

MARKETING CONCEPT REVISITED. MARKET ORIENTATION AS A BASIS FOR THE MARKETING CONCEPT DEVELOPMENT

Rafał MATWIEJCZUK

University of Opole, Institute of Economics and Finance, Chair of Logistics and Strategic Management;
rmatwieczuk@uni.opole.pl, ORCID: 0000-0001-8638-3273

Purpose: The aim of the article is to identify the most important characteristics of the marketing concept, as well as the most important dimensions of the market orientation perceived as a basis for the marketing concept development.

Design/methodology/approach: The article presents the nature and the most significant characteristics concerning both the marketing concept as well as market orientation. A literature review and an identification approach were used.

Findings: A properly defined market orientation and its most important characteristics are the basis for the effective and efficient implementation of the marketing concept within business management. Market orientation as well as marketing concept play a very crucial role in firms' strategies development, as well as in building and implementing modern and innovative business models.

Practical implications: Marketing concept is an important tool for building firm success and its competitive advantage. For the effective and efficient implementation of the marketing concept in the contemporary business management it is necessary to define the key components of the market orientation as well as the most significant processes and activities related to this orientation.

Originality/value: The most important features related to the marketing concept as well as market orientation were presented. The article is addressed both to researchers as well as managers and other business practitioners.

Keywords: marketing, marketing concept, market orientation.

Category of the paper: Conceptual paper.

1. Introduction

The role of marketing in widely perceived business as well as business management is constantly growing. Marketing is a very important tool for building the firm success as well as the competitive advantage of a firm. Particular importance is assigned to the concept of marketing, the effective and efficient development and implementation of which is the path to the above-mentioned success and competitive advantage.

In general terms, the marketing concept means a decision-making model that includes: (1) strategic analysis, (2) marketing goals, (3) marketing strategies and (4) marketing tools (Becker, 1983, p. 75).

The concept of marketing has had many studies in its classic approach, including mostly marketing-mix concept and components. At the same time, in recent years one may notice an increasing importance of the managerial and strategic aspects of the marketing concept, related to its perception as a factor strongly affecting business management performance as well as the formation and development of business models (Matwiejczuk, 2006; Kotler, Keller, 2022). Contemporary marketing concept is a very significant tool in building the firm success as well as in creating and sustaining the long-term competitive advantage of a firm.

The aim of the article is to identify the most important characteristics related to the marketing concept, as well as the most important dimensions of the market orientation, perceived as a basis for the marketing concept development and implementation. The article presents in particular: (1) the nature and the most significant characteristics of the marketing concept, (2) the most important firms' orientations towards the market, and (3) market orientation as a basis for the marketing concept formation and development.

2. The nature and the most significant characteristics of the marketing concept

In its original meaning, marketing was perceived as a type of human activity related to the market exchange, i.e. the exchange of products and services. Within the development of marketing concept, it was increasingly perceived and applied as a function integrating all decisions made in a firm as well as processes and activities aimed at acquiring and maintaining the target market that meets the needs, aspirations and development possibilities of the firm (Niestrój, 1996).

Contemporary marketing is a firm management concept based on market orientation. According to Ph. Kotler, there are four basic characteristics of the contemporary marketing (Kotler, 1994):

- 1) Customer needs related to the broadly understood managerial information system, an integral part of which is the marketing information system (subsystem).
- 2) Target market, understood as a precisely defined group of customers whose demand the firm plans and is able to satisfy within both the developed products' as well as services' offer and/or the conducted marketing program.
- 3) Coordinated marketing tools, processes and activities related to the integration of individual activities within the marketing-mix area, as well as the integration of marketing with the other firm areas.

- 4) Profitability, related to the firm profits achievement, taking into account long-term customer satisfaction as well as customer loyalty.

The challenges that are constantly gaining in importance, caused primarily by the various changes in the needs, preferences and expectations of customers, as well as by the intensifying the competitive processes, have led for many years to a gradual increase of the marketing concept significance within the development and implementation of the market strategies of the firms and supply chains. These challenges are one of the most important determinants of the Industry 4.0 concept, within which market strategies should primarily create the foundations for building a lasting, long-term competitive advantage of the firms on the market. A key component of the market environment, exerting a significant influence on the possibilities of using the concept of marketing and its tools, are competitive processes related to the activities conducted by the competitors (Wrzosek, 1997).

Marketing as a management concept focused on recognizing and satisfying the customers' needs, wants, preferences and expectations, includes four levels that constitute the marketing concept (Figure 1).



Figure 1. The marketing concept.

Source: Matwiejczuk, 2006, p. 3.

Basically, the marketing management process comprises a comprehensive marketing concept within the firm, which plays a coordinating role in relation to the all activities undertaken and implemented by the firm (Sławińska, Urbanowska-Sojkin, 1997).

The basis for the marketing concept formation and development is a multidimensional strategic analysis, which includes (Matwiejczuk, 2006):

- 1) Firm analysis, comprising in particular firm resources, capabilities and competences.
- 2) Competition and competitors analysis.

- 3) Market analysis.
- 4) Macroeconomic environment analysis.

Strategic analysis is based on the use of the specific tools that perform three basic functions:

- 1) Analytical functions, related to the events that took place in the past.
- 2) Diagnostic functions, related to the current state (present).
- 3) Prognostic functions, related to planning and predicting events in the future.

The next components (levels) of the marketing concept include:

- 1) Defining marketing goals and incorporating them into the structure of the firm goals.
- 2) Formation and development of the marketing strategies, integrated with the firm strategy as well as the strategic business units strategies.
- 3) Formation and development of the operational programs related to the composition of marketing-mix tools.

On the one hand, firms may perceive marketing as the basis for their market activities. Marketing is then the superior management orientation of the firm. On the other hand, firms may perceive marketing as one of the functions and/or one of the processes conducted by the firm. Taking into account these two perspectives, one may say about the so-called dual concept of (dual approach to) marketing (Figure 2).

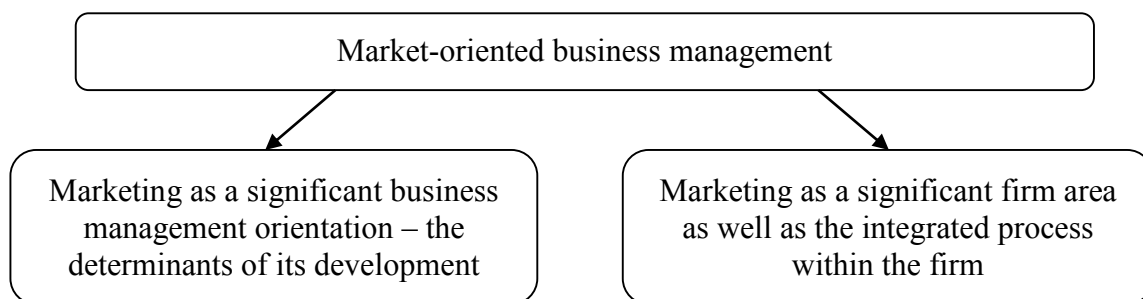


Figure 2. Marketing as a dual concept of the market oriented business management.

Source: Matwiejczuk, 2006, p. 3.

The basis for the marketing concept formation and development, perceived as the significant business management orientation, are megatrends which determine the development of marketing towards market-oriented business management. Among the most important megatrends influencing the above development one may indicate (Matwiejczuk, 2006):

- 1) Individualization of customer preferences, whose key position (role) is recognized in its operations by each firm adopting market orientation as the basis of its activities.
- 2) Changes in the structure, scope and forms of competition, related to the growing importance of marketing as a tool for building and maintaining the long-term competitive advantage of the firm.
- 3) Internationalization of the market, which remains under the significant influence of multidimensional changes occurring in the broadly perceived environment of the firms.

At the same time, marketing perceived as the significant firm area as well as the integrated process within the firm, requires proper positioning within the value creation chain, as well as an accurate definition of:

- 1) Goals, including in particular the definition of the corporate mission and overarching targets both in the scope of strategic and operational planning, as well as the overall integration of marketing goals into the general firm goals.
- 2) Strategies, specifying the most important problem areas of strategic planning in the firm, covering primarily the definition (identification) of the strategic business units, definition and selection of the target market, identification of the customers' needs, preferences and expectations, definition of the mission of individual businesses (strategic business units), definition of the functional strategies as well as the integration of the functional strategies with the overall (global) strategy of the firm.
- 3) Operational projects and programs, concerning the selection and application of the appropriate compositions of marketing tools (marketing-mix), including product, price, distribution and promotion.
- 4) Controlling methods and tools, allowing, among others, for a comprehensive assessment of the scope and degree of the plans implementation.

Such an understanding of the marketing concept is a basis for marketing processes and activities implementation in business management.

3. The most important firms' orientations towards the market

Contemporary marketing was not born only as a result of the development of various economic theories. It was also developed under the influence of changes taking place on the market as well as many trends, which marketing itself – as a concept of market-oriented business management – reflects to a large extent.

In the development of marketing several key stages can be identified. These stages are associated with successive, changing orientations, expressing the approach of the firm to the market. Among these orientations, the most frequently mentioned are (Przybyłowski, Hartley, Kerin, Rudelius, 1998; Czubała, Niestrój, Pabian, 2020):

- 1) Production orientation.
- 2) Product orientation.
- 3) Sales orientation, also referred to as promotion orientation or distribution orientation.
- 4) Marketing orientation, also referred to as customer orientation.

Production orientation, which is one of the oldest orientations expressing the firms' approach to the market, assumes that customers are inclined to choose products characterized by low price and wide availability. The most important activities of the firms focus primarily on achieving high production efficiency at the lowest total costs (Kotler, Keller, 2022).

In turn, within the product orientation it is assumed that customers choose products of the highest quality and innovation. For this reason, the main goal of the firms conducting this orientation is to strive for continuous development and improvement of their market offer.

The next orientation, i.e. sales orientation, is based on the assumption that customers will not purchase goods and services if producers do not conduct intensive promotional activities aimed at achieving a significant increase in sales (Kotler, Armstrong, Saunders, Wong, 2002). The basic tool used by the firms is the intensive, and often very aggressive promotion, supported by various solutions concerning channels, strategies and methods of distribution. For this reason, this orientation is also referred to as promotion orientation or distribution orientation.

Finally, marketing orientation focuses on the customers and their needs, preferences and expectations. Finding the ways to meet the requirements of the market and competition, allowing the firm to reach and sustain the competitive advantage, requires – above all – the continuous monitoring of the changing needs and expectations of customers. The basic condition for the accurate recognition and satisfaction of these needs is the implementation of marketing orientation, also referred to as customer orientation.

Ph. Kotler lists the following characteristics of the customer orientation (Kotler, Keller, 2022):

- 1) Definition and selection of the target market.
- 2) Identification of the ways and methods to recognize and satisfy customer needs.
- 3) Development of the integrated composition of marketing tools (marketing-mix).
- 4) Identification of the level of expected profitability of the markets served and products offered.

The basis for the implementation of marketing orientation (customer orientation) is the development of the so-called customer market. Marketing orientation indicates the need to adapt the entire activity of the firms to the needs of customers, while the customers themselves and their needs, preferences and expectations are perceived as the basis for the firm success as well as firm competitive advantage.

The above orientations do not present the evolution of marketing *sensu stricto*, but describe the general approach of the firms to the market and the processes occurring on the market and with the participation of the market. Firms, along with the changes occurring in their environment, make many changes in the scope of the degree of the market they serve, creating, forming and satisfying the needs, preferences and demands of customers, developing and enriching products, using methods, techniques and tools of marketing research, etc.

L. Garbarski, I. Rutkowski and W. Wrzosek also point that the significance of individual aspects of the broadly understood firm orientations is, among others, a derivative of the market structure, market capacity, market absorption, the degree of market atomization, etc., which – as a result – makes it difficult to unequivocally characterize the aforementioned orientations (Garbarski, Rutkowski, Wrzosek, 1998). Therefore, in the effective definition and application of the marketing concept, a very important role is assigned to marketing functions and tasks.

4. Market orientation as a basis for the marketing concept formation and development

As L. Garbarski, I. Rutkowski and W. Wrzosek write, marketing does not occur in all market conditions, but only when these conditions enable the development of market orientation within the firms activities. These authors emphasize that market orientation is the basis of marketing, as well as the complementary component of its characteristics. At the same time, L. Garbarski, I. Rutkowski and W. Wrzosek point that the basis of market orientation is a properly defined starting point of the actions taken (Garbarski, Rutkowski, Wrzosek, 1998). It can be perceived both in the subjective and objective approach.

In the subjective approach the starting point of the activities of a firm adopting the market orientation is identified with the customers, or more precisely with their broadly understood needs, preferences and expectations.

In turn, in the objective approach the starting point of the activities of a firm adopting the market orientation is associated with the market, or more precisely with one of its components which is demand.

The issue of market orientation appeared in scientific publications in the 1950s (Jaworski, Kohli, 1993). The results of many studies conducted over the last few decades have shown that market orientation has become one of the pillars of the marketing concept (Lafferty, Hult, 2001), also affecting other firm areas, including logistics, finance or operations (Matwiejczuk, 2013; Ashwin, Hirst, 2015). Marketing as a set of tools and activities significantly contributes to solving customer problems, also affecting the development of market orientation in business management.

In general, market orientation expresses the firms' approach to their conducting in the market. The identity and substantive capacity of market orientation consists of, among others, such research problems as: (1) the market and its mechanism, (2) the value for the customer and the determinants of its formation, as well as (3) the needs, preferences and expectations of the customers. The listed research problems constitute the "core" of the market orientation, the selected definitions of which are presented in table 1.

Table 1.*The definitions of the market orientation*

Author(s) (year)	Definition
B.P. Shapiro (1988)	A series of operational activities aimed at creating superior value for customers
A.K. Kohli, B.J. Jaworski (1990)	Activities involving understanding the market, in particular customer needs, transferring this knowledge within the organization as well as responding to customer needs
J.C. Narver, S.F. Slater (1990)	The business culture of an organization that builds the behaviors necessary to create value for the customer
R. Deshpande, J.U. Farley, F.E. Webster Jr. (1993)	A set of beliefs that puts the customer's interests above other needs, while taking into account the needs of other stakeholders, in order to achieve long-term profits
J.J. Lambin (2001)	A business philosophy that takes into account all market participants, occurring at every level within the organization

Source: Matwiejczuk, Jaworska, 2021, p. 17.

L. Garbarski, I. Rutkowski and W. Wrzosek “compare” market orientation with the two aforementioned firm orientations: (1) production orientation and (2) distribution orientation. According to these authors, firms adopting the market orientation as the basis of their operations should prioritize not only processes and activities related to recognizing and satisfying the customers' needs, expressed in customer suborientation (sometimes referred to as demand suborientation), but also processes and activities related to the monitoring of the competitors' behaviors and responding to their behaviors on the market, expressed in competition suborientation (Garbarski, Rutkowski, Wrzosek, 1998).

Firms implementing the market orientation, in addition to focusing on the needs, preferences and expectations of the customers, should also monitor the intentions and strategies of their competitors, as well as actively respond to their market behaviors. Therefore it can be said that market orientation is characterized by two basic dimensions:

- 1) Demand dimension, related to the customer (demand) orientation (suborientation).
- 2) Competitive dimension, related to the competition orientation (suborientation).

Customer (demand) orientation assumes that the activities taken by the firm are primarily aimed at demand creation and formation. Within the market orientation firms should primarily focus their processes and activities on the effective and efficient use of the marketing strategies and tools in various possible market situations.

Customer (demand) orientation is also of a key importance in the process of selecting and forming the firm market as well as the target market. Activities taken by the firms should contribute to achieving the customer satisfaction by presenting an offer of products and services (benefits) on the market which is consistent with the customers' needs and expectations. These activities are related to achieving the expected market outcomes by the firm, such as customer satisfaction, customer loyalty, or the firm market share.

In turn, competition orientation assumes that each firm conducts its market activities in a competitive environment, whose participants have an impact on the processes, activities and tasks carried out by the firm. The role of competition orientation in the formation of the ways of using marketing tools usually increases with the increase in competition in a given sector.

Competition orientation is of a key importance in assessing the scope and intensity of the competitive processes. It is related to achieving the expected economic outcomes by the firm, such as sales revenues, profit, profitability, etc., and consequently to achieving and sustaining the firm competitive advantage.

Among the most important dimensions of the market orientation of the firm J.C. Narver and S.F. Slater, apart from customer orientation and competition orientation, also indicate the so-called interfunctional coordination (Narver, Slater, 1990). Such a coordination plays a significant role in the integration of the processes and activities carried out within the various functional areas of the firm. These processes and activities concern both recognizing and satisfying the needs and expectations of the customers, as well as monitoring the competitors and responding to their market behaviors.

The formation, development and implementation of the market orientation is influenced (impacted) by a number of factors referred to as market orientation determinants. A.K. Kohli and B.J. Jaworski indicate the following as the most important determinants of market orientation (Kohli, Jaworski, 1990; Jaworski, Kohli, 1993):

- 1) Orientation of managers at the highest level of management in the firm towards the market as well as processes and tasks related to the firm activities conducted on the market.
- 2) Tendencies to accept risk by managers at the highest level of management in the firm.
- 3) Decentralization of decisions and actions (processes and activities) carried out by the firm.
- 4) Cooperation within the firm, as well as effective and efficient flow of information within the firm.
- 5) System of multidimensional benefits achieved by the firm, including in particular benefits achieved by firm employees, related to shaping customer satisfaction.

In turn, according to J.C. Narver and S.F. Slater, the most important determinants of market orientation include (Narver, Slater, 1990):

- 1) Implementation of customer orientation.
- 2) Implementation of competition orientation.
- 3) Effective coordination of resources, leading to the creation of the highest possible value both for the customer and for the firm.
- 4) Long-term perspective of the actions taken, related to the market behaviors of firms as well as the market and economic outcomes achieved by them.
- 5) Profit as a key outcome of the firm market activities and – at the same time – one of the most important economic outcomes achieved by the firm.

As A.K. Kohli and B.J. Jaworski point, market orientation comprises in particular the following components (processes and activities) undertaken and implemented by the firm (Kohli, Jaworski, 1990):

- 1) Gathering firm-wide market knowledge about current and future customers.
- 2) Sharing and disseminating this knowledge throughout the firm.
- 3) Responding to market signals by the firm.

Market-oriented firms, i.e. those of the firms which treat market orientation as the basis of their activities, focus primarily on the three levels: (1) the commitment to a set of processes, beliefs and values that permeate all aspects and activities, which are (2) driven (marked) by a deep and shared understanding of customers' needs and behaviors as well as competitors' capabilities and intentions, in order to (3) achieve superior results by satisfying customers better than competitors (Day, 1990; Hutt, Speh, 1997).

In addition to gathering knowledge about the market at the entire firm level as well as disseminating this knowledge within the firm, an important component of market orientation is the proper response of the firm to market signals. This is primarily related to the need to accurately identify processes and changes concerning the target market, product and production, distribution and promotion (Michna, Kmiecik, 2012). In a dynamic market environment and frequently changing customer loyalty, often inclined to change their purchasing decisions, it is very important for the firms to react quickly and effectively to variable market needs.

The marketing concept, apart from the systemic orientation to customer needs as well as effective and efficient satisfaction of these needs, should also take into account the integration of the individual marketing functions and tasks, methods and techniques of obtaining and using the appropriate marketing information, strategic orientation of the firm as well as firm operational effectiveness (Styś, 1998). Proper implementation of the marketing concept in the firm requires the "translation" of this concept into subsequent activities that make up the marketing management process.

5. Conclusion

As it was presented in this article, the role of marketing, and especially the marketing concept in business management is still growing. The marketing concept is not only a tool for building a firm success, but also for creating and strengthening the firm competitive advantage.

The growing significance of managerial and strategic aspects of the contemporary marketing is also associated with market orientation, which is the basis for implementing the marketing concept. A properly defined and applied market orientation, comprising customer orientation and competition orientation, allows for the use of a number of marketing potentials

related to the formation and development of the modern business models leading to the firm success as well as its competitive advantage.

Such business models may contribute not only to the creation of the aforementioned business competitive advantage, but also to building and strengthening the broadly understood firm competitiveness as well as to achieving the expected firm competitive position within the market.

References

1. Ashwin, M., Hirst, A. (2015). Scoping the Market Orientation Literature from 2009 to 2013: A Review of the Concept and the Discussions Found Across a Range of Academic Disciplines. *Journal of Strategic Marketing*, vol. 23, no. 4, pp. 353-363.
2. Becker, J. (1983). *Grundlagen des Marketing-Konzeption, Marketingziele, Marketingstrategien, Marketing mix*. München: Vahlen Verlag.
3. Czubała, A., Niestrój, R., Pabian, A. (2020). *Marketing w przedsiębiorstwie – ujęcie operacyjne*. Warszawa: PWE.
4. Day, G.S. (1990). *Market Driven Strategy. Process for Creating Value*. New York: The Free Press.
5. Garbarski, L., Rutkowski, I., Wrzosek, W. (1998). *Marketing. Punkt zwrotny nowoczesnej firmy*. Warszawa: PWE.
6. Hutt, D., Speh, W. (1997). *Zarządzanie marketingiem. Strategia rynku dóbr i usług zaopatrzeniowych*. Warszawa: PWN.
7. Jaworski, B.J., Kohli, A.K. (1993). Market Orientation: Antecedents and Consequences. *Journal of Marketing*, vol. 57, no. 3, pp. 53-70.
8. Kohli, A.K., Jaworski, B.J. (1990). Market Orientation: The Construct, Research Propositions, and Managerial Implications. *Journal of Marketing*, vol. 54, no. 2, pp. 1-18.
9. Kotler, Ph. (1994). *Marketing. Analiza, planowanie, wdrażanie i kontrola*. Warszawa: Gebethner & S-ka.
10. Kotler, Ph., Armstrong, G., Saunders, J., Wong V. (2002). *Marketing. Podręcznik europejski*. Warszawa: PWE.
11. Kotler, Ph., Keller, K.L. (2022). *Marketing*. Poznań: Dom Wydawniczy Rebis.
12. Lafferty, B.A., Hult, G.T.M. (2001). A Synthesis of Contemporary Market Orientation Perspectives. *European Journal of Marketing*, vol. 35, no. 1/2, pp. 92-109.
13. Matwiejczuk, R. (2006). *Zarządzanie marketingowo-logistyczne. Wartość i efektywność*. Warszawa: C.H. Beck.
14. Matwiejczuk, R. (2013). Orientacja na klienta w logistyce a zmiany w zarządzaniu przedsiębiorstwem. *Logistyka*, no. 1, pp. 20-24.

15. Matwiejczuk, R., Jaworska, M. (2021). Orientacja rynkowa jako determinanta kształtowania i rozwoju koncepcji logistyki. *Gospodarka Materialowa i Logistyka*, no. 8, pp. 16-24.
16. Michna, A., Kmieciak, R. (2012). Orientacja rynkowa a zarządzanie wiedzą w kontekście rozwoju i wzrostu małych i średnich przedsiębiorstw. *Organizacja i Zarządzanie. Zeszyty Naukowe Politechniki Śląskiej*, no. 60, pp. 203-216.
17. Narver, J.C., Slater, S.F. (1990). The Effect of a Market Orientation on Business Profitability. *Journal of Marketing*, vol. 54, no. 4, pp. 20-35.
18. Niestrój, R. (1996). *Zarządzanie marketingiem. Aspekty strategiczne*. Warszawa: PWN.
19. Przybyłowski, K., Hartley, S.W., Kerin, R.A., Rudelius, W. (1998). *Marketing*. Kraków: Dom Wydawniczy ABC.
20. Sławińska, M., Urbanowska-Sojkin, E. (1997). *Zarządzanie marketingowe przedsiębiorstwem handlowym*, Poznań: Wydawnictwo Akademii Ekonomicznej w Poznaniu.
21. Styś, A. (1998). Marketing w zarządzaniu przedsiębiorstwem. In: *Nowe kierunki w zarządzaniu przedsiębiorstwem – koncepcje przekrojowe. Prace naukowe Akademii Ekonomicznej we Wrocławiu*, no. 784. Wrocław: Wydawnictwo Akademii Ekonomicznej we Wrocławiu, pp. 44-49.
22. Wrzosek, W. (1997). Marketing w procesach konkurencji. *Marketing i Rynek*, no. 10, pp. 2-7.