MODERN MARKETING, CONCEPTS AND CHALLENGES

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Abstract

Marketing is a process that affect our lives. We are consumers, but many of us are part of marketing like salespersons, wholesalers, rivals, Raw material suppliers and so force. As we know, the concept of marketing is constantly redefined. Marketing defines activities that create value through exchange between parties. This concept is a traditional definition of marketing. That used in many companies and organization, but in the globalization age, another concept is created that called modern marketing. In this article we tried to examine the concept of modern marketing, role and characteristics and challenges of its usage in companies and firms.

Keywords: Marketing, Marketing Strategic, Marketing Mix, Modern Marketing, Role of Modern Marketing

Introduction

World is constantly changing. Creating new industries and products show this fact. A few years ago, speed of these changes, maybe was every couple of years or every decade. But now, every year or every month we are seeing new goods and products that in the past there was not any kind of them. Before 2007, nobody even thinks that one day someone will make phones that work with touching our hands. But today, these phones are inseparable parts of our lives and without smart phones, our lives maybe seem too hard. Emerging new products needs new markets and finding new markets needs new marketing that called modern marketing. So in the globalization age, we need to consider the concept of modern marketing and its role and place at the companies and organizations.

Marketing

While it may seem un-necessary to start out discussing basic marketing it is important to establish a common point of reference in regards to marketing issues within a modern framework. Marketing is a term that is used in various contexts and a baseline understanding is essential. The term marketing is used to describe activities that create value through voluntary exchange between parties (7).

In marketing, three concepts have a close connection. They include: market, product and marketer.

► Market: A market is an arrangement between a seller and a buyer in which:
   • The seller agrees to supply the goods or the service.
   • The buyer agrees to pay the price.

Defined this way, the market is not necessarily a geographical location. Products and services are purchased over the phone, through mail and electronic mail, as well as online through the internet.
The market share for a company or a product is the value of the total sales for that product or the company divided by the total sales in the market. It represents the proportion of the total market sales claimed by the product or the company. (14).

**Product:** People satisfy their needs and wants with products. A product is any offering that can satisfy a need or want, such as one of the 10 basic offerings of goods, services, experiences, events, persons, places, properties, organizations, information, and ideas (12).

**Marketer:** A person whose duties include the identification of the goods and services desired by a set of consumers, as well as the marketing of those goods and services on behalf of a company. Marketers are skilled in stimulating demand for their products. However, this is too limited a view of the tasks that marketers perform. Just as production and logistics professionals are responsible for supply management, marketers are responsible for demand management. They may have to manage negative demand (avoidance of a product), no demand (lack of awareness or interest in a product), latent demand (a strong need that cannot be satisfied by existing products), declining demand (lower demand), irregular demand (demand varying by season, day, or hour), full demand (a satisfying level of demand), overfull demand (more demand than can be handled), or unwholesome demand (demand for unhealthy or dangerous products). To meet the organization’s objectives, marketing managers seek to influence the level, timing, and composition of these various demand states (8).

According to definitions marketing management is seen as a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others (9).

**Marketing Strategic**

Strategy is viewed in different ways by various authorities. The Oxford Advance learner’s Dictionary defined a ‘strategy’ as art of planning and directing an operation in a war or campaign or skill in planning or managing any affair well, or a plan or policy designed for a particular purpose. Chandler (1962) sees a strategy as “the determination of the basic long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary to carry out the goals” (3). To Daft (1988) strategy is the plan of action that prescribes resource allocation and other activities for dealing with the environment and helping the organization attain its goals (15).

Marketing strategy according to Kotler, Armstrong, Saunders and Wong (1999) is the marketing logic by which the business unit hopes to achieves its marketing objectives.

That is shown how strategies for target markets and positioning build upon the firm’s differential advantages. It should detail the market segments on which the company will focus. These segments according to Kotler et al (1999) differ in their needs and wants, responses to marketing and profitability. The company should put its effort into those market segment it can best serve from a competitive point of view. It should develop a marketing strategy for each targeted segment.

According to Kotler (2001), marketing strategic planning includes seven segments:

- **Marketing Mission**
  
  Each business unit needs to define its specific mission within the broader company mission. Thus, a television studio-lighting-equipment company might define its mission as “The
company aims to target major television studios and become their vendor of choice for lighting technologies that represent the most advanced and reliable studio lighting arrangements.”

● **SWOT Analysis**

The overall evaluation of a business’s strengths, weaknesses, opportunities, and threats is called SWOT analysis. SWOT analysis consists of an analysis of the external and internal environments.

● **Internal Environment Analysis**

It is one thing to discern attractive opportunities and another to have the competencies to succeed in these opportunities. Thus, each business needs to periodically evaluate its internal strengths and weaknesses in marketing, financial, manufacturing, and organizational competencies. Clearly, the business does not have to correct all of its weaknesses, nor should it gloat about all of its strengths. The big question is whether the business should limit itself to those opportunities in which it possesses the required strengths or consider better opportunities to acquire or develop certain strengths.

► **Strengths:** Trader Jane’s can take advantage of the Traders Joe’s name and reputation. This is a major strength in the markets where Trader Joe’s exists. Trader Joe’s is in 21 states and expanding at a controlled pace. This gives Trader Jane’s a geographical advantage over any smaller local or regional competitors. Trader Jane’s, like Trader Joe’s, is privately held with no franchises. This strength allows for centralized upper management while still permitting local modifications due to legal or client regional differences. Trader Jane’s will be selling products that already exist at Trader Joe’s and these products are perceived in the market as both high quality and priced competitively. The leadership at Trader Joe’s has consistently grown the business and expanded its market and client base.

► **Weaknesses:** While centralized management is strength in many areas, there is a weakness as the company gets larger and expands outside its initial area. As the company gets larger they will have to build regional distribution centers and needs to plan for this eventual capital expenditure. Also, time differences and culture can become a factor; in the Northeast, people are more formal; in the South business tends to move slower. Trader Jane’s is inheriting the West Coast attitude and possibly may need to alter its marketing strategy to account for regional variations, this is more difficult with a centralized management team.

● **External Environment Analysis**

In general, a business unit has to monitor key macro environment forces (demographic economic, technological, political-legal, and social-cultural) and microenvironment actors (customers, competitors, distributors, and suppliers) that affect its ability to earn profits. Then, for each trend or development, management needs to identify the associated marketing opportunities and threats.

► **Opportunities:** One of the primary marketing opportunities Trader Jane’s can capitalize on is making healthy food more readily available and cheaper than normal health food stores. Trader Jane’s can also take advantage of Traders Joe’s purchasing power and offer their products at a price point that is competitive with other major fast food restaurants. The drive thru concept is unique with very few health oriented drive-thru restaurants in the United States. Drive thru certainly exist, and many offer some healthy alternatives, but most of the health-food restaurants do not offer any drive-thru service.
Threats: As the price of gasoline gets more expensive many consumers are cooking at home more and not getting in the car and driving to “pick-up” something to eat. The rise in wholesale prices of food is also a threat due to consumers having less money available for convenience items. Although a less serious threat, additional competition, from either a national fast food company or smaller local businesses, could lead to dilution of the market and price wars. This is probably not as big an issue because Trader Jane’s has unique products that are not easily copied. Probably the greatest threat is a fickle public. It is entirely possible that the market for health-foods is not interested in drive-thru, preferring to cook at home. Trader Jane’s is planning on an indoor dining area which should alleviate some of the drive-thru concerns.

Goal Formulation
Once the company has performed a SWOT analysis of the internal and external environments, it can proceed to develop specific goals for the planning period in a process called goal formulation. Managers use the term goals to describe objectives that are specific with respect to magnitude and time. Turning objectives into measurable goals facilitates management planning, implementation and control.

Strategy Formulation
Goals indicate what a business unit wants to achieve; strategy describes the game plan for achieving those goals. Every business strategy consists of a marketing strategy plus a compatible technology strategy and sourcing strategy. Although many types of marketing strategies are available, Michael Porter has condensed them into three generic types that provide a good starting point for strategic thinking: overall cost leadership, differentiation, or focus.

Program Formulation
Once the business unit has developed its principal strategies, it must work out detailed supporting programs. Thus, if the business has decided to attain technological leadership, it must plan programs to strengthen its R&D department, gather technological intelligence, develop leading-edge products, train the technical sales force, and develop ads to communicate its technological leadership.

Implementation
A clear strategy and well-thought-out supporting programs may be useless if the firm fails to implement them carefully. Indeed, strategy is only one of seven elements, according to McKinsey & Company, that the best-managed companies exhibit.15 In the McKinsey 7-S framework for business success, strategy, structure, and systems are considered the “hardware” of success, and style (how employees think and behave), skills (to carry out the strategy), staff (able people who are properly trained and assigned), and shared values (values that guide employees’ actions) are the “software.” When these software elements are present, companies are usually more successful at strategy implementation.16 Implementation is vital to effective management of the marketing process, as discussed later in this chapter.

Feedback and Control
As it implements its strategy, the firm needs to track the results and monitor new developments in the internal and external environments. Some environments are fairly stable from year to year. Other environments evolve slowly in a fairly predictable way. Still other environments change rapidly in significant and unpredictable ways. Nonetheless, the company can count on one thing: The marketplace will change. And when it does, the
company will need to review and revise its implementation, programs, strategies, or even objectives.

**Marketing Mix**

Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. Dividing the multitude of marketing variables or mix into four distinct categories makes it much easier to formulate a marketing strategy. The four categories are (1) product, (2) place, (3) price, and (4) promotion, and are commonly called the “4ps.” Note also that the client is not part of, but rather is the target of the marketing mix (13).

**Marketing Mix**

![Diagram of Marketing Mix](image)

**Figure1. Parts of Marketing Mix**

►**Product:** Armstrong and Kotler define product as “anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a want or need” (Armstrong & Kotler, 2005). Most definitions are similar and it should be emphasized that a “product is not limited to finished goods” (13). When creating a marketing strategy, product development and its related aspects such as packaging, warranty, and branding must be considered. Analyzing and understanding client needs is important to remember along with the specific demographics the product aims to address. Many managers are myopic when thinking about product development, focusing on procedures instead of the client’s perception of the product. This myopia goes hand in hand with the other aspects of product development: branding, features, quality, and warranty. Managers tend to see the tactical aspects of the product, and a clear, client-driven product strategy guides managers beyond this narrow tactical view.

►**Place:** Place includes marketing issues such as, channel type, exposure, transportation, distribution, and location. A product needs to be available to the client when and where the client wants it. Marketers describe this process as the “channel.” The channel describes “any series of firms (or individuals) that participate in the flow of products from producer to final user or consumer” (13).

►**Price:** Marketing plans must include price considerations. The pricing mix includes competition, cost, markups, discounts, and geography. Even if all the other aspects of the marketing mix are perfect, with the wrong price clients will not buy the product. The marketing plan must include consideration on how flexible prices are, lifecycle pricing, who
gets discounts, and who pays transportation (13). Marketing managers must also make sure to base price on customer value rather than simply on cost. One way to ensure maximum price is by changing the customer perception of value. Jay Abraham suggests making the service, assistance or expertise the value, not the product itself (1).

Promotion: Promotion is what most people think about when creating a marketing plan. Promotion is only one fourth of the entire mix and not necessarily more important than any other part. Formally defined by Armstrong & Kotler, promotion is concerned with telling the target market or others in the channel of distribution about the “right” product (2004). Sales and selling are part of promotion and can be either personal or mass selling. Personal selling is the traditional calling on clients or potential clients and having a conversation about the problems the product solves. Personal selling can also involve group presentations, and is not necessarily one-on-one. Mass sales are comprised mostly of advertising and publicity. Generally publicity and advertising accomplish the same goal, but publicity is not paid for whereas advertising is(10).

Modern Marketing

The period the human society is going through is now reflected in various specialized works by names that express its traits (characteristics) in comparison with previous periods: the new economy (11), the knowledge economy, etc.. In the new economy, each science redefines its object, method, and scientific tool. Marketing is no exception to this trend, its contents being continuously redefined and reflected in the framework of some concepts that reported in previous stages of marketing development are grouped in a new concept, called modern marketing. Modern marketing traces its origin to the primitive forms of trade. As people began to adopt the techniques of work specialization, a need for individuals and organizations to facilitate the process of exchange emerged. Until about 1900, however, marketing was little more than physical distribution. We can trace the development of modern marketing through three stages the production era, the Product era and the era of the sales.

According to Philip Kotler (2001), marketing includes 5 competing concepts. That the recent 2 concepts are the most modern competing concepts and modern marketing is integrated of them. These 5 concepts are:

- Production Era

The production era, one of the oldest in business, holds that consumers prefer products that are widely available and inexpensive. Managers of production-oriented businesses concentrate on achieving high production efficiency, low costs, and mass distribution. This orientation makes sense in developing countries, where consumers are more interested in obtaining the product than in its features. It is also used when a company wants to expand the market. Texas Instruments is a leading exponent of this concept. It concentrates on building production volume and upgrading technology in order to bring costs down, leading to lower prices and expansion of the market. This orientation has also been a key strategy of many Japanese companies.

- Product Era

Other businesses are guided by the product concept, which holds that consumers
Favor those products that offer the most quality, performance, or innovative features. Managers in these organizations focus on making superior products and improving them over time, assuming that buyers can appraise quality and performance.

**Selling Era**

The selling era, another common business orientation, holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organization’s products. The organization must, therefore, undertake an aggressive selling and promotion effort. This concept assumes that consumers must be coaxed into buying, so the company has a battery of selling and promotion tools to stimulate buying.

**Marketing Era**

The marketing era, based on central tenets crystallized in the mid-1950s, challenges the three business orientations we just discussed. The marketing concept holds that the key to achieving organizational goals consists of the company being more effective than its competitors in creating, delivering, and communicating customer value to its chosen target markets.

Theodore Levitt of Harvard drew a perceptive contrast between the selling and marketing era: “Selling focuses on the needs of the seller; marketing on the needs of the buyer. Selling is preoccupied with the seller’s need to convert his product into cash; marketing 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 finally consuming it.”

The marketing era rests on four pillars: target market, customer needs, integrated marketing, and profitability.

The selling era takes an inside-out perspective. It starts with the factory, focuses on existing products, and calls for heavy selling and promoting to produce profitable sales. The marketing era takes an outside in perspective. It starts with a well-defined market, focuses on customer needs, coordinates activities that affect customers, and produces profits by satisfying customers.
The Marketing Era

Figure 2. Four Pillars of Marketing Era

► Target Market: Companies do best when they choose their target market(s) carefully and prepare tailored marketing programs. For example, when cosmetics giant Estee Lauder recognized the increased buying power of minority groups, its prescriptive subsidiary launched an “All Skins” line offering 115 foundation shades for different skin tones. Prescriptive credits All Skins for a 45 percent sales increase since this product line was launched.

► Customer Needs: A company can carefully define its target market yet fail to correctly understand the customers’ needs. Clearly, understanding customer needs and wants is not always simple. Some customers have needs of which they are not fully conscious; some cannot articulate these needs or use words that require some interpretation. We can distinguish among five types of needs: (1) stated needs, (2) real needs, (3) unstated needs, (4) delight needs, and (5) secret needs.

► Integrated Marketing: When all of the company’s departments work together to serve the customers’ interests, the result is integrated marketing. Integrated marketing takes place on two levels. First, the various marketing functions sales force, advertising, customer service, product management, marketing research must work together. All of these functions must be coordinated from the customer’s point of view. Second, marketing must be embraced by the other departments. According to David Packard of Hewlett-Packard “Marketing is far too important to be left only to the marketing department” Marketing is not a department so much as a companywide orientation.
Profitability: The ultimate purpose of the marketing concept is to help organizations achieve their objectives. In the case of private firms, the major objective is profit; in the case of nonprofit and public organizations, it is surviving and attracting enough funds to perform useful work. Private firms should aim to achieve profits as a consequence of creating superior customer value, by satisfying customer needs better than competitors. For example, Perdue Farms has achieved above-average margins marketing chicken a commodity if there ever was one! The company has always aimed to control breeding and other factors in order to produce tender-tasting chickens for which discriminating customers will pay more.

Societal Marketing Era

Some have questioned whether the marketing concept is an appropriate philosophy in an age of environmental deterioration, resource shortages, explosive population growth, world hunger and poverty, and neglected social services. Are companies that successfully satisfy consumer wants necessarily acting in the best, long-run interests of consumers and society? The marketing concept sidesteps the potential conflicts among consumer wants, consumer interests, and long-run societal welfare.

Yet some firms and industries are criticized for satisfying consumer wants at society’s expense. Such situations call for a new term that enlarges the marketing concept. We propose calling it the societal marketing concept, which holds that the organization’s task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer’s and the society’s well-being.

Social Responsibility in Marketing

Most marketing organizations do not intentionally work in isolation from the rest of society. Instead, they find that greater opportunity exists if the organization is visibly accessible and involved with the public. Because marketing often operates as the “public face” of an organization, when issues arise between the public and the organization marketing is often at the center. In recent years, the number and variety of issues raised by the public has increased. One reason for the increase is the growing perception that marketing organizations are not just sellers of product but also have an inherent responsibility to be more socially responsible, including being more responsible for its actions and more responsive in addressing social concerns.

Being socially responsible means an organization shows concern for the people and environment in which it transacts business. It also means that these values are communicated and enforced by everyone in the organization and, in some cases, with business partners, such as those who sell products to the company (e.g., supplier of raw material for product production) and those who help the company distribute and sell to other customers (e.g., retail stores).

The Role of Modern Marketing

The key objective of an organization’s marketing efforts is to develop satisfying relationships with customers that benefit both the customer and the organization. These efforts lead marketing to serve an important role within most organizations and within society. As was mentioned, modern marketing is a very new concept that needs companies and marketers to pay attention to it. Until now, the roles of modern marketing and its
application Has not much attention. Debi Kleiman the president of MITX, has enumerated 10 roles for modern marketing. In her opinion every firm must pay attention to them.

● **Marketing ≠ Advertising**

Advertising still is important but marketing today is much more about conversations, not shouting out messages – it’s bringing the customer with us. Building customer love is about engagement and relationships. Connect to an emotion, give customers a reason to believe or care about you. Learn about your customers and how they want to interact with you.

● **Participation is the 5th P of marketing**

Today we live in a world where connected consumers want to have a say, want their voice to play a role. Participation is not about letting go of your brand, but instead it’s a willingness to let others in. Give customers the means to play with your brand and make it their own.

● **Always be listening**

Online communities, ratings and reviews, Twitter, call centers, all provide opportunities to learn and innovate. There are more opportunities now than ever before for channels to listen to your customers, you will be amazed at what people will tell you if they think you are listening.

● **Talk is cheap (media)**

Empower your customers to talk to their friends about your products, their influence is far greater. Provide ways for them to spread the word, enlist in your cause, share what they learned.

● **Me-Commerce is better than E-Commerce**

Create digital experiences and interactions on a mass scale make them feel like they are 1:1. Digital technology has enabled this – personalized discovery, product customization and stellar customer care. There are a few great young companies in Boston, Blank Label and Costume Made that are working on this.

● **Think mobile first**

According to the Pew Internet Project, 88% of adults carry a mobile phone, 50% of which are smart phones; 19% have tablets. Mobile devices account for 30% of email opens. Thinking mobile first means understanding how the consumer is experiencing your brand on the go, when it’s convenient for them. The rise of mobile should encourage you to rethink the role of Location. Even better, reinvent your offering to make location matter—how can it change the game?

● **Content is king**

Be relevant, meaningful and helpful and people will come to you. What are you expert in? What do you know about better than anyone else? Share all the facets of this. Think about how your product fits into people’s lives – business, personal whatever - and build a content strategy around it.
• **Every employee is a brand manager**

  Marketing, capital M means that your customer service department, your innovation or R&D group, your retail clerks – anyone that has a touch point with the customer all know and understand how to communicate what your product means, what the brand stands for and can bring it to life in their work every day. This isn’t a new idea. But what is new is the way that customers and employees can interact and be very connected because of social media and the internet.

• **two parts here: Use technology to simplify and measure everything**

  Can technology help me do this better? Think about user experience through the entire purchase path and how technology can make it better, help us learn what our customers want and give it to them. Technology can also help track how we are doing. There are so many options and channels, links and levers – you need to be sure you know what is working well and what is not.

• **don’t be a lemming**

  It can be so tempting to try each bright shiny object that comes along that’s the darling of the moment. Do not do this. Ask yourself how this would fit your customer and if the answer isn’t obvious right away, it’s probably a bad fit. For most products, you can’t and shouldn’t be everywhere online (5).

**Characteristics of Modern Marketers**

Two days, that modern marketing is created for responding Companies needs, it is important that the marketer become modern too. In this way, the person can coordinate himself for herself with modern marketing. Paul Christ has enumerated five characteristics for modern marketers. They include:

• **Basic Business Skills**

  Marketers are first and foremost business people who must perform necessary tasks required of all successful business people. These basic skills include problem analysis and decision-making, oral and written communication, basic quantitative skills, and working well with others.

• **Understanding Marketing’s Impact**

  Marketers must know how their decisions will impact other areas of the Company and others business partners. They must realize that marketing decisions are not made in isolation and that decisions made by the marketing team could lead to problems for others. For example, making a decision to run a special sale that significantly lowers the price of a product could present supply problems if the production area is not informed well in advance of the sale(16).

• **Technology Savvy**

  Today’s marketers must have a strong understanding of technology on two fronts. First, marketers must be skilled in using technology as part of their everyday activities. Second,
marketers must understand emerging technology and applications in order to spot potential business opportunities as well as potential threats. For instance, the rapid growth of search engines requires marketers to firmly understand how these fit within an overall marketing strategy.

● Need for a Global Perspective

Thanks in large part to the Internet; nearly any company can conduct business on a global scale. Yet, just having a website that is accessible to hundreds of millions of people worldwide does not guarantee success. Marketers selling internationally must understand the nuances of international trade and cultural differences that exist between markets.

● Information Seeker

The field of marketing is dynamic. Changes occur continually and often quickly. Marketers must maintain close contact with these changes through a steady diet of information (4).

Modern Marketing Challenges

The future isn’t ahead of us. It has already happened, says marketing teacher Kotler. And this future which we are seeing today has brought with it many opportunities as well as challenges. While on the one hand globalization and liberalization have brought down geographical barriers, technological advancement has made the world a smaller place. This has opened up immense business opportunities in the shape of the entire globe being one huge market, it has also posed threats to existing market share with the entry of foreign giants in the domestic markets. This change in the marketing environment necessitates a re-look at the entire marketing function and strategy. The four pillars of marketing strategy have, been product, price, promotion and place. However, they have acquired newer dimensions in changing times (6).

On the other hand, we can say, modern marketing challenges are the same old challenges of the marketing. So we have to manage marketing mix correctly. It means that our products must be related with costumers needs and they should have suitable price and also, we must deliver them in the right time and right place. We must care about selling them and their facilities. In modern marketing we have to pay attention to these four pillars and try to do each of them in the best way.

Conclusion

As is mentioned, modern marketing is a new concept that represents the needs and values of costumers and society, not just corporate and benefits. Companies seek their advantages and they do not care about basic principal that what kind of goals and values individuals and society have. Therefore, companies should be familiar with this modern and strategic principal and we must draw their attention to the aims and interests of the people and not just company’s. It is possible by expansion of modern marketing concept and encouraging companies to replace it rather than the traditional way.
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