

SRC ASSOCIATES
POSITION PAPER
MARKETING & MARKET ORIENTATION – TRAPPINGS vs
SUBSTANCE

Since the 're-birth' of the marketing concept prompted by the writings of such people as Frederick Webster in 1988, marketing has once again been placed as an important consideration for organizational performance, and hence has caught the attention of senior management in many businesses that are typically not considered prime prospects for marketing (such as non profit groups, governmental and quasi governmental bodies, and religious organizations). Even the bastions of the educational sector have taken on board some of marketing's trappings.

This is good and bad. There is a substantial difference between the trappings of marketing (such as having a person designated as a marketer) and the substance of marketing, which is concerned with the value that is created for the customer. One may use the analogy of promotion orientation and market orientation to gain a better understanding of the difference between trappings and substance.

A promotion orientation takes the perspective that the organization will sell what it has and that persuasive communications are the key to marketing success, hence the proliferation of organizations advertising, using newsletters, and building web sites. This orientation takes an inside out perspective and is a short term tactical approach to marketing that is unlikely to be sustainable in the longer term as customers no longer want to buy what you are selling and in the form you offer it. The trappings of marketing are not necessarily unimportant but in isolation do not make up what marketing is and means.

In contrast, the substance of marketing is analogous to what is known as a market orientation. This is not the same as a marketing orientation and the difference is more than semantic. Marketing orientation places the emphasis for marketing in the function of the marketing department and hence artificially separates marketing activities from the rest of the organization. It also carries the negative associations of the term marketing that so often seem to exist in the minds of organizational members.

A market orientation can be defined according to the two seminal works in this area by Kohli and Jaworski and Narver and Slater. These academics (Jaworski is now a consultant at Monitor Group) have done much to operationalize the implementation of the marketing concept in the form of market orientation.

According to Kohli and Jaworski (1990):

'market orientation is the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it' (p.6)

According to Slater and Narver (1995):

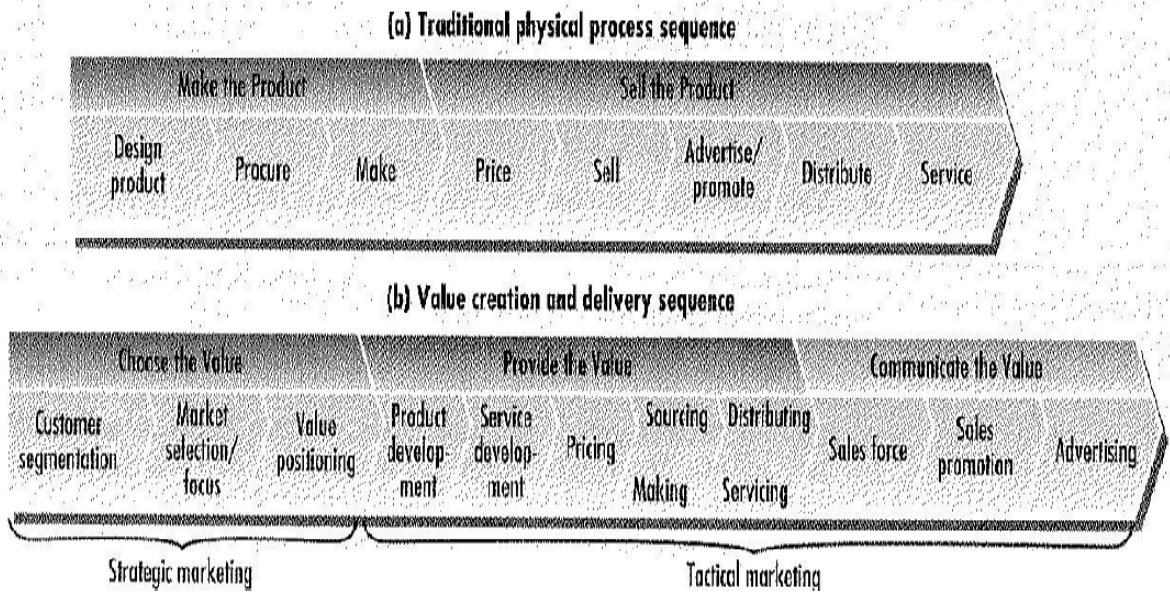
'a business is market oriented when its culture is systematically and entirely committed to the continuous creation of superior customer value' (p.22)

In addition, Narver and Slater (1990) state that market orientation consists of three behavioural components of customer orientation, competitor orientation, and inter-functional co-ordination.

There are several key points to take from these definitions. Market orientation is both a culture (values and beliefs about customers, a business philosophy) and a set of behaviours. That is, there is a difference between accepting the marketing concept and implementing it. Moreover, the responsibility of responding to market needs falls on the entire organization and not only on the marketing function. Empirical support for the market orientation construct is strong both in Asia and the western world as organizations that exhibit higher degrees of market orientation show business performance levels above their peers. Organization wide action is the key to satisfying customers and an understanding of a customer's entire value chain is what we mean by the substance of marketing. Trappings count for nothing if you have chosen the wrong value. Customer value migrates and pushing what you have will not provide long term profit driven sustainability. Innovation is a key word and this consists of a combination of market driving and market driven management.

These ideas are well encapsulated in the diagram on the following page. To have the

substance of marketing you must have an intimate understanding of your customer's needs and future value requirements. The organization should be aligned to delivering this value in everything it does, and this includes the communication of that value to target markets. Many organizations do not have a marketing manager (a trapping) yet still fulfill the substance.



(Source: Kotler, P. (2002) Marketing Management, 10th Edition, Prentice Hall)

Those organizations that embrace the marketing concept and what it means will be more likely to deliver the value that the customer is searching for. The substance of marketing precedes the trappings and for organizations to survive in hyper competitive environments, defining your value proposition will be the difference between those that do and those that do not.