

# ЕКОНОМІКА ТА УПРАВЛІННЯ ПІДПРИЄМСТВАМИ (за видами економічної діяльності)

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## THE SIGNIFICANCE OF THE MARKETING ORIENTATION CONCEPT IN THE NEW REALITIES

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**Introduction.** The development of modern marketing can be concerned to the eighteenth century, when Industrial Revolutions took place first in Britain, then in USA and Germany in nineteenth century. The migration of rural masses to urban areas gave the big potential for enormous markets.

As a field of study, marketing became in the early part of the twentieth century. The main focus of marketing courses in the beginning of 1950s and 1960s was on ‘how to do it’. In more recent times, focus has been turned to the side of an absolutely new direction and a new sense, namely, marketing has been announced as a philosophy and as a way of doing business. I support such meaning of marketing too (John Fahy and David Jobber, 2015).

The world of marketing is one the most interesting and exiting spheres of the modern business. Even in the case of very well known, leading companies we can see successful / unsuccessful business stories. What is the secret of success? What is the reason of failure? Marketing is called to answer these questions. To be successful in business every company must be market and customer focused and heavily obsessed to marketing. Company activities should be focused on providing customer satisfaction rather than just simply producing products. This is not always as easy as it may first appear. For example, we remember very well times when Finland’s Nokia was the world’s dominant mobile-phone manufacturer by some distance. It was very prestigious and reliable brand and had millions of users and those who preferred this brand around the world. However, its failure to recognize the shift in consumer tastes towards more technologically advanced smartphones meant that its sales collapsed and it was rapidly overtaken by Apple and Samsung. Its Mobile Devices and Services division were subsequently sold off to Microsoft in 2013. The company successfully adopted a diversification strategy, because never produced smartphones before. Positions and activity directions of Microsoft have become stronger and very soon Microsoft has introduced to the world the new one model – Nokia Lumia.

So, lack of information on newest digital trends in the sphere of information technology led to lack of attention to customer needs. And sad result the company met with failure (Hariharan, 2016).

Learning how businesses and people operate from a marketing point of view will help us in all our future endeavors. We should consider marketing as a way, as a philosophy of doing business.

The well-known American business professor and consultant Peter Drucker in his book “The Practice of Management” defines the purpose of business as the process of creation and keeping customers (Drucker, 2012). According to this statement, marketing has a central position for business success since it is concerned with the creation and retention of customers.

The goal of marketing is providing a long-run customer satisfaction, create customer value and never put own business interests over consumer’s and do not allow deception and gimmicks. The customer is KING – gold phrase of an American economy. Because what is the business without customers – nothing. Without customers, a business does not make a sense. To be able to produce and then sell (which is very important) most part of the produced goods all marketers should clearly understand market trends and listen to market’s sound. The modern market is quite heterogeneous: different nations, different cultures (tastes, flavors, styles, religions, and habits), different needs (Basic, physical needs for food, clothing, warmth, and safety; social needs for belonging and affection; Individual needs for knowledge and self-expression), lifestyles and different preferences.

**Main material.** Today the marketing concept can be described as a desire to achieve the corporate goals by meeting and exceeding all customer needs significantly better than may do it competitors. For instance, an American entertainment company Netflix (founded by R. Hastings and M. Randolph in 1997, in California) one of the world’s leading internet entertainment service with over 117 million members in over 190 countries in the world. Members can watch movies anytime and anywhere as much as they want. Also they may to play, pause and resume watching without any commitments. In 2013, Netflix has added to its successful movie rental and streaming services business portfolio original TV show content production and it debuted also its first series. Furthermore, all of its content is available on all electronic and mobile devices, allowing customers to watch their favorite movies and shows while on the move.

Of course, it is a significant advantage over cable operators (<https://ir.netflix.com/>).

So before the marketing concept can be applied **three conditions** must be taken into account.

1. Company activities should be concentrated on providing **customer satisfaction** rather than simply producing products. This is not always as easy as it may first appear. For instance, The Duracell brand owned by P&G has built a strong reputation in the world market as a longer-lasting battery. In other words advertisers focused their efforts on key benefits such as battery life.

In order to understand the **concept of customer satisfaction** I analyze the Kano model (John Fahy and David Jobber, 2015), which helps to differentiate such characteristics as dissatisfaction, satisfaction and delight. Three characteristics constitute the model: ‘must be’, ‘more is better’ and ‘delighters’.

“**Must be**” means that all functions of product must be in action. For instance, passengers expect trains or planes to depart on time according to their schedule and itinerary. If dispatch is delayed, passengers are annoyed and dissatisfied. If everything goes according to plan, dissatisfaction goes up to a neutral level.

“**More is better**” can take satisfaction past neutral and into the positive satisfaction range. No answer to a telephone call may lead dissatisfaction, but a fast answer may cause positive satisfaction. We can observe this characteristic in the case of Google that provides wide range of search results. Following to the “more is better” Google becomes the leading and dominant searching site.

“**Delighters**” calls for the unexpected characteristics that may surprise and wonder the customer. Their absence does not a reason for dissatisfaction, but their presence delights the customer. For example, tourists who have found that a holiday destination in the Shahdag Mountain Resort (the first and largest ski resort in Azerbaijan was open in 2012 in the Azerbaijan’s Greater Caucasus range and known as an ecological system and an untouched flora and fauna) has exceeded their expectations through the quality of customer service, then they have received will often be delighted and are likely to recommend the destination to friends and colleagues.

2. The achievement of customer satisfaction relies on **integrated effort**. The responsibility for the implementation of the concept lies not just within the marketing department but should run right through manufacturing, finance, purchasing, research and development, engineering, Human Resources and other departments. In other words, the company should establish occurring everywhere the system of Total Quality Management (TQM). TQM is an approach in which all the company’s people are involved in constantly improving the quality of products and means that all staff accepts the responsibility for creating customer

satisfaction. In other words, it can be defined as “freedom from defects” (Kotler, 2016). The achievement of customer satisfaction relies on integrated effort. Customer satisfaction depends on a product’s performance. Quality has a direct impact on product performance. It becomes so hard today to wonder somebody. But if performance exceeds customer expectations the buyer is delighted.

3. For integrated effort to come about, top management must believe that corporate goals can be achieved through **satisfied customers**. Some companies very quickly and very well recognize the importance and significance of the marketing concept than other companies. In the case of Nike, we see that it was a quite late entrant into the sport shoe market dominated by such strong and popular brands as Reebok, Puma, and Adidas. Despite this, Nike has established itself as the world’s leading sportswear company by delivering of powerful brand values.

Marketers today are focused on virtually all aspects of the company’s operations that have the potential to affect the **relationship** with customers. The modern marketing concept is the idea that achieving organizational goals depends on knowing the needs and wants of the target markets and delivering the desired satisfactions better than competitors do. In other words, the marketer’s job is not to find the right customers for his / her product but to find the right products for their customers. It would be foolish to do business not thinking about own profit. Any business requires a strong preparation. To be able to rich and keep customers and then built with them kind relationships, marketers preferably should have strong knowledge in such fields as Economics, Behavioral Economics, Psychology, Statistics / Econometrics, Information Technology and etc.

**Conclusions.** The marketing orientation concept refers an outside approach and every time can be viewed as being either inward looking or outward looking.

In the past, the focus is on making things or providing services but with significant attention being paid to the efficiency with which internal operations are conducted. Companies that build strategy from the outside in start with the customer and work backwards from an understanding of what customers truly value. The difference in emphasis is subtle but very essential. In the case of maintaining in attention outward approach, firms may clearly understand what customer’s value and how to consistently innovate new sources of value that keep bringing them back. Let us consider an example with a founder of Southwest Airlines as Herb Kelleher. Following to marketing orientation concept he stated “We don’t have a marketing department; we have a customer department” (Kotler, 2016). So the marketing concept begins with an attentive and well-defined market, manufacturers products / services dictated only by marketplace; conducts STP (segmentation, targeting, positioning) and focuses primarily on the results of customer needs; integrates all the marketing activities and efforts that may influence on customers. And as desired result it yields profits by creating positive relationships with the right customers at the right place and right time and based on customer value and satisfaction. Marketing mix instruments – 4P (product, price, place, promotion) are called to realize marketing orientation concept. Of course, we should say that it is more easy to use and implement 4P elements at the markets with free economies than at the markets with commanded-administrative economies.

Going on this way and doing an efficient job we can be ensure that value will be created and delivered at a profit to the company. And this is the ultimate goal of marketing.

Comparing the **selling concept**, we may arrive at a conclusion that this concept takes a form of inward approach. It starts with the factory, i.e. produces only available products / services – instead of customer needs puts personal interests in first place; focuses on the company’s existing products – nothing more (the manufacturer does not think about new products, about new preferences of customers), and calls for heavy selling and promotion to obtain profitable sales. The process ends with the expectation of profit. So, profit directly depends from sales volume. This approach focuses primarily on customer conquest – getting short-term sales with little concern about who buys, what buys, why buys, how often buys and etc. The selling concept was an actual in the period of mass production, when a company might decide to develop a single marketing mix for the entire market.

Implementing the marketing concept very often means more than just simply responding to customers’ desires and needs. Customer oriented companies look for and research customers quite deeply to be able to learn their desires, lifestyles, behaviors, collect ideas and preferences about new products and services, and then test product modifications.

Such customer oriented marketing chain will be performed very well when an obvious needs exist and when customers know exactly what they want to buy.

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**Маммадова Севар Момин кызы**, кандидат экономических наук, доцент, заведующая кафедрой «Экономика и управление бизнесом», Азербайджанский Государственный Экономический Университет. **Значение концепции маркетинговой ориентации в новых реализациях.** В статье рассматриваются вопросы значимости ориентации компаний на маркетинговую стратегию как средства их дальнейшего роста. Сегодня маркетинговую концепцию можно охарактеризовать как стремление к достижению корпоративных целей путем удовлетворения и превзойти все потребности клиентов значительно лучше, чем конкуренты. Например, американская развлекательная компания Netflix (основанная Р.Хастингсом и М.Рандольфом в 1997 году в Калифорнии) одним из ведущих мировых интернет-развлекательных сервисов с более чем 117 миллионами членов в более чем 190

странах мира. Участники могут смотреть фильмы в любое время и в любом месте столько, сколько захотят. Также они могут играть, приостанавливать и возобновлять просмотр без каких-либо обязательств. В 2013 году Netflix добавила в свой успешный прокат фильмов и потокового бизнеса бизнес-портфолио оригинального контента для ТВ-шоу и дебютировала в своей первой серии. Кроме того, все его содержимое доступно на всех электронных и мобильных устройствах, что позволяет клиентам смотреть их любимые фильмы и показы во время движения.

В концепции маркетинга может быть применено три условия, которые необходимо учитывать.

1. Деятельность компании должна быть сосредоточена на предоставлении удовлетворенности клиентов, а не просто производстве продуктов. Это не всегда так просто, как может показаться на первый взгляд. Например, бренд Duracell, принадлежащий P & G, создал прочную репутацию на мировом рынке в качестве более долговечной батареи. Другими словами, рекламодатели сосредоточили свои усилия на таких ключевых преимуществах, как срок службы батареи.

Чтобы понять концепцию удовлетворенности клиентов, я анализирую модель Кано (John Fahy и David Jobber, 2015), которая помогает дифференцировать такие характеристики, как неудовлетворенность, удовлетворение и восторг. Три модели составляют модель: «должно быть», «больше лучше» и «радость».

«Должно быть» означает, что все функции продукта должны действовать. Например, пассажиры ожидают, что поездка или равнины будут отправляться вовремя в соответствии с их графиком и маршрутом. Если отгрузка задерживается, пассажиры недовольны и недовольны. Если все идет по плану, неудовлетворенность поднимается до нейтрального уровня.

«Больше лучше» может получить удовлетворение от нейтрального и в позитивный диапазон удовлетворенности. Никакой ответ на телефонный звонок может привести к неудовлетворенности, но быстрый ответ может вызвать положительное удовлетворение. Мы можем наблюдать эту характеристику в случае Google, которая предоставляет широкий спектр результатов поиска. Следуя «лучше, лучше», Google становится ведущим и доминирующим поисковым сайтом.

«Delighters» требует неожиданных характеристик, которые могут удивить и удивить клиента. Их отсутствие не является причиной неудовлетворенности, но их присутствие радует клиента. Например, туристы, которые обнаружили, что место отдыха в курорте Шагдаг (первый и самый большой горнолыжный курорт в Азербайджане был открыт в 2012 году в расширенном Кавказском диапазоне Азербайджана и известен как экологическая система и нетронутая флора и фауна) превысил их ожидания через качество обслуживания клиентов, то они получили часто будут рады и, вероятно, порекомендуют место назначения друзьям и коллегам.

2. Достижение удовлетворенности клиентов зависит от комплексных усилий. Ответственность за реализацию концепции лежит не только в отделе маркетинга, но и должна работать прямо через производство, финансы, закупки, исследования и разработки, инжиниринг, кадровые ресурсы и другие отделы. Другими словами, компания должна установить повсеместно всю систему Total Quality Management (TQM). TQM - это подход, в котором все люди компании участвуют в постоянном повышении качества продукции и означает, что все сотрудники принимают на себя ответственность за удовлетворение потребностей клиентов. Другими словами, его можно определить как «свободу от дефектов» (Kotler, 2016). Достижение удовлетворенности клиентов зависит от комплексных усилий. Удовлетворенность клиентов зависит от производительности продукта. Качество напрямую влияет на производительность продукта. Сегодня становится так трудно удивляться кому-то. Но если производительность превышает ожидания клиентов, покупатель в восторге.

3. Для достижения комплексных усилий высшее руководство должно полагать, что корпоративные цели могут быть достигнуты через довольных клиентов. Некоторые компании очень быстро и очень хорошо осознают важность и значение концепции маркетинга, чем другие компании. В случае с Nike мы видим, что это был довольно поздний участник рынка спортивной обуви, в котором доминируют такие сильные и популярные бренды, как Reebok, Puma и Adidas. Несмотря на это, Nike зарекомендовала себя как ведущая мировая спортивная компания, предоставляя мощные ценности бренда. В статье рассматриваются основные условия, которые должны быть учтены еще до момента применения маркетинговой концепции.

**Ключевые слова:** концепция маркетинга, потребительская ценность, концепция продажи, успех компании, управление.

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**Key words:** marketing concept, consumer value, sales concept, success of a company, management.