change of values it is possible to forecast marketing development towards interactive marketing.

However, the field of research is very vast and this study presents just an insight into the scope of the different questions that ought to be discussed in the development of marketing.

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