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Evolving marketing philosophy-yet another milestone

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Abstract

This article reviews the evolving marketing philosophy in relation to the shift from selling concept to socially responsible marketing. In recent years, some people have questioned whether the marketing concept is appropriate organizational philosophy in an age of environmental deterioration, resource shortages, explosive population growth, poverty and neglected social services. The question is whether companies that do an excellent job of sensing, serving and satisfying customer's wants are necessarily acting in the best long term interests of consumers and society. The marketing concept sidesteps the potential conflicts between consumer wants, interests and long term societal welfare. The main objective of the article is to show that business can be profitable and socially responsible at the same time by adopting the Societal Marketing Concept. The concept of marketing has undergone extensive changes since the turn of the century as changing social and economic circumstances have impinged upon it. This direction of shift has been towards broadening of the ambit of marketing concerns and the scope of influence. The use of Corporate Societal Marketing (CSM) appears to be on the rise in accordance with the increasing recognition of the vast potential of its programs. One factor driving this growth in CSM's favor is the realization that consumer's perception of a company as a whole and its role in society can significantly affect the corporate brand's strength and equity. In the future, marketers will certainly be more concerned with ethical problems related to their organization. The consumer movement and a variety of government agencies have heightened the public's awareness of the need for social responsibility in marketing. As a result of the growing pressure for higher ethical standards, companies will turn into 'ethical consultants' for guidance through the maze of regulations.

Keywords: Evolving, marketing, philosophy-yet, milestone

1. Introduction

1.1 Prologue

Marketing can be described as 'a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others' (Kotler, 1984)^[1]. Thus, marketing as a system of economic exchange has been in existence from time immemorial. The focus of marketing activities has changed dramatically since the late 1920s. Marketing has evolved through three distinct stages. Firstly, A Production Orientation emphasizing volume, efficiency and mass production technologies in keeping with rising consumer wealth and expenditure. Secondly, A Sales Orientation emphasizing aggressive selling and distribution as saturation was reached in production. Lastly, A Marketing Orientation emphasizing consumer satisfaction as competitive forces intensified and consumer expectations reached new heights.

2. Emergence and evolution of marketing philosophy

Marketing did not always have the same thrust of facilitating satisfying exchanges which it has today. As our society moved through the 1990s the marketing concept continued to evolve and acquire new meanings. The traditional marketing concept which focused on satisfying consumer needs and wants to meet organizational goals evolved into *Delight Marketing*. The idea was to properly understand the customer's expectations and then to surprise them with a delightful experience that exceeds it. But the evolving marketing concept now focuses on The Welfare of Society. Emphasis is now being placed on how marketing affects society as a whole in an age of scarce resources, environmental destruction and worldwide intensive competition. This societal orientation questions whether satisfying customer needs serves long-term interests of the society. This has led to more and more companies accepting some degree of social responsibility. Thus the new concept, referred to as Societal Marketing Concept, is a management philosophy that considers the welfare of Society as well as interests of the firm and its customers.

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3. Marketing – Yet another Mantra for Business Survival

Growing public awareness and concern for social and environmental issues as well as consumerist pressures from a well informed and educated society have made an impact on the marketing discipline, requiring it to grapple with a range of issues well beyond its traditional economic boundary. The Societal Concept of Marketing recognizes profit as a major business motive similar to the marketing concept. It counsels firms to market goods and services that will satisfy consumers and to avoid marketing practices that have deleterious consequences for society (Schwartz, 1971) ^[2]. Marketing wizards like Kotler (1972) ^[3] and Dawson (1969) ^[4] have implicit faith in the theory that what is good in the long run for society is good for the business as well. This principle is in fact the basis on which most proponents of societal marketing concept expound their views (Bell and Emory, 1971) ^[5]. Many businesses resist the Societal Marketing Concept because it doesn't yield immediate profits while demanding substantial modifications in the conduct of marketing operations. However, the only real alteration to the original marketing concept lies in the addition of the objective of attaining long-term consumer welfare. Significantly, Kotler (1972) ^[6] includes this objective not simply because it is a part of the marketer's social responsibility, but also because it is consistent with the long-term goal of profitability. It is thus merely the next stage in the development of *Enlightened Marketing*.

4. Corporate Societal Marketing

4.1 Concept

While many scholars have posited varied definitions of the concept, the first one to give a comprehensive outline of Corporate Social Responsibility (CSR) embracing the entire range of business responsibilities was that of Carroll. According to Carroll, one of the most cited authors on the topic "The CSR firm should strive to make a profit, obey the law, be ethical and be a good corporate citizen." (Carroll, 1999) ^[7] He proposed a four-part definition of CSR, suggesting that corporations have four responsibilities to fulfill: Economic, Legal, Ethical and Philanthropic. Economic responsibility is to be profitable by delivering good quality products at a fair price to the consumers. Legal duties entail complying with the law and abiding by the rules of the game. Ethical responsibilities call for being moral, doing what is right, respecting people's moral rights and avoiding harm or social injury. Philanthropic and discretionary responsibilities involve giving back time and money in the form of voluntary service, association, and returns to the society. These four aspects are termed as pyramid of Corporate Social Responsibility with economic responsibility being fundamental to the total CSR structure. Corporate Societal Marketing can be defined to "encompass marketing initiatives that have at least one non-economic objective related to social welfare and use the resources of the company and/or one of its partners" (Drumwright and Murphy 2001) ^[8]. The Societal Marketing Concept holds that the organization's task is to determine the needs, wants and interests of target markets. The organization is also expected to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and society's welfare.

4.2 Profitability and Corporate Societal Marketing (CSM)

On the issue of the conflict between profitability and social responsibility, Goodpaster and Matthews (1982) ^[9], maintain that the two need not be mutually exclusive. And if conflicts do arise, the authors point out that this is the case with many other managerial values as well- 'The point is to co-ordinate imperatives, not deny their validity'. Many firms are adopting CSM by preserving scarce resources or developing products that do not harm the environment, thus practicing *Green Marketing*. CSM is difficult to implement because it requires firms to place the needs of society ahead of the goals of the organization. But more and more firms are recognizing that in the long run they cannot survive if they ignore the welfare of society. Effective implementation of CSM requires the *Sense-Of-Mission Marketing* where the company should define its mission in broad social terms rather than narrow product terms. An enlightened company makes marketing decisions by considering consumer's wants and interests, the company's requirements and society's long-term interests. The company is aware that neglecting these interests is a disservice to consumers and society. A societally oriented marketer wants to design products that are not only pleasing but also beneficial. Alert companies view societal problems as opportunities to gain strategic and competitive advantage. A company can only increase profits in the long term if its actions are based on honest and proper conduct. Businesses have a controllable resource in the marketing mix. It is the company's choice of marketing mix variables that should include ethical and societal considerations.

5. Marketing Ethics

Any discussion about social responsibility will not be complete without discussing the related area of business ethics. Conscientious marketers face many moral dilemmas. The best thing to do is often unclear because not all marketers have fine moral sensitivity. Companies need to develop *Corporate Marketing Ethics Policies*. These policies should cover advertising standards, distributor relations, customer service, Product development, pricing and general ethical standards. Carroll (1981) ^[10], while recognizing that social responsibility issues do have ethical dimensions, distinguishes social responsibility and business ethics on the basis that the former is primarily an organizational concern, while the latter is the concern of the individual manager or business decision-maker. A company should have a 'social conscience'. Each company and marketing manager must work out a philosophy of socially responsible and ethical behavior. Under the CSM each manager must look beyond what is legal and allowed. They should develop standards based on personal integrity, corporate conscience and long-term consumer welfare.

6. Current Scenario

The use of Corporate Societal Marketing (CSM) appears to be on the rise in accordance with the increasing recognition of the vast potential of CSM programs. Over the past few years, multinational companies (MNCs) have made important changes to their Corporate Social Responsibility (CSR) policy. There has been a marked shift from the past. Earlier CSR activities were unrelated to the company's core

business and were largely reactive. It attempted to prevent criticism rather than promote real development. Now companies have begun approaching CSR in a more strategic way, recognizing that aligning these projects with their business model and goals can effectively improve their competitive advantage. There has been an accompanying shift in the perception of CSR. In the past, there were many critics who argued that a company's sole responsibility was to provide value to its shareholders and that CSR ran contrary to the interest of the company and the shareholders. However, there has been a growing consensus that CSR is necessary and beneficial both to the society and the companies.

7. CSR Initiatives

Companies like Body Shop, Levi's, Starbucks, Procter and Gamble have adopted the Societal Marketing Concept by actively contributing to the preservation and development of the environment and society. Initiatives like Tata Steel's 'The Healing Touch'- to cure and empower lives of leprosy sufferers, Ford's commitment to no water wastage, Wockhardt's blood donation drive reflects the growing importance and adoption of CSR activities. There are several companies who have engaged in *Demarketing* by using marketing activities to reduce the demand for a harmful product like tobacco and alcoholic beverages. Companies now have specialized CSR teams that formulate policies, strategies and goals for their CSR programs and set aside budgets to fund them. Moreover companies are increasingly working with public interest groups and environmentalists to avoid perceptions of 'Green washing'-insincere efforts to appear more environmentally sensitive than they really are.

8. Epilogue

The new success mantra for corporate firms is to integrate Corporate Social Responsibility (CSR) in their business strategies, identify business opportunities which were earlier presumed non-existent, adopt a blend of various marketing philosophies and work out a sustainable business model which will be beneficial to all the sections of society. Clearly, CSR is not a static concept but an evolving one which has passed through several phases of development. The concept of marketing has undergone extensive changes since the turn of the century as changing social and economic circumstances have impinged upon it. This paradigm shift has been towards broadening of the ambit of marketing's concerns and the scope of influence. The Corporate Societal Marketing has been seen to be rooted in two broader areas of business philosophy, namely social responsibility and business ethics. The history of marketing has demonstrated the ability of the discipline to react innovatively and adapt successfully to the changing social and environmental requirements. The Corporate Societal Marketing concept constitutes the most recent development in marketing philosophy. Its acceptance by both academics and practitioners in the marketing field will not only improve the effectiveness of marketing efforts but also ensure the successful transition of the marketing discipline into a new socially aware era.

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