Enrichment or Encroachment? New Paradigms in Marketing

It is paradoxical to note that while companies are getting more and more customer-focused and market-driven, the marketing departments are gradually getting pushed to the sidelines. The roles seem to be reversed with quality experts and top management playing customer crusaders, and marketers dabbling with sales and promotion budgets. Certainly the glamour associated with marketing is gone. Top management expects greater accountability and they want results for the money spent by the marketing department. In this article we shall explore as to what really went wrong with marketing.

For a very long time the theories and concepts developed for marketing of consumer products, such as the 4Ps and the STP (Segmenting, Targeting and Positioning) Model, dominated the marketing literature in a big way. However the developments in the filed of quality management and services marketing started challenging the traditional four Ps approach purported to be the remedy for all marketing problems. Simultaneously the new approaches developed in the business-to-business marketing, such as the network paradigm also made in-roads into the consumer marketing literature. The advances in technology has also contributed to the confusion by making it possible for the marketers to transpose the relationship models of the services marketing and the network models of the business-to-business marketing to consumer products marketing. Currently the entire field of marketing is in a nebulous state with no single accepted framework, probably evolving into a totally new discipline.

NEW VOCABULARY IN MARKETING

A simple comparison of the subject index of the 9th Edition of the book by Philip Kotler on marketing with that of the 4th edition shows that a number of new terms, shown in Table – 1 have been added to the marketing literature. From this we can see that the new developments in different disciplines such as quality management, services marketing, business-to-business marketing and strategic management have contributed a great deal to the metamorphosis of marketing. Of course technology has also played a key role in transforming marketing.

CONTRIBUTING DISCIPLINES				
Services	B-to-B Marketing	Quality	Strategy	Technology
Internal Marketing Service Quality Empowerment Moments of Truth Life-time value of the customer One-to-one marketing	Relationship Marketing Supply Chain Management Network-Marketing JIT *Keiretsu*	Benchmarking Customer Delight Six sigma standard QFD Value based marketing Reengineering	Competitive Advantage Value chain Core competence Mission	Electronic Data Interchange Mass Customization Virtual value chain Internet Marketing (Electronic Commerce)

TABLE 1
New Vocabulary In Marketing

Contributions from Quality Management:

The quality movement started in Japan in the early 1950s by adopting the quality principles developed by W. Edwards Deming. He defines quality as a predictable degree of uniformity and dependability at low cost and suited to the market. Even today Deming is regarded as a national hero in Japan and is the father of the world-famous Deming Prize for quality.

Then came the Total Quality movement. It basically is concerned with continuous all-round improvement that leads to greater customer satisfaction. It is a systems approach that considers every interaction between the various elements of an organisation. It also stresses the need to integrate the management subsystems, viz., (1) strategy with a customer focus, (2) the tools of quality and (3) employee involvement. Employee involvement is the most important aspect that integrates the whole.

What is interesting to note here is the point that the quality is defined as delivering the requirements and expectations of the customers. It is precisely the same point that the marketing concept also emphasizes. The task of marketing was to identify and satisfy the needs of the customers. If the marketers had followed what they preached, there would not have been a need for a quality revolution. Additionally the marketers tended to focus on the marketing function rather than the whole system of identifying and meeting the needs of the customers. It is heartening to note that TQM is not defined as a tool to be used in the production system. But it rather emphasizes the need to use its principles across the organisation to improve functions, processes and ultimately deliver customer satisfaction. It is this focus on the entire value chain that has contributed to the success of the TQM movement.

The Malcolm Baldrige Award and the European Quality Award further popularized the quality movement. It was the Baldrige award which made it mandatory to have customer satisfaction audit as a part of any quality improvement programme. The marketers again missed the bus by allowing quality people to introduce systems for continuous tracking of customer satisfaction.

Another contribution from quality management came in the form of Quality Function Deployment. The `house of quality' is the key management tool of the management approach known as Quality Function Deployment (QFD) which originated in 1972 at Mitsubishi's Kobe Shipyard. It helps a new-product team to link the attributes that customers want in a product to the engineering characteristics required. In essence, a completed house of quality helps the team to display the knowledge about customers' needs and the engineering thinking on how to meet them to design a better a product.

Finally the process reengineering also emanated from the quality movement which basically found extensive application in redesigning the business as a whole.

Developments In Business-To-Business Marketing:

A number of companies are shifting to Supply Chain Management from the traditional competitive bidding followed by buyer-seller negotiations. In the earlier paradigm, the buyer's primary objective was to minimize the price by working with a large vendor base which offered increased buying power. They also manipulated the amount of business given to each supplier to limit supplier power. The process followed was transaction-oriented negotiations through annual contract renewals and rebidding.

But with the arrival of total quality concepts, focus is shifting to supply chain management involving reduction of rejection rates, improvement of cycle times, and decrease in inventory throughout the supply chain. Hence companies are shifting to closer relationship with fewer companies (Cespedes 1994). Major industrial customers such as Ford, GM, Motorola, Texas Instruments and Xerox have cut the number of suppliers they use by 20 per cent to 90 per cent during the past decade.

Another related development is the emergence of industrial networks, Networks are defined as:

> .... sets of interconnected exchange relationships which handle the physical and legal transfer of products as well as the flow of information regarding products, markets and technology between firms controlling different activities.

Networks are characterized by strong interdependence between firms controlling different activities , i.e., firms that are components of a value chain. This is because, the success of each firm in the value chain is not only dependent on its own performance but is closely linked to the interaction between all the firms constituting that chain. In this sense, competition is not really between firms but between competing value chains. Kotler (1991) sums up the shift to Network paradigm as:

> “Marketing started out as an analysis of how commodities are produced and distributed through an economic system. Subsequently we became interested in distribution channels themselves and the functions marketers perform. What I think we are witnessing to-day is a movement away from a focus on exchange - in the narrow sense of transaction - towards a focus on building value laden relationships and marketing networks. ....”

Network paradigm differs markedly from traditionally used models of marketing strategy, especially in the field of industrial marketing. traditional models have emphasised the role of market structure in determining the competitiveness of firms. Centralised control over scarce resources, through vertical integration is postulated to reduce uncertainties, create synergies and economies of scale. (Ramesh Padmanabhan 1994). In the traditional dyadic paradigm the dominant firm had power over a dependent firm; whereas in the network paradigm, multiple firms seek co-operative, mutually beneficial relationships. Since a given network firm does not control all the resources, it links up with other firms to form a complete business.

The traditional hierarchical firms own most of the resources needed for conducting business and consequently their relationship with external member (like distributors and dealers) is managed through contractual processes, minimisation of conflict and protection against opportunism. In contrast, a network firm develops mutually reinforcing, long-term relationships with other network members whose complementary resources are needed for the conduct of business. Hence it is essential to develop trust and commitment, as well as social norms such as solidarity, mutuality, flexibility, role integrity, harmonization of conflict, and restraint of power (See Achrol - 1977).

Another interesting development is the use of Electronic Data Interchange (EDI). EDI has been around for some years, handling relatively simple transactions such as orders, invoicing, delivery, payment and so on. Currently major companies are shifting to EDI resulting in all participants in the supply chain joining the network. The ones that do not respond to this get locked out. According to Coulson-Thomas (1991):

> “The boundary of the organisation is blurring as it becomes more of a network with electronic links forward into customers, backwards to suppliers and sideways to business partners. “

There is also the issue of the enlarging domain of marketing. While we saw the concept of internal marketing going beyond the marketing department, the relationship paradigm developed for industrial markets by the Cranefield Business School (Millman, Tony - 1993) covers four more markets, apart from customer market and internal markets, as given below. Supplier markets refer to suppliers to the company. It is possible to develop functional interface between marketing and purchasing within companies to gain competitive advantage.

In sum, the industrial marketing is again pointing towards a relationship and network paradigm and also broadening the domain of marketing to include other markets, such as supply, internal, referral, influence and recruitment markets.

The Emergence Of Services Marketing:

The field of services marketing developed into a new discipline during the 70s and the 80s when the service sector grew rapidly in the developed countries. Though the early researchers tried to extend and modify the product marketing concepts to services marketing, very soon the realization dawned on the researchers that product marketing concepts were inadequate to meet the complex demands of the services sector. Several articles started to appear in the literature highlighting the differences between products and services and finally the features - intangibility, inseparability, heterogeneity, and perishability got established.

In a landmark article by Lynn Shoastack published in the Journal of Marketing in 1977, the author made the following assertions:

> Could marketing itself be `myopic’ in having failed to create relevant paradigms for the service sector?
>
> ...... service industries have been slow to integrate marketing into the mainstream of decision making and control because marketing offers no guidance, terminology, or practical rules that are clearly relevant to services.

Service quality literature has been growing parallel to the developments in quality, total quality management and customer satisfaction. The most notable service quality model is the SERVQUAL developed by Parasuraman, Berry and Zaithaml.

Another area that has received considerable attention is the perception of service encounters, viz., the interaction between customers and employees in service firms. The term `moments of truth' (Carlzon 1987), which refers to the customer discovering more about a service organisation through each and every interaction that he/she has with the employees, systems or other materials of an organisation has gained acceptance in not only services marketing but also in marketing of products.

Customer retention and relationship marketing (Berry 1983 & Gronroos 1990) concepts have also come to be accepted in product marketing. It basically stresses the fact that it is more economical to retain a customer than to get a new customer.

The concept of Internal marketing (Gronroos 1981) has also got well established in the marketing literature. Internal Marketing was originally proposed as an approach to services management which entailed the application of traditional marketing concepts within the organisation in order to improve corporate effectiveness. A related concept called internal-customer suggests that the employees be treated as customers in order to improve the quality of service offered to external customers. The approach basically inverts the organizational pyramid and puts customers on top and divides the employees into two categories, viz., (i) those who serve customers and (ii) those who serve those serving the external customers. Hence the front-line employees became internal customers to the back-office support service staff, supervisors and management.

Employee empowerment is related concept used to indicate the transfer of decision-making authority to the frontline employees so that they are able satisfy the customers better. This simply means that the employees should feel confident about making decisions that may occasionally go beyond the formal powers vested in him in order to meet certain exigencies that arise with regard to meeting customer demands.

Zemke and Schaaf quote the general manager of Harvey Hotel, telling his employees: “you can do anything you want to do to exceed guest expectations as long as it is not illegal or immoral, and as long as you use your best judgement in making that decision”. To put it in a mundane fashion, a rental agreement empowers a person to occupy the house for a time. Though our regional manager was empowered to take such decisions, he is not the owner of the region or the business in that region. The new buzz word these days is ownership feeling.

Service Blueprinting is another term that has got into the marketing literature. Basically services are processes and the actual steps involved in delivering and receiving services are studied as seen from the customer's point of view. This is different from operations flowcharts as the blueprint incorporates the customers and customer's actions on the same flow diagram as the rest of the operations. Shoastack (1984; 1992) has contributed a great deal to the development of the concept of service blueprinting and service mapping.

Due to the above developments, new vocabulary, such as interactive marketing, relationship marketing, share of the customers, moments of truth, etc. have entered the marketing field.

Impact of Strategic Management

Strategy for any business should always be concerned with product-markets which is the domain of marketing. In small businesses even today we can see that marketing strategy is synonymous with business strategy. The sole reason for the existence of a business itself is to meet a need in the market place. If the need that was catered to by a company ceases, the company has no reason to exist unless it identifies some other need.

Unfortunately, it took several decades for the business people to realize this. Strategic management, took the business people in a circuitous route to arrive at this obvious conclusion as shown below. The evolution of the concept of business strategy could be considered in the following five stages.

1. <u>Long-term Planning:</u> In the 60s the focus was on organisations setting clear long term goals and working towards the same. The basic idea was that the whole world was there for the companies to exploit and it was up to the companies to set long-term goals and build capabilities to meet them. The growth was to come from the same line of business in which the company was operating.

2. <u>Capability-Opportunity Fit:</u> According to Mintzberg (1979), strategy is a mediating force between the organisation and its environment; there are consistent patterns of streams of organizational decisions to deal with the environment. By 70's the environmental threats and opportunities started assuming greater importance in strategy planning. The resource constraints, particularly the oil shock, and limited opportunities in the traditional lines of business were mainly responsible for the shift in focus. Growth through integration and diversification formed the core of the strategic plans of many companies.

3. <u>Competitive Advantage:</u> Then came the severe competition from the Japanese and the Newly Industrialized countries. Hence in the 80s emphasis shifted to Competitive Advantage and offering better value to the customers than what the

competitors could offer. Mergers, acquisition and take-overs to gain size advantage also became fashionable

4. Copability in a Turbulent Environment: In the 90's the trend is still more complex and companies are facing unprecedented uncertainties. Global competition, stunning technological break-throughs, shifting consumer tastes and ever-changing exchange rates are all making the life of the planners miserable. Before the ink dries on the plan document, the rules of the game gets changed. Hence the shift from matching the capability to coping ability (copability) in a turbulent environment.

5.Corporate renewal: Coping is a reactive mechanism. All the time the company is seen to be at the mercy of the environmental and competitive pressures. In the new paradigm that is emerging, stress is laid on the organisation inventing the future and rewriting the rules of the game.

Being different and rewriting the rules of the game are pro-active approaches that are possible for organisations when they become out-ward looking. It basically deals with anticipating the needs and pro-actively satisfying them, which basically is the task of the marketing management. Of course, corporate renewal means lot more than the pro-active anticipation. It also includes the creation of an organizational climate that is receptive to new ideas and constantly renews itself.

Basically the current scenario points to the fact that marketing is a strategic function to be performed by the top management. The task of pro-active anticipation and satisfaction of customer needs, require the support of entire organisation and cannot be left in the hands of few marketing experts. The whole activity has to be coordinated by the top management.

The other major contribution from the strategy literature is the concept of competitive advantage and the generic strategies. One would have logically expected these to come from marketers.

Technology In Marketing:

Developments and advances in technology have changed the way the business used to be conducted. The most significant developments are due to improvements in electronics leading to computerization of every aspect of business. Rail reservations, banking, scheduling, inventory, pay-roll, accounting and production have all come under computerization.

Advances in telecommunications and information technologies have reduced the time and place barriers of doing business. Companies have dedicated satellites across the globe to pass information from one division to another. A company like American Express, which has the largest number of credit cards in circulation, is able to make claims that they could service customers in any part of the globe within eight hours; thanks to the satellite communication.

Improvements in optical fibre technology, video- phone and teleconferencing facilities are likely to make air-travel for business across the globe redundant. It is possible for customers and suppliers to transact business at anytime from any part of the globe. Research on superconductivity, bio-technology and ceramic materials are likely to bring about major improvements in the quality of life. Already, electronics advances are resulting in market egalitarianism. Luxury and comfort are now within the reach of even the common man; thanks to advances in technology.

From economies of scale, the companies moved to economies of scope and now the shift is towards batch size of one, thanks to mass customization through flexible automation. This is leading to the birth of one-on-one marketing.

While E-Commerce itself is a relatively new phenomenon, companies are shifting to E-Business. E-Business will make the business process cost-effective and far more efficient. E-Commerce becomes E-Business when a company connects its business systems directly to its critical constituencies – customers, employees, vendors and suppliers – via intranets, extranets and over the internet (See Figure 1).

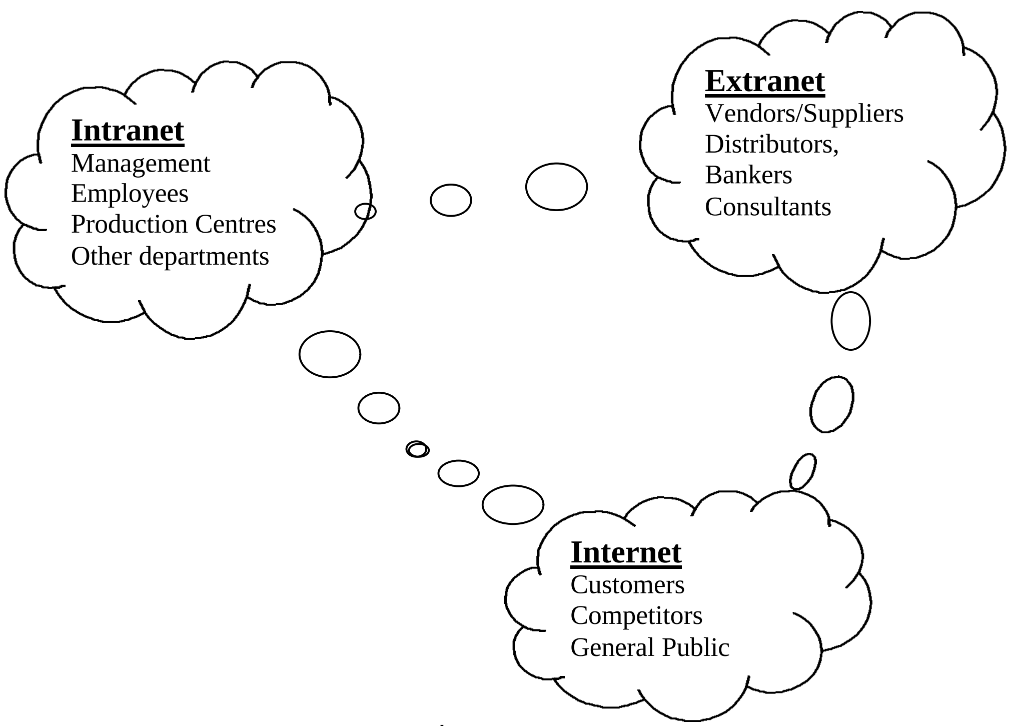

Figure 1

The Internet, Intranet and Extranet

Typically when the customer accesses the internet and places the order, it gets communicated to the company, distributors and the bankers. The product will be shipped by the distributor under intimation to the company and banker. The banker will collect the money and deposit with the company account. When the stock with the distributor goes below a certain minimum level, the company replenishes the stock. All these transactions take place on the real-time.

E-Commerce can be carried out in any part of the world. All you need is a home-page and a tie-up with credit-card companies for collection and a courier company for delivery of products anywhere in the world. So the market place becomes irrelevant in E-Commerce. We now call it market space and not a market place. Basically space and time become irrelevant on the net as you can transact from anywhere and at any time.

E-Commerce basically linked customers in any part of the world to the company. Interestingly E-Business now can link suppliers from any part of the world. For example, Sundaram fasteners is linked to General Motors through extranet and they have access to GM's production plans and inventory figures. This helps both the parties to efficiently co-ordinate their activities. Extranet also links the dealers, retailers and distributors so that on the delivery of finished goods the company can have better controls. All consultants, ad agencies, Market research agencies are linked with the company through the extranet making it possible for them to provide service of value to the company. Interestingly, the suppliers, marketing intermediaries and the consultants have access to the internal company databases. Of course the level of access may be regulated.

Internet is in the public domain. The customers, competitors and the general public can access information about the company through the web pages on the internet. They can also give feed back to the company about its products, services and social responsibility.

The Intranet allows free access to information across various departments in the company and also across business units spread across the world. This helps the company in several ways. Primarily the communication across departments get greatly enhanced leading to break-up of the great China walls across departments, viz., marketing and manufacturing, manufacturing & design/engineering, finance and marketing, and top management and others. It allows for greater co-ordination between units spread across the globe. In fact, product development teams are nowadays made up of people drawn from different countries. Without ever meeting together they are able to develop new products at a faster rate, thanks to the intranet.

CRITICISM OF THE 4Ps AND THE STP MODEL

The traditional STP Model that is taught in business schools all over the world as the marketing model is increasingly seen to be flawed and inadequate to meet the emerging market realities. As we saw in the earlier sections, a number of new concepts have got into the marketing literature which do not fit into the standard STP framework. Some of the criticisms leveled on the STP model are pretty strong as shown below.

> ... indeed it would be unfair to suggest that far from being concerned with a customer's interests (i.e., somebody for whom something is done) the views implicit in the 4Ps approach is that the customer is somebody to whom something is done. The marketing mix and its four Ps constitute a production oriented definition of marketing and not a market-oriented or customer oriented one.
> (Dixon and Blois as quoted in Gronroos - 1994)

The traditional marketing texts give the definition of marketing as `understanding and satisfying consumer needs through exchange process' and proceed to talk about the marketing-mix which most of the time gives the impression that they are designed to suit the convenience of the company rather than the customers. Basically the customers get lost in the first two chapters and rest of the time the marketing mix revolves more around company capabilities rather than customer requirements.

Particularly advertising has come in for greater criticism as there are alternate modes of communication that are now available for the marketers. Also it gets integrated into the whole marketing process.

> "the underlying reason behind... (this decline).... is advertising's dirty little secret; it serves no purpose. In today's market, advertising simply misses the fundamental point of marketing - adaptability, flexibility and responsiveness. "
> (McKenna, Regis - 1991)

The following are the comments extracted from a survey report on `Marketing at the Cross-roads' by Coopers and Lybrand as reported in Wilson and McDonald (1994):

If Marketing Department disappeared, would anybody notice? Would it really matter?

The Marketing Department goes its own sweet way on advertising and promotions and does a bit of everything else.

In my ten years as managing Director, the Marketing department has kept on growing, but I'm not quite sure why.

Marketing is increasingly living a lie in my organisation.

Primarily the whole world is changing and the basic marketing concepts have failed to keep pace with the same. Additionally the cabin culture that prevails in the marketing department is also responsible for this pathetic state of affairs. Most of the marketing managers are comfortable reading the research reports in their air-conditioned cabins and formulating marketing strategies, rather than going to the market place to interact with the customers. According to Gronroos (1994), "...marketing specialists organised in a marketing department may get alienated from the customers. Customers become numbers for the specialists and their actions are typically based on the surface information from MR reports and market share statistics. They act without ever having interacted with a real customer."

In this age of integration, it is difficult to fix boundaries for different functions of management. According to Mitchell, Alan (1994), "To say that the marketing department is responsible for marketing is like saying love is the responsibility of one family member". In the same way the personnel management cannot be entrusted with all the personnel job with all other managers absolved of all matters related to people. The same could be said for finance and information systems.

McKenna (1991) redefines the role of marketing as given below:

Marketing today is not a function; it is the way of doing business. Marketing is not a new ad campaign or this month's promotion. Marketing has to be all pervasive part of everyone's job description, from the receptionists to the Board of directors. Its job is neither to fool the customer nor to falsify the company's image.

Even the Online Marketing is seen as a new paradigm in marketing and advertising which follow different set of rules such as: (Janal, D.S. - 1995)
Mass marketing is over and customization is the key.
Building relationship is one at a time.
Appreciate the long-term value of the customer
Advertising must be interactive.
Provide reams of information - not persuasion.
Create interactive dialogue.
Company size is irrelevant Online.

Plethora Of Ps:

As the four Ps were found inadequate to meet the new developments in the market place, a plethora of Ps were added to the marketing strategy literature.

Booms and Bitner added the following three P's to the traditional 4Ps of marketing to make them relevant to services marketing.

- Participants
- Physical Evidence and
- Process

Services are different from products in terms of the following four characteristics, viz., intangibility, inseparability, heterogeneity, and perishability. Consider for example, a toilet soap; whether bought in Kanyakumari or Kashmir, the product quality will be the same. Whereas in the case of a haircut, it very much depends on the barber and his mood. Even in a hotel, the product quality may be controlled or standardized but the service is most likely to vary from hotel to hotel and from waiter to waiter. Suppose you find a fly in the coffee served. Depending on the motivation and the morale of the waiter the response can range from `Sorry Sir. I'll get you another coffee' to `You are lucky, Sir. The other day one guy got a cockroach in his coffee!',

Basically the production and consumption cannot be separated in the case of services. Additionally the human element poses considerable problems to the marketers of services. The problem not only arises due to the service providers but also the consumers. Every time you offer quality service, the expectation of the customer goes up. Also the varying moods of the customers affect the expectations and consequently the level of satisfaction.

Another area that has received considerable attention is the perception of service encounters, viz., the interaction between customers and employees in service firms. When the customer comes into contact with an employee of the organization, receives something in mail, calls over phone, walks into a showroom, or whatever, the customer forms a opinion, right or wrong, about the company based on these experiences. Most often the company representative getting in touch with the customers are the low-level employees.

Hence the participants, namely, the front-line employees and customers need to be treated well. Additionally the service experience is intangible; hence we need to use tangible structures to show physical evidence that we offer quality service. And finally, the service delivery process should make it easy for the consumer to access the service.

Judd added the fifth P, namely people to make the 4Ps relevant to industrial products. This is similar to participants in the Booms and Bitner model.

Kotler, Philip added the following 2 P's for entry into restricted markets.

- Politics and
- Public

Companies like Pepsi and Coca-Cola had to manage public opinion and local politics to enter into restricted markets like China, Russia and India.

Baumgartner (1991) gave the following 15 Ps.

1. Product/Service
2. Price
3. Promotion
4. Place
5. People
6. Politics
7. Public Relations
8. Probe
9. Partition
10. Prioritize
11. Position
12. Profit
13. Plan
14. Performance
15. Positive Implementation

The introduction of several P's have not given the desired peace (of mind) to the marketers. It only complicated the matter further, by trying to fit a round peg in a square hole.

Territorial Disputes:

In the traditional marketing operation, the marketing department would carry out a market survey or use its internal databases of past sales data and develop their annual, monthly and weekly marketing plans, which will be lifted above the wall separating the marketing and the production department and thrown across. The production department would convert that into production plans taking into account the internal constraints and pass their material requirements to the materials department and their manpower requirements to Human resources department. They in turn would go to the finance department which would give the financial concurrence to materials management department to buy the materials. Finance would in tern take approval from the top management for releasing funds. The boundaries were clearly laid out and the roles of individual departments were well defined. The boundary walls were so high that people in one department rarely got to see people in other departments. Figure 2 indicates these relationships in a traditional organisation.

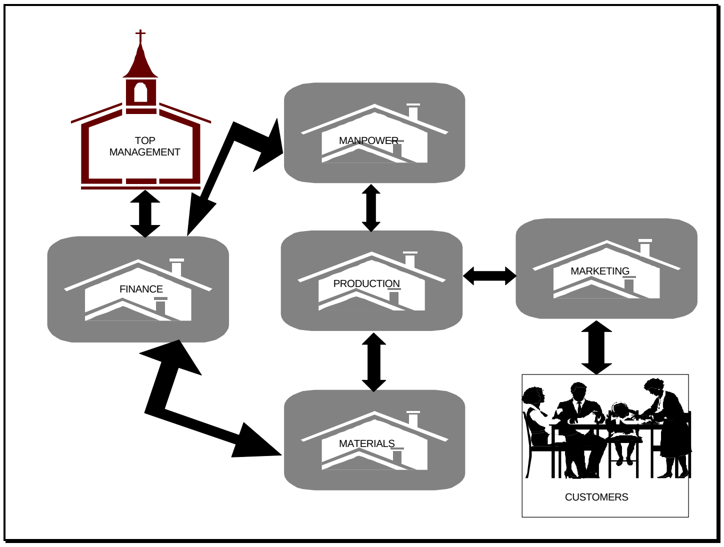

Figure 2
Relationship between Departments in a Traditional Organisation

It is a different matter that in India that many companies have not reached even the stage that is depicted in Figure 2. The production determines what is to be produced and marketing is made to sell/ration-out whatever is supplied to them.

This traditional form of organisation served well in a shortage economy where internal efficiencies determined the profit made by a company. Each department had its own territories and they were kings within their boundaries. This led to conflicts of interest and turf wars. With the shift to buyer's market, the marketing started blaming operations/production that they were not getting the products needed in the market and the operations people started blaming the materials for not getting the right materials at the right time. Most often, in their fight to fix-up who is wrong, the customer got neglected.

The turf wars are acute in service organisations. Bateson gives the following example to highlight the same. Apparently, a site manager in a service firm received simultaneously three sets of instructions:

From Marketing: "We will shortly be launching a new advertising campaign based upon the friendliness of our staff. This is in direct response to the increasingly competitive market place. Please ensure that your staff members deliver the promises we are making. .. by being friendly, smiling and courteous".

From Operations: "As you are aware, we are facing an increasingly competitive marketplace and , as a result, our profits have come under pressure. It is crucial, therefore, that we minimize waste to keep our costs under control. From today therefore, no recruitment whatsoever will be allowed".

From Human Resources: “Our staff members are increasingly becoming militant. This is due in large part to the availability of alternative employment with our new competitors. We are also currently involved in a particularly delicate set of union negotiations and we should be grateful if you do not take any action that can upset the climate”.

It is not uncommon to find such conflicting objectives by different departments as they are each evaluated on different criteria. Also refer to the discussions on internal marketing leading to conflicts between HR and marketing in the chapter on services marketing. But in modern organisations, everyone is evaluated based on the customer satisfaction they provide. The boundaries are blurring as they are all integrated into whole processes that cater to customer needs. In the Chapter on the impact of technology, we saw as to how IT has been used to manage different processes such as order processing or material delivery. The processes basically cut across functions and the formal departments. We are moving towards a Boundaryless organisation. According to Ron Ashkenas , to create a Boundaryless organisation, four types of boundaries need to be made more permeable and flexible.

1. Vertical – the boundaries between levels and ranks of people. When vertical boundaries are made more permeable, position is less relevant than competence.
2. Horizontal – the boundaries between functions and disciplines. By increasing the permeability of horizontal boundaries, battles over turf and territory are replaced by a focus on how to meet customer needs
3. External – the boundaries between the company and its suppliers, and customers. Traditionally, organisations form \`we-they’ relationships with external constituents and do business through negotiating, haggling, using pressure tactics, withholding information, and playing off customers or suppliers against one another. When this food chain mentality is replaced by a focus on the “value-chain”, tremendous efficiencies and innovations can be introduced into the entire product or service supply system.
4. Geographic – the boundaries between locations, cultures, and markets. Often stemming from national pride, cultural differences, market peculiarities, or worldwide logistics, these boundaries may isolate innovative ideas and lead to competition between the headquarters and the field. When geographic boundaries are made more permeable, companies can more rapidly leverage global success.

The networks with suppliers and customers is breaking the walls between the company and the outside world. Everything is pointing to the fact that business needs to be organised around the customer. Hence the new model does not distinguish between departments. In the new model the Marketing, Quality, R&D, Design and Production departments work in collaboration with the customer to identify new opportunities and to offer better value to customers than competitors. The Finance, Procurement/supplies, IT/MIS and Human Resource

Management are facilitators for the core departments that interact with the customers as shown in Figure 3. Top management is supposed to play an overall coordination role like an orchestra conductor. The whole organisation is supposed to play as per the listeners' (Customers') choice.

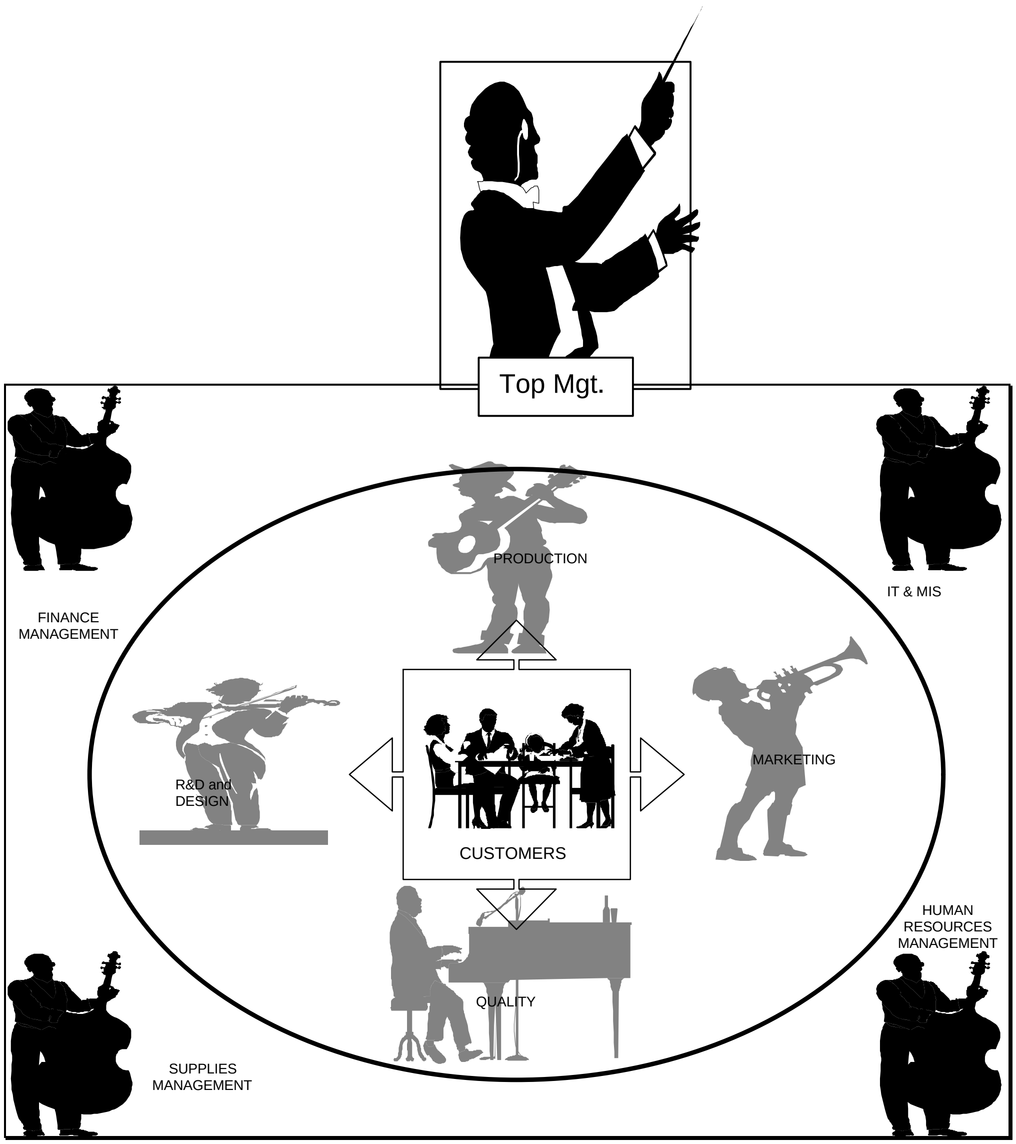

Figure - 3
The Modern Organisation

The name of the game in modern organisations is, customer satisfaction through better coordination. The customer is not going to be the sole monopoly of the marketing department. Even people from Quality, R&D, Design and operations have started interacting with the customers to understand their needs better.

Hence the successful marketer of tomorrow will not only posses in-depth knowledge of customer needs and wants but also will analyze competition and will have a fair knowledge of other function, mainly, production, quality, IT and human resources.

If we say marketing is everything it is as good as saying that there is no separate place for marketing. In some sense understanding the customer needs and offering products or services that offer better value to customers is what marketing claimed to be its role all these days. However, marketing was busy with image creation and promotions while the top management was either busy with cutting costs or improving internal productivity. Now with the enlightened top management in several companies, the job of creating and sustaining a competitive advantage has been taken over by the strategy planners themselves. In fact the creation of value can be better coordinated by the top management than the marketing people themselves as many marketers do not even know the technical specifications and production processes of the products that they claim to `market'.

In the words of Daniell Fell (1996), "….marketing and strategy are synonymous. Why are any of us in business, if not to sell a product or concept, to make money or to grow? If this is not marketing, what is?

The very essence of starting and running a business is marketing. Ask Bill Gates or Michael Eisner if what they do – at the very highest level of their megacorporations – is marketing, and my guess is that they would confess that it is marketing in the purest sense.

If nothing else , we should be teaching business school graduates that business is marketing and marketing is business, and if you think you can separate the two and do one on Monday and the other on Thursday, you'll never make it in either business or marketing."

NEW PARADIGMS IN MARKETING

The early history of the marketing discipline (Bartels 1988) focused on selling agricultural products. Subsequently, the discipline's scope expanded to marketing of industrial products. In textbooks and other publications, the accepted wisdom that marketing meant physical goods marketing was rarely challenged.

With the development of services sector and technology, new methodologies and concepts got developed to meet the unique requirements of services. There were parallel developments in the field of business-to-business marketing that moved it away from the traditional four Ps approach.

It all started with the quality management which introduced the customer satisfaction concept into the organisations. Gradually the services and the business to business marketing started borrowing concepts from quality management. Simultaneous developments in strategic management and Information Technology led to greater integration of functions resulting in the dilution of the marketing function in organisations. However with the arrival of the relationship marketing and the individual customization has helped marketing to regain its prestige to some extent. These new developments in marketing are shown in Figure 4.

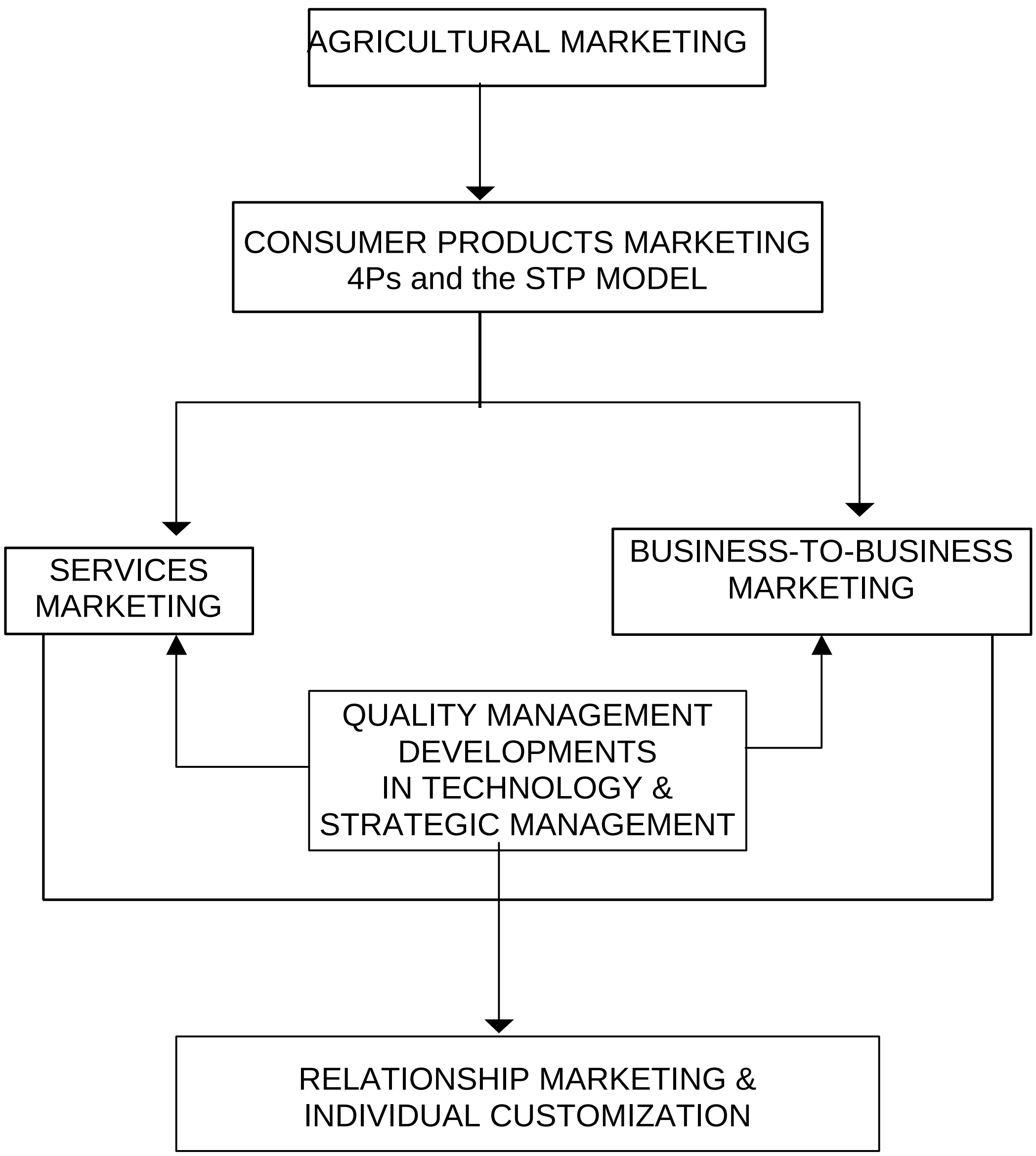

Figure 4
New Developments in Marketing

It is apparent that marketing management with its four Ps is reaching the end of the road as a universal marketing approach. In fact, product marketing has started using the concepts developed for services marketing and industrial marketing.

In the earlier marketing paradigm, the seller was considered an expert and all knower who was supposed to study the needs of the customers and satisfy their needs, In the emerging paradigm the customer is seen as a partner with whom the seller networks and they together find solution to the problems of the consumers.

In the earlier paradigm typically the emphasis was on making a sale and satisfying the customer need on a episodic basis. In the new paradigm emphasis is given on the interactive value generation and sale is seen as the beginning of a relationship.

While the earlier paradigm aimed at meeting the needs of segments of consumers, the new paradigm treats every customer as unique. The development of technology has made it possible to address the needs of individual customers. The day may not be very far off when a customer wanting to buy a toilet soap may have to put his hand into a scanner which will sense the skin complexion and pop out a pouch of liquid soap that is ideally formulated to suit his/her skin.

There is also a shift from episodic transaction based approach to interactive, holistic relationship paradigm. Earlier the emphasis was on maximising the sale per transaction. Now the emphasis is on maximising the value throughout the customer life cycle. Jhonson & Jhonson starts sending mailers and gift packs to expectant mothers and continues the relationship until the child grows to adulthood.

In the new paradigm emphasis is given to retaining of existing customers and deriving maximum value rather than simply following a hit-and-run strategy of finding new customers every time. In the Federal Express training programmes, this point is emphasised by showing how a small customer who gets one dollar revenue per week will get 50 dollars in a year and 500 dollars in ten years. If she is serviced well she will get ten other customers and hence it is demonstrated that she is not a one dollar customer but rather a 5000 dollars customer. So when a one dollar customer enters their office the marketing people are trained to see $5000 written on the forehead of the one dollar customer.

The following table(Table 2) summarizes these major changes that are taking place in the field of marketing.

From	To
Independent buyer – seller Marketer as all knower, authority and expert	Interdependent buyer – seller Partnership with customers leading to network relationships.
Customer need satisfaction	Customer integration and relationship building
Market segmentation	Segment-of-one Marketing or Micromajority Relationship customisation with Individual customers
Episodic perspective. Maximising the value in each transaction	Holistic perspective Maximise customer life time value and Manage customer life cycle
Focus on gaining new customers	Value enhancing of existing customers
Comfort and convenience of seller	Making moments-of-truth pleasurable and blueprinting of customer contact points.
Monologue	Dialogue
Transaction	Relationship
Marketing responsibility with the marketing department	Marketing is the job of everyone in the organisation

Table – 2
Emerging Trends in Marketing

The shift is also taking place from the comfort and convenience of the sellers to making every contact pleasurable for the consumer. Some of the retail outlets are designed taking into consideration of the convenience and comfort of the buyers. Careful attention is paid to even secondary aspects like parking, childcare and wheelchair for physically handicapped.

Fundamentally the communication to consumers is shifting from monologue to a dialogue. Marketers are climbing down from the position of all knowers and are trying to learn from consumers.

Overall the shift is from transaction to a relationship paradigm. In this new paradigm the responsibility for marketing is not only with the marketing people but spread all over the entire company.

IMPLICATIONS FOR MARKETERS

The message that come out clearly in this article is that the marketers got too much carried away by the elegant 4Ps frame work and have extended it too far. We have shown that the services marketing and business to business marketing fields have developed a new set of concepts and theories as applicable to the unique needs of the subjects. Interestingly, they both converge on the relationship paradigm. Also we find that the concepts developed for services and business to business marketing are finding applications in consumer product marketing as well.

Promotion, advertising and image building inebriated marketers who were supposed to proactively anticipate consumer needs and provide customer satisfaction. In a way they missed the substance and got entangled with the show and the cosmetic effects. This unfortunate development has eroded the credibility of marketing in many organisations.

It was quality management which re-discovered marketing and added a new dimension to the same marketing by taking it inside the organization as well. For example, a defect is defined in quality as anything that leads to dissatisfaction of the customer, either internal or external. This has brought about the situation that everything is marketing in a business. This in a way has led to the loss of control for marketers as everyone does marketing.

Marketer is also supposed to deliver value to customers better than the competitors. Unfortunately it was strategic management that had to remind marketers of the need for competitive advantage and the need to look at the total value chain in order to offer better value to customers. Once again marketers proved in capable of guiding an organisation in a successful path.

Finally the developments in technology has helped companies to move towards greater integration of functions. The efforts by marketing to safeguard its territory is not going to yield much fruit as we cannot say for example find the boundary lines any more. The customers and the MR reports are not the private property of marketing. Right from top management to R&D can talk to customers and plan their strategies.

All these have raised the question, whether marketing will get nibbled to death. Certainly the glamour associated with marketing is gone. Top management expects greater accountability and they want results for the money spent by the marketing department. In order to survive, marketers will need to get out of their narrow confines and learn more about the other functions and understand the organizational capabilities. They must learn to work with others in providing customer satisfaction and thereby earn profits for their companies.

They must get out of their air-conditioned offices and get closer to the customers. It is their ability to `anticipate' the needs of the consumers, even before they could articulate that should help marketers retain their rightful place in organisations. The key to success lies in pro-active `anticipation', which is possible only when you have an unconditional love and affection for the person(s) whose needs you are supposed to `anticipate'. It takes us back to the basics; `Love thy Customer'.

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