

Part One

Introduction



Introduction

This first section of the book sets the scene by answering two questions which are central to the whole book, namely:

Chapter 1 What is marketing?

Chapter 2 What is leisure?

We will look at the marketing concept and examine some current trends and key issues in the theory and practice of marketing.

In this section of the book, the authors will also seek to offer a definition of leisure. They will examine the interrelationship between the different sectors of leisure, and suggest that the distinctions between them are becoming increasingly blurred.

What is marketing?

Key concepts

The main concepts covered in the chapter are:

- The scope and nature of marketing
- Definitions of the marketing concept
- The application of marketing principles to profit-making and nonprofit making organisations
- The differences between strategic and tactical marketing
- Service product marketing in comparison to the marketing of manufactured products.

This chapter introduces the marketing concept. It looks at the historical development of marketing and discusses the application of marketing to different kinds of organisation. The chapter also looks at the marketing function within the context of other management functions. Differences between product marketing and service marketing will be discussed. The chapter will review the reasons why marketing has become a highly fashionable influential subject in all aspects of the economy and society, and review some of the current contemporary marketing issues.

The main points covered in the chapter are as follows:

- introduction to the marketing concept;
- definitions of marketing;
- the historical development of the marketing concept;

- the application of the marketing concept to different kinds of organisation;
- different approaches to the running of business organisations;
- the consequences of an organisation adopting a marketing approach;
- the differences between strategic and tactical marketing;
- marketing and other business functions;
- a review of the differences between product marketing and service marketing;
- contemporary marketing issues.

Introduction to the marketing concept

What does marketing mean? For most people, marketing constitutes selling and promotion. Marketing does involve selling and promotion. If the products, however, have been designed to suit customer wants, selling and promotion will just be the icing on the cake.

The marketing concept is something of an enigma. It is a well-recognised business function in many organisations, but the underlying concept of the marketing philosophy is rarely discussed. The introduction of a marketing department to many organisations involves the appointment of one or a number of personnel who organise promotional materials and nothing more. This, it must be stressed, does not constitute the marketing.

Marketing is concerned with the relationship between buyer and seller, and the transactions involved in bringing this to a satisfactory conclusion. It could be argued that, unlike economics which concentrates on the relationship between supply and demand, marketing relies on the idea that the customer forms the central focus for all people working in the organisation. The application of the marketing concept to an organisation involves putting the customer at the centre of all decision-making processes in the business.

The marketing concept suggests that the overriding inclination of the organisation will be to serve the final customer needs and wants as the main priority. The organisation will seek constantly to find out what the customer want both today and in the future and work tirelessly to produce the products and services that are requested. This may mean that the organisation has to make major shifts in their product and service ranges, and may even involve the organisation moving into new markets and changing fixed asset bases.

These are fundamental problems with the organisation adopting a consumer-led approach. It is often difficult for many people in organisations to see the final customer as being central to their individual roles. Many people in organisations are divorced from the final customers and it is difficult for them to see the logic of introducing the marketing approach.

Some organisations even have difficulty in recognising who the customers are, particularly if the product or service is offered free of charge, or if the organisation supplying it is the sole supplier. This can be particularly prevalent if the organisation has been faced with a buoyant market position where demand outstrips supply. The logic here is that there have always been more customers demanding the products and services on offer, so why bother with any expensive marketing effort? Organisations in this type of market position tend to look to marketing when market conditions become more difficult and customer demand starts to reduce.

The second reason for organisations having difficulty with putting the customer at the centre of the business is the fact that the implication of changing consumer demand on

the organisation may be too difficult to cope with. This is particularly apparent if the organisation has long-term investments in fixed assets. The hotel chain with major investments in a group of prestigious hotels, or a theme park owner, faced with changing consumer demands would find it very difficult in the short term to change. The idea of total customer sovereignty, in a business which relies on substantial fixed capital asset, is impossible to implement in the short term.

Organisations often consider their customer wants and needs, but also rely on persuading their customers to buy their existing products and services. The idea of persuasion rather than meeting customer needs and wants represents a totally different approach to the marketing concept. It is this idea of *customer persuasion* or at the most extreme *customer manipulation* which large numbers of the population interpret marketing to be. Marketing is often viewed by the man or woman in the street as aggressive hard selling by unscrupulous persons eager to make themselves vast profits.

The idea that organisations use *customer sovereignty* or *customer manipulation* in the extreme is wrong. It is more likely that the marketing approach can be expressed in terms of a continuum model.

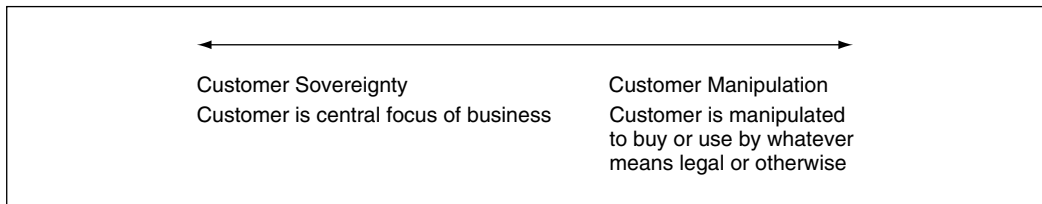


Figure 1.1 The marketing continuum model

Organisations will tend to fall somewhere in the middle of the continuum, using some market research to find out about customer wants but using some manipulation techniques to increase sales.

Packard (1957) in his book *The Hidden Persuaders*, portrayed a frightening manipulative view of the marketing function. The idea that consumers, including children, could be manipulated by marketing activity to buy products and services was seen by many as a horrifying vision of the marketing profession.

Definitions of marketing

The definitions of marketing demonstrate the different approaches which academics have taken to the marketing philosophy. Marketing has been defined in many different ways, emphasising different points. This is perhaps a reflection of the immature stage of development of the marketing discipline.

Kotler (2003), the American marketing academic, defined marketing as follows:

A social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others.

Levitt (1986) discussed the role of marketing as follows:

a truly marketing minded firm tries to create value satisfying goods and services that consumers will want to buy.

This definition is useful because it identifies the importance of customer needs and wants as being central to the marketing function. Once the needs and wants have been identified, they must be met by producing goods and services which satisfy them and produce a successful deal for both producer and consumer.

Other academics suggest that the marketing concept can only work if it is embedded in the whole culture of the organisation. The management guru Drucker (1969), for example, considered this view in his definition:

Marketing is not only much broader than selling, it is not a specialised activity at all. It encompasses the entire business. It is the whole business seen from the point of view of its final result, that is from the customer's point of view. Concerns and responsibilities for marketing must therefore permeate all areas of the enterprise.

This definition suggests that everybody in an organisation involved in the marketing function should ultimately consider the final customer as being central to their activities at work. This suggests that marketing involves an encompassing philosophy which often means that an organisation has to change their internal business culture to accommodate this new form of approach.

Peters and Waterman (1982) were at the forefront of suggesting styles of management for organisations to adopt if they want to become 'excellent', and manage effectively during periods of chaotic change. Kantner (1984) suggested that organisations have to empower individuals to stimulate entrepreneurial spirit and become market leaders. The underlying culture of the organisation needs to facilitate the exchange of goods and services for money or benefits by satisfying the target customers.

The Chartered Institute of Marketing, the professional body for practising marketers in the UK defines marketing as:

Identifying, anticipating and satisfying customer requirements profitably.

This definition explains how the marketing philosophy is to put the customer as the central focus for business decision-making. The definition has been criticised because of the word 'profitably'. It has been argued that many nonprofit making organisations can use the marketing philosophy to become more effective rather than simply more profitable.

The definition is useful in that it identifies the role of marketing as being identifying the needs and wants of consumers both now and in the future, and then meeting them.

Academics from other European countries also define marketing as the methods which an organisation can employ to result in successful transaction with customers. Lendrevic and Lindon (1990), for example, defined marketing as:

The assembly of methods and means at the disposal of an organisation, in order to give favourable impressions to the public, to achieve the right objectives.

Table 1.1 summarises the main points which have come out of the definitions so far.

Emphasis	Example
Marketing is about putting the customer at the centre of the business	Kotler Chartered Institute of Marketing
Marketing is about methods which can be used to gain favourable impressions	Lendrevic and Lindon
Marketing is about the way in which the business develops its markets	Levitt
Marketing is about organising the culture of the business to become market- and customer-focused	Peters and Waterman Kantner Drucker

Table 1.1 The main emphasis of the definitions of marketing

The marketing philosophy can therefore be seen to encompass a number of steps which are summarised below in Figure 1.2:

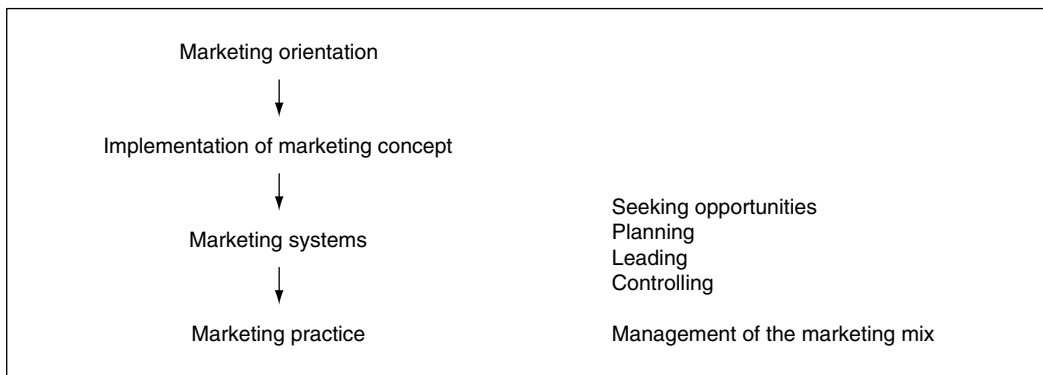


Figure 1.2 The marketing philosophy

The practical application of marketing in business organisations involves an understanding of a number of theoretical disciplines.

The business and management disciplines

An effective marketer must have an understanding of how organisations function and how they become successful. Marketing must be clearly defined within the whole business.

Social and behavioural disciplines

The development and interpretation of a body of knowledge about the customers and their behaviour, both now and in the future, is crucial in marketing.

Methodological disciplines

The collection, analysis and interpretation of marketing data to help in determining marketing programmes is vital.

The historical development of the marketing concept

The marketing concept has been encouraged by the adoption in most parts of the world of capitalist ideas and free market principles. In the UK, for example, the 1980s and 1990s have been the era of the entrepreneur and free enterprise has been encouraged. This has been accompanied with the development of marketing as a business discipline. The beginning of the new millennium has seen the growth in the concept of relationship marketing.

Marketing is not a new phenomenon. It can be argued that marketing is as old as civilisation itself. Early traders were very skilled at marketing in their daily exchanges. Entrepreneurs travelled the world to trade commodities which people wanted to buy.

The rise of industrialisation ushered in a new era of mass-produced products, being marketed to mass audiences, including clothes and cars. Many of the brand names which are now universally recognised symbols of mass marketing, such as Coca-Cola and Heinz, are already decades old.

The early 1950s saw a huge expansion in the supply of goods and services which often outstripped the demand. Most markets became buyer's markets and companies were faced with growing competition.

There have also been changes occurring in the business world more recently, which have encouraged the development of more sophisticated marketing techniques.

The rapid growth in technological innovation over the last century has made the business environment much more challenging and has opened up many new marketing opportunities. This has been accompanied with a general slowing down in population growth in many countries of the developed world. The population in the developed countries has become better educated and therefore more discerning in their purchases.

Competition in national markets has become much more intense and complicated. Coupled with this, there has been the growth of international players in many markets that have often challenged the national players in their markets, which they historically considered very safe. These new European or international players have often used sophisticated marketing techniques to seriously take market share from the nationally based players. Whole national industries have been removed in very short periods of time by this new competitive situation.

This new competitive business situation has meant that it is difficult enough to survive, never mind become successful on a long-term basis. This has meant that a completely new philosophy of business had to develop in which effective and efficient manufacturing processes are not sufficient. The answer to this situation has been suggested to be the application of the marketing concept.

Levitt (1960) was one of the first management theorists to stress the importance of a marketing approach for business organisations and raise the profile of marketing as an academic discipline. In the influential article 'Marketing Myopia' published in the *Harvard Business Review* in the summer of 1960, he argued that an industry should be a 'customer satisfier' rather than a 'goods producer'. He argued that there was a fundamental difference between marketing and selling. Selling focused on the needs of the seller, whereas marketing focused on the needs of the buyer. Marketing, he argued, was concerned with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and consuming it.

Marketing had been developing in business before this. The original idea of marketing had been developed by the fast moving consumer goods (FMCG) industries, typically in the United States of America from the 1930s onwards.

Proctor and Gamble, the American detergent and personal products company was one of the first companies to develop the use of marketing techniques in a practical business organisation.

Consumer durable manufacturers such as car makers were quick to adopt the marketing approach from the 1950s onwards. Service-sector organisations became very interested in the application of marketing techniques during the 1970s and 1980s.

Airlines and banks, for example, have been attracted to the marketing concept. The conversion of British Airways from a production-oriented company to a customer-led business by Lord King and Sir Colin Marshall which has led to huge financial success is one example of this.

Marketing for professional groups is also becoming popular. Professionals such as accountants, solicitors and lawyers are beginning to use marketing techniques.

Nonprofit making organisations such as educational institutions, charities and local authorities have been showing great interest in the use of the marketing concept for their types of organisations during the 1980s and 1990s. The use of marketing has enhanced consumer awareness. The use of marketing not only has improved profits for business organisations, but has also been used to promote governmental initiatives, and enhance the profile and increase the income of voluntary organisations.

Marketing is increasingly being adopted on an international scale in all sectors of the economy. International marketing is increasingly studied as a separate discipline. This book will suggest that organisations operating on a European or international basis should treat the multinational perspective as an inherent part of their marketing effort.

The application of the marketing concept to different kinds of organisations

The development of the application of marketing occurred in the (FMCG) industry. The previous section discussed this in more detail. Many other types of organisations are now trying to adopt the marketing concept within their own business context. It is important to remember, however, that the different types of organisations will have fundamentally different sets of objectives. The marketing objectives of different types of organisations are explored in Table 1.2.

Type of organisation	Marketing objectives
Profit making	To make profits at specified return
Nonprofit making and public sector	To maximise income and use it effectively and efficiently. To meet objectives laid down by government or funding bodies within specified budgets
Voluntary	To do most good for users of the services provided within the budget

Table 1.2 The marketing objectives of different types of organisations

The marketing programmes will be subtly different in these different types of organisations, so that the overall objectives of the organisation can be met. The underlying philosophy of putting the final customer at the centre of the business is applicable to all organisations.

Public-sector organisations can be defined as agencies operated and organised by Central and Local Government. This sector of industry has often been reluctant to incorporate the marketing philosophy into their business for a variety of reasons.

Marketing has often been considered by the officers of public bodies as being inappropriate because it has associations with competition and profits which does not fit in well with the aspects of social responsibility which these organisations are supposed to incorporate. There may even be issues regarding the ethics of collecting information during market research from the clients of public-sector organisations and issues around whether the data collected is used for political reasons rather than in the client's interest in providing better services.

Andraeson and Kotler (2003) described how their research carried out in the United States of America had indicated that many people within the nonprofit making sector have the view (often subconsciously) that marketing is basically bad due to aspects of wasting public money and the perceived qualities of 'hard sell' promotion. Many of these ideas have been challenged. Scholes (1991), for example, outlined the changes which had occurred in the UK public sector due to the creation of Compulsory Competitive Tendering and the creation of internal markets.

A change in management philosophy to a more market-oriented approach has been forced upon public-sector bodies faced with these legislative and administrative changes. The concept of 'best value' in the leisure sector today focuses on this type of approach.

Andraeson and Kotler (2003) outlined a series of reasons for public sector and non-profit making organisations which were suggested, to encourage the use of marketing techniques. These included:

- The organisation is often surrounded by a series of key public or stakeholders with whom it is important to maintain good working relations.
- Adverse publicity in the media may have far-reaching effects on the future operation of the organisation.
- Marketing will allow the organisation to offer very innovative products and services.
- Wider publicity regarding the public-sector organisation may open up opportunities to market segments which previously did not benefit from the product or service due to ignorance. Marketing in this way may even help the organisation build on factors associated with social responsibility.

Different approaches to the running of business organisations

Studies of organisations suggest that they fit roughly into three categories of organisation – the production-oriented organisation, the sales-oriented organisation and the marketing-oriented organisation. The historical development of many organisations often takes the organisations through these three stages sequentially, but this is not always the case.

The *production-oriented* organisation will concentrate all its efforts on producing the goods which the company knows it is good at producing, and then trying to sell these goods. The organisation should concentrate on producing products that are of the best

quality and performance that customers will clamour to buy. Many old traditional industries have used this approach over long periods. This approach means that the managers put all their efforts into making the production processes better and more efficient. Little effort is spent considering the consumer. After all, they have always bought the products so why should things change now.

The *sales-oriented* organisation will produce products and then attempt to sell these products by the use of a variety of sales and promotion techniques. Profits will be obtained by sales volume. A good example of this type of approach is where a company is experiencing reducing sales levels and brings in a 'marketing officer' to try and address this problem. They spend time and money producing leaflets to promote the products without ever looking at the customer. Or a sales person is brought in to sell the product to potential customers, using 'hard sell' methods.

The *marketing-oriented* organisation considers the customer needs and wants before making any decisions about what to produce. Once production is started, the customer is constantly monitored for changing patterns of buyer behaviour and the products and services constantly altered to meet these changing demands. Profits are achieved through customer satisfaction.

The consequences of an organisation adopting a marketing approach

Interest in the application of marketing is intensifying in many organisations, including organisations from the nonprofit making and public sectors. This is happening because it has been recognised that marketing can contribute to an improved performance in the marketplace.

Piercy (2002) suggested that adoption of the market-led approach is essential for two reasons:

1. that ultimately all organisations are forced to follow the dictates of the market [i.e. the paying customer] or go out of business;
2. the organisation can pursue organisational effectiveness by being 'market led' and focusing on the customer needs, wants and demands.

The simplicity of the ideas of marketing as an underlying business philosophy seems obvious. The question which arises is why do organisations find it difficult to become market-led and actually fail in the implementation stage? Piercy (2002) suggested that there are three main reasons for organisations finding it difficult to adopt marketing. These can be summarised as follows:

- there are considerable barriers to the introduction of marketing such as ignorance of customer characteristics, lack of information, inflexible technology and competitive threats, which all come from the way in which an organisation is run;
- being 'market-led' may require substantial and painful upheaval in the way the organisation is structured, the way decisions are made, the key values which are communicated to employees and managers and how everybody in the organisation does their job;
- the introduction involves a programme of deep-seated fundamental strategic change in organisations, not just hiring a marketing executive, or doing more advertising, or any other short-term tactical ploy.

The introduction of a marketing philosophy into an organisation involves deep structural and cultural change which is often very hard to achieve in the short term.

The differences between strategic and tactical marketing

It is important that the differences between strategic and tactical marketing are understood. The real significance of a *strategic marketing plan* as opposed to a *tactical operational marketing plan* must be clearly defined if organisations are to operate effectively.

McDonald and Morris (2000) differentiated between the strategic marketing planning process and the tactical plan by defining the strategic marketing plan as:

having a greater emphasis on scanning the external environment, the early identification of forces emanating from it, and developing appropriate strategic responses involving all levels of managers in the process.

They suggested that a strategic plan should cover a three- to five-year time period. The operational plan or tactical plan is a much more detailed programme of work, often on a smaller area of the business and covering a shorter timescale. The tactical marketing plan will include details of how the organisation is going to achieve their overall strategy.

The tactical marketing plan will include details of the appropriate annual *marketing mix* plans for each area of the business. The marketing mix is the term used to summarise the techniques which can be used by the organisation to influence demand. McCarthy (1960) developed this framework as the *4P's*. This is shown in more detail in Table 1.3.

P – Product	The good or service to be marketed
P – Price	The amount of money a customer has to pay to obtain the good or service
P – Promotion	All the methods of communicating the features of the good or service to the customer
P – Place	All the activities that enable the customer to obtain the product or service

Table 1.3 The marketing mix

Marketing and other business functions

It is vital that the marketing function fits into the whole business organisation in an effective manner. It could be argued that if everybody is considered to be marketer in an organisation then a separate marketing function within an organisation is not necessary. It is essential that everybody knows how they fit into the marketing activity which the organisation undertakes.

Organisations which have incorporated marketing into existing business disciplines have tended to have a separate marketing department. This can be seen at Marriott hotels that run their company in five main divisions:

1. People
2. Finance
3. Product and Service
4. Sales and Marketing
5. Development.

There is often confusion about the role of marketing within the other functions of the company. Kotler and Armstrong (2004) discussed the importance of marketing in relation to other business functions. In some firms, marketing is seen as just another function. In other firms it is given prime importance. The more enlightened firms put marketing at the centre of the business. The most enlightened, however, put the customer as the central focus of the business.

This chapter has tried to show the importance of marketing in bringing about success in organisations. Many strategic management academics have recognised the importance of marketing as a central business function.

Ohmae (1982), for example, expressed such views.

In a free competitive economic world, there will be no stability in a corporation's performance if it allows its attention to be diverted from the basic mission of serving its customers. If it consistently succeeds in serving customers more effectively than its competitors, profit will follow.

Despite the obvious logic for using the marketing approach, there are still relatively few companies that practice it. Drucker (1985) expressed concern about this situation.

Why, after forty years of preaching marketing, teaching marketing, professing marketing, so few suppliers are willing to follow. I cannot explain. The fact remains that so far, anyone who is willing to use marketing as the basis for strategy is likely to acquire leadership in an industry, or a market fast and almost without risk.

Most organisations even today, it seems, still have far to go to become customer satisfiers.

Is the marketing of services any different to the marketing of products?

It is widely accepted that the principles and practice of marketing techniques were developed by goods manufacturing industries. Literature which was published confined their examples to goods. There have been signs more recently of literature devoted entirely to the marketing of services. Books by Cowell (1984) and Bateson (1995) were early examples of textbooks which explored the application of marketing for service organisations. Palmer (2001) also investigated the application of marketing to service. The techniques of marketing have been embraced more recently by service organisations which for a variety of reasons, now try to make the marketing philosophy the central focus of the business. This has been particularly apparent when an organisation has moved from the public to the private sector of the economy, forcing the organisation to adopt a profit-oriented approach in the face of growing competition.

The developed countries of Europe have seen a gradual shift of emphasis in economic output from the product sector to the service sector. The development of services ranging from hotels to educational establishments, and from airlines to leisure parks has been both rapid and complex.

Many service organisations such as the banks and airlines have embraced the marketing philosophy. There are many service organisations, however, which have only just started to adopt the marketing philosophy. The marketing of higher education establishments, for example, has recently added a new perspective to service marketing.

The role of marketing in service industries and the management of intangibles

There has been considerable growth in the service sector in the world as higher living standards and technological developments stimulated the growth of many service industries. The use of new technologies has revolutionised and expanded customer service. The trend towards a growing service economy is predicted by economists, and the population of developed economies are to become richer and spend an increasing amount of their income on service.

Marketing theorists have attempted to define services in relation to their intangibility and the fact that a service never results in the ownership of anything; merely bringing the customer 'benefits' or 'satisfactions'.

Kotler and Armstrong (2004) define a service as:

any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

Rushton and Carson (1985) stated that the fundamental differences between goods and service marketing are that goods are produced rather than services which are performed. Theorists have attempted to clarify the definitions by stating that services have characteristics which distinguish them from products.

The most commonly stated characteristics of services are:

1. Intangibility
2. Inseparability
3. Heterogeneity
4. Perishability
5. Lack of ownership.

Intangibility

Services have the characteristics of being intangible in that they cannot be seen, felt, heard, tasted or smelt before purchase.

Bateson (1977) refined intangibility further in that a service has not only a 'palpable' intangibility in that it cannot be touched by the consumer but also a 'mental' intangibility in that it can often be difficult for the consumer to grasp the idea of the service mentally.

Inseparability

Services have the characteristic of an overlap between the production and performance of the service, and the consumption of it. A service, in its purest form, has the provider and customer face to face. This should theoretically mean that the implementation of the marketing philosophy to the serviced industries should be an easier task, particularly in terms of being customer-centred. Service organisations have the benefit of having face-to-face contact with the final customer.

Heterogeneity

It is difficult for services to be provided to the same standard at every consumption occasion. This can be explained by reference to the example of a restaurant meal. Every time the same customer visits the same restaurant for the same meal, the experience will be different according to occasion, moods, staff performance, etc.

Perishability

Services have the characteristic of being perishable in that if the service is not sold, then the business can never be recovered. The empty hotel room or the seat on the train cannot be put into storage for later consumption. Empty rooms or seats mean lost business and therefore lost profitability.

Services marketing is also often faced with widely fluctuating demands at different times or periods in the year.

Lack of ownership

The customer has access to the activity or facility only when he or she buys a service. The customer never owns anything at the end of the transaction. Services often lead to feelings of satisfaction, rather than a tangible item which can be shown to other people.

Academic theorists have looked at the differences between product and service marketing. Judd (1968), for example, identified features which differentiate for services from manufactured goods. These included the fact that services cannot be stocked and that channels of distribution if they exist at all, are often short.

Service marketing

It has been suggested that the marketing theories which were developed for the fast moving consumer goods industries can be adapted for organisations which market services. Grönroos (1980), for example, conducted research on service organisations in Sweden and Finland and suggested that traditional marketing literature could offer little to service organisations. Other academics have argued that service marketing requires a different approach and different concept compared to product marketing (Shostack, 1977).

One of the problems associated with the concept of 'service marketing' is the fact that many organisations never market true products or true services. Shostack (1977) suggested that there is a goods service continuum dependant on the level of tangibility in the product or service offered for sale.

Marketing theorists have also tried to develop new marketing theories to apply to service marketing examples. Booms and Bitner (1981), for example, suggested an expanded marketing mix for services to try and recognise that people who perform or deliver the services are crucial and that setting atmosphere and layout may be important influences. The elements which need to be emphasised during the creation of marketing programmes for services are shown in Figure 1.3.

This expanded marketing mix stresses the importance of certain elements of the traditional marketing mix and suggests new categories for special attention: participants, physical evidence and process.

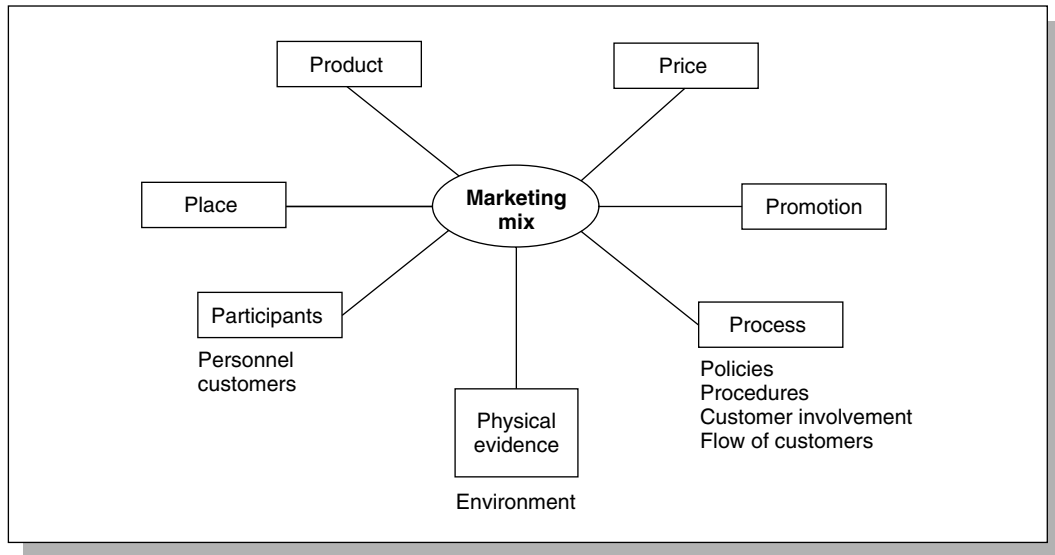


Figure 1.3 Elements to be emphasised during the creation of marketing programmes for services

Are products and services fundamentally different?

The philosophical question which must be asked is whether the marketing of services is substantially different from marketing products and whether the differences mean that fundamentally modified approaches are necessary when developing marketing programmes for services.

Levitt (1972) questioned the view that service marketing is any different to product marketing. Levitt argued that all companies sell intangibles in a market rather than simple products.

Industries which are generally associated with marketing services such as travel, repair, consulting, education and banking are not able to let the prospective customer try out or experience the product or service before purchase. The most basic of FMCG, such as shampoo and pizzas, have a strong element of intangibility, just like the services, because the consumer can rarely experience these products in advance. Branding of products, for example, adds intangible elements to a very tangible item. It denotes quality and can make the item desirable.

The conclusion which could be drawn from this analysis is that although services do have some special characteristics which require different approaches to marketing, they do have many characteristics which they share with products.

Contemporary marketing issues

There are a number of contemporary issues which have been growing in importance in the marketing field during the last part of the twentieth century. The first of these is the growing interest being shown by *nonprofit making organisations* in the philosophy and practice of marketing. Charities and local authorities, for example, have already

begun to operate strong public relations campaigns and have seen the advantage of segmenting markets and using branding techniques. The use of marketing has been recognised by the Countryside Commission, for example, in the UK, in an area of activity where marketing would once have been criticised for being ideologically unsound.

The second contemporary issue for marketing is the link of marketing to *quality* and *total quality management (TQM)*. Total quality management has become a management discipline in its own right. There is, of course, a great deal of similarity between the philosophy of TQM and the philosophy of marketing. Total quality management requires that the products and services produced by an organisation are right first time, and that employees are working for the good of the organisation and its customers. This is very close to an organisation introducing marketing-led philosophy. Both approaches usually involve a shift in the culture of the organisation.

The third contemporary issue for marketing is the growth in interest in *ethical issues and social responsibility*. It can be argued that a clever public relations campaign can allow an organisation to appear to be acting ethically and showing social responsibility without the underlying philosophy being present. It is clear that the addition of a 'green' product to a range of products which are questionable in terms of their formulation and positioning may not be enough in the future to satisfy the ever-growing number of critics.

It may become unacceptable to advertise to children and to other groups in the population. It may not be sufficient for large companies to donate small amounts of money to charities and other good causes in order to improve the reputation of the organisation in the eyes of the population, the customers and the shareholders. Acting ethically, and with social responsibility, in marketing is predicted to become a very important issue for all companies in the future.

The fourth contemporary marketing issue is the development of the concept of *relationship marketing* which encourages organisations to place as much emphasis on retaining existing customers rather than putting all their emphasis on attracting new customers.

Conclusion

This chapter has defined the marketing concept and considered various definitions of marketing. We have reviewed the history of marketing and the fact that marketing concepts were developed initially for production-oriented organisations. This chapter has reviewed the application of marketing to the service-sector, public-sector, voluntary-sector and charitable organisations. Contemporary issues in marketing are reviewed at the end of the chapter.

Discussion points and essay questions

1. Discuss the extent to which the idea of consumer-led or consumer-orientated marketing is feasible for existing organisations.
2. Examine the ways in which the marketing of services differs from the marketing of manufactured goods.
3. Evaluate the ways in which marketing objectives and approaches differ between organisations in the public, private and voluntary sectors.

Exercise

Students should interview those responsible for marketing within several different types of leisure organisations with the object of finding out their definitions of marketing and their views on the marketing concept.

The views of these managers should then be compared and contrasted with the definitions and ideas discussed in Chapter 1.

Finally, students should attempt to explain any differences which they identify between the views of practitioners and those of academics.