

Market challenges– marketing answers in the 21st century

East-European view of Marketing Science



Prof. Dr. László Józsa

Content

- Marketing roots- Marketing paradigm
- New century- new paradigm
- Present and future directions of marketing
- Main challenges of marketing science
- Basic issues of marketing science

Roots

- **1880s:** first marketing professors
- **1910s:** marketing in agriculture
- **1950s:** first marketing theories /BARTELS, 1951:
Can Marketing be a Science?- Journal of Marketing/
- Art or science?
- **1960:** McCarthy: 4P

Marketing periods based on corporate orientations

- Product orientation (Say dogma)
- Selling orientation (empty our inventories)
- Classic market orientation (give the king what he wants)
- Competition orientated marketing (fetishized Porter)
- Social- and market orientation (corporate responsibility)
- Customer- and technology orientation (fascination of technology + respect for customers)



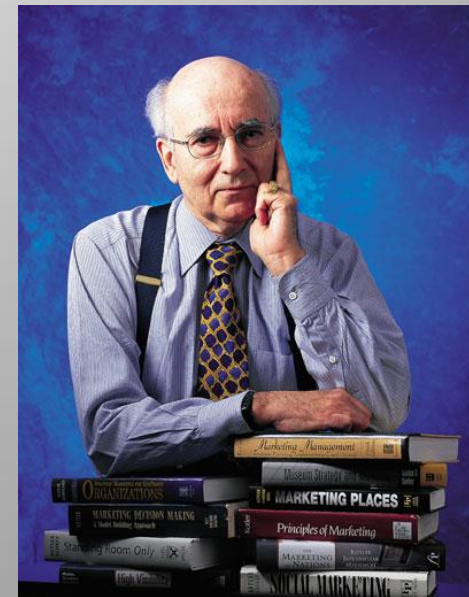
<http://www.cogentis.com.au/>

Marketing periods according to development of the marketing science /Baker, 1995/

- **1960s:** Cognitive researches and integration of results of other sciences into marketing
- **1960/70s:** Business Schools
- **1970s:** Evolution of marketing
- **1980-2000:** Fragmentation of marketing

COMMON GROUND = DOMINANT PARADIGM

Model of marketing management
- in other word: KOTLER



<http://www.businessweek.com/bschools/books/recommenders/kotler.htm>

Fight against stereotypes

- Marketing equal to trade
- All is marketing, that exist
- Marketing is the cradle and educator of hedonism
- Marketing „manipulates, that is enough, but too much”

IF IT IS THE TURN OF THE MILLENNIUM, THEN SOMETHING ELSE IS NEEDED



<http://joshmullineaux.com/old-marketing-vs-new-marketing>

Prophecies of turn of the millennium: **for consumers and organizations**

- Consumer wants more.
- Emphasis is on the whole selling process. Bigger value at lower price!
- Networking consumers!
- Evening of marketing departments!
- Marketing view in organizations.
- Changing technology- but human capital remains.



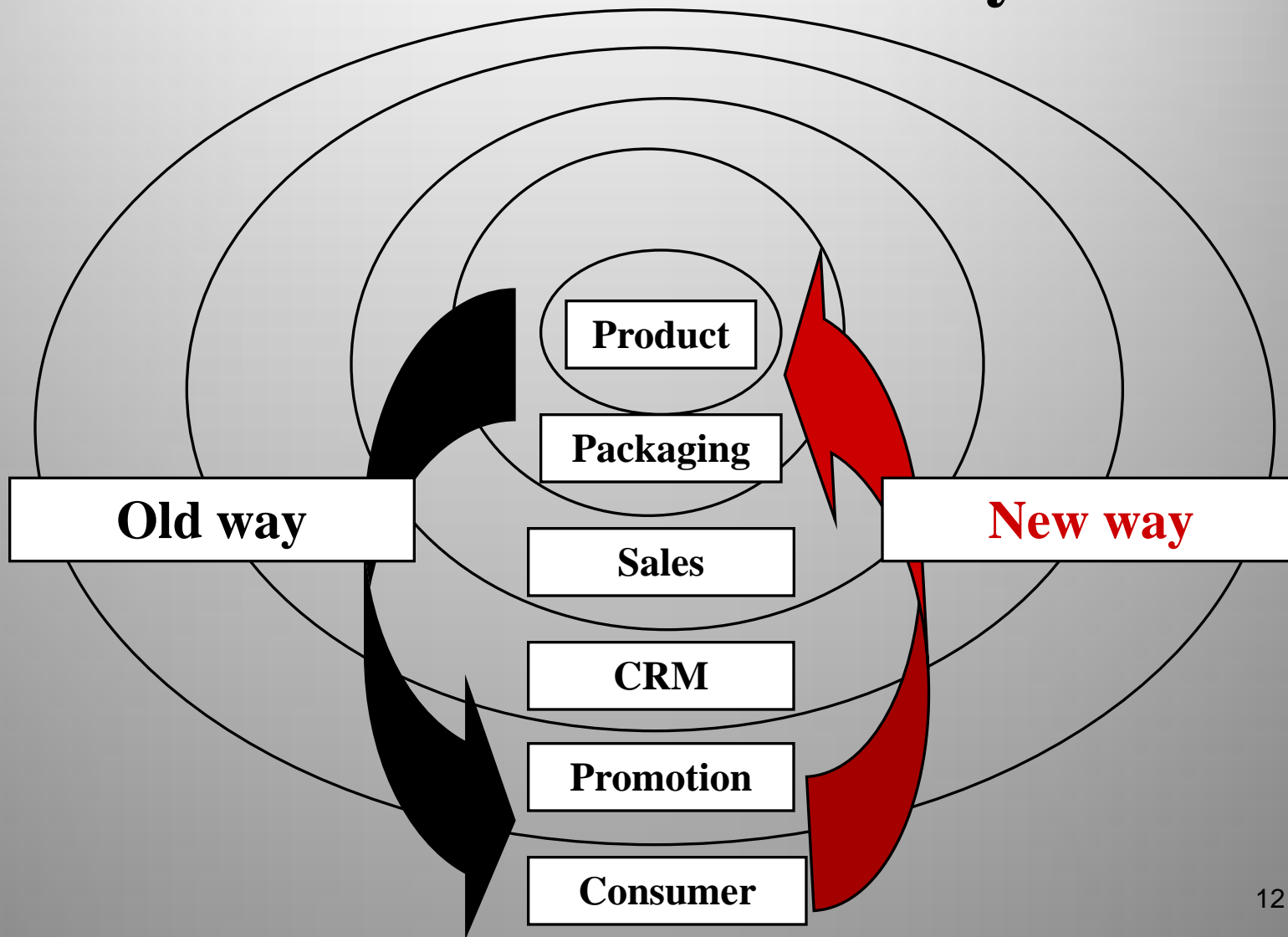
<http://www.squidoo.com/viralmarketing>

Prophecies of turn of the millennium: **scientific research**

- Tight relationship with the real world.
- Intertwining with other management disciplines.
- Theory and practice is imbued with IT.
- Continuous and quick movement from transactional to relationship marketing.
- Improvement of researches into qualitative direction, marketing is getting „softer”.

**DIFFERENCE BETWEEN OLD
AND NEW MENTALITY /Isakson,
Paul 2008/**

Old and new mentality



New paradigm

SERVICE- DOMINANT LOGIC

/Vargo- Lusch, 2004, Journal of
Marketing/



So:



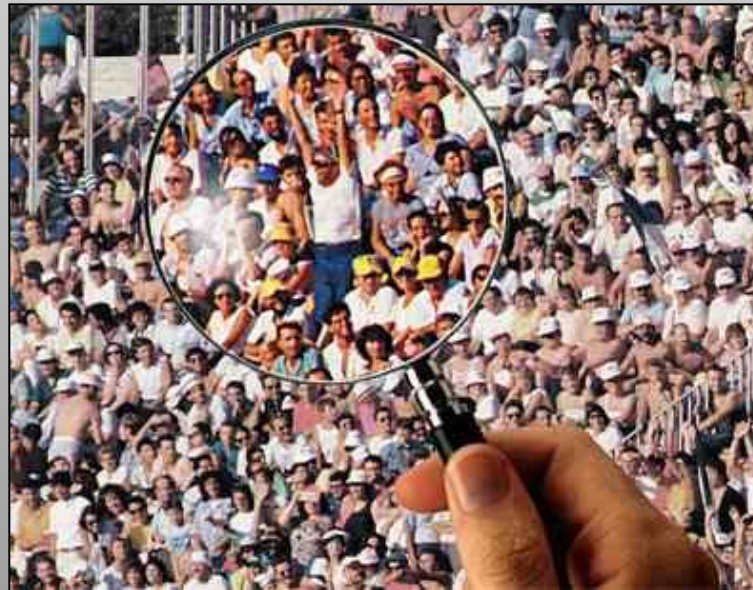
Service is an *interactive process*, which provides „something to someone” in a way that it represents value of use.

Prior consequence:

If SDL becomes dominant, the main task of a marketer is to manage communication interactions, to implement and help negotiation and non-routine conversations between business partners.



CRISIS IN ECONOMY – PROBLEMS IN MARKETING RESEARCH



CHALLENGES

- Displacement of world economy's focal points
- Revolution of technology in the 21st century
- Rapid market changes
- Crisis of culture, value and demographic situation
- Transformation, development and crisis of scientific marketing research and education

DISPLACEMENT OF WORLD ECONOMY'S FOCAL POINTS

- Europe has not been the centre for a long time.
- Rumbling Chinese economy, dynamically developing Pacific.
- Hot points are the energy producing countries.
- Multinational enterprises are transforming into global firms.
- GNP of „independent” countries (true for most of them) cannot be compared to global firms' GNP.

Consequences

- Continuous energy alarm.
- The initiative of companies' settlement is mostly cost-cutting.
- Disappearance of local products, brands, global brands take over markets.
- After the withdrawal of primary and secondary economy from Europe, the walk-out of tertiary sector has also begun. (e.g. call centers in India)
- The main players of economy are more actively involved in the change of economic policy.

REVOLUTION OF TECHNOLOGY IN THE 21st CENTURY

- Information overflow.
- The failure of Gutenberg galaxy.
- The „roller coaster” of green economy elements.
- The atomization of society.
- The overestimation of technical elements of marketing.

RAPID MARKET CHANGES

- Product lifecycles are shortening.
- Brand loyalty is decreasing , price-sensitivity is increasing.
- The proportion among reference groups has changed. (Less importance of families).
- Classic principles regarding the time and place of purchase are not valid any more.
- The satisfying role of grey and black economy is still significant.

RAPID MARKET CHANGES II.

- The level of marketing costs is increasing.
- The efficiency of marketing systems is decreasing.
- Marketers and other business players are more interested in price fixing and price co-operation.
- Enterprises are moving towards low quality products and services.

RAPID MARKET CHANGES III.

- Consumers get partial, wrong and misleading information.
- Illegal, but often legal marketing systems offer products including safety and health risks.
- Marketing „forces” consumers on more useless and unwanted products.

CRISIS OF CULTURE, VALUE AND DEMOGRAPHIC SITUATION

- „Museumization” of local culture.
- The complexity, mixing and market-forming role of transcendental world explanations.
- Strengthening of American cultural hegemony.
- Ageing of European societies.
- Massification of education, obvious split between creativity and qualification.

Problems of marketing science I:

- Moving away from practice.
- Handling different cultures.
- The role of globalization- active role in concealing cultural diversity.
- Spreading of quantitative researches— modern marketing science is becoming the captive mathematical models?

Problems of marketing science II:

- The "art or science" problem is reviving.
- The science of marketing is growing orientated from its birth... Then how should it react to the crisis of which it played active role?

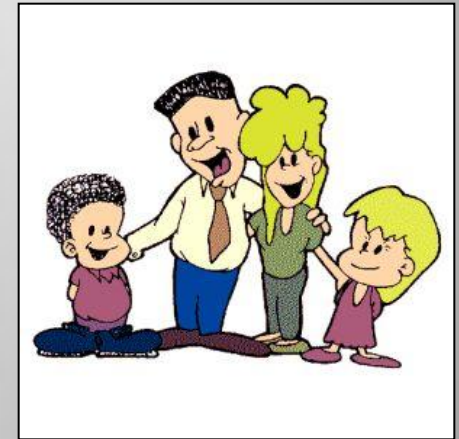
DILEMMAS OF THE PRESENT: THE REAL CHALLENGE



VALUE- AND SOCIAL ORIENTATED MARKETING

Or

OWNER- AND CAPITAL ORIENTATED MARKETING



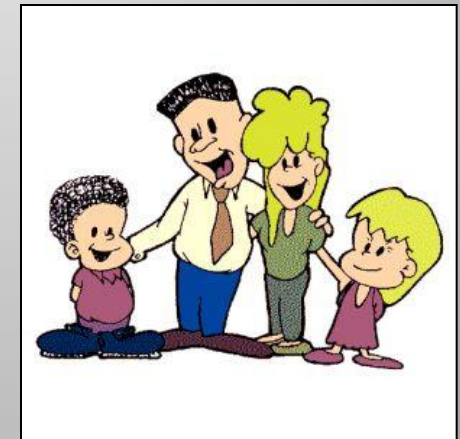
Owner- and capital oriented marketing

- Owner is the main customer.
- It does not care about brand loyalty.
- It is lead by the current value of shares and dividends.
- Globalization means standardization for him.
- It is interested in short-term planning.



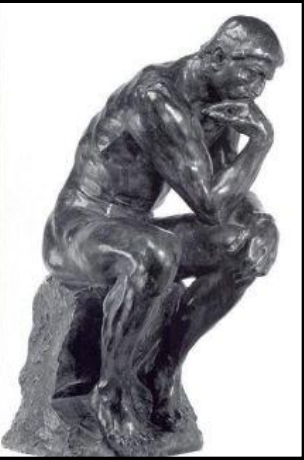
Value- and social oriented marketing

- Informs,
- Transfers value,
- Orients,
- Builds long-term relationships,
- Consumer- centered,
- Achieve the harmony of globalization and diversity.



Main issues of Hungarian marketing science

- Can we talk about Hungarian marketing science?
- Do (only for us) typical features exist?
- Whom should we serve?
- Do we have any role in deepening the domestic economic crisis?
- Do we fix changes only or actively help to go to right directions?
- What is our social responsibility like?



Summarizing statements

1. Urge to change paradigm!
2. What a sight at East!
3. Marketing of marketing is needed to make future marketing successful!

Thank you for your attention!



<http://laurelpapworth.com/social-marketing-vs-traditional-marketing-mix/>

jozsal@sze.hu