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# Defining Marketing: A Market-Oriented Approach

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Traditionally marketing in practice, *marketing management*, as it is perceived all over the Western world, is based on definitions agreed on in the US and presented in American textbooks. However, there are research traditions within at least two sub-areas of marketing emerging in Northern Europe, and gradually even spreading over larger parts of the world, which do not agree with the standard views of what marketing is.

The *purpose* of this article is to analyse the recently renewed American definition of marketing and its appropriateness in view of the modern marketing research in Finland and the Scandinavian countries. A definition of marketing, which is more geared to the nature of modern marketing research and practice in Northern Europe is put forward. This definition is intended to be more *market oriented* than the standard definitions of most textbooks on marketing and marketing management.

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## **Marketing as a Philosophy: The Marketing Concept**

According to the marketing concept, which states what marketing as a philosophy is, the firm should base all its activities on the needs and wants of customers in selected target markets. At the same time, restrictions due to the surrounding society (laws, industry agreements, norms, etc) have to be recognised. If this basic philosophy is taken into account by the firm, its operations should be successful and profitable.

This is also called a *market-oriented* view in contrast to a *production orientation*, where the firm's activities are geared to existing technology, products or production processes.

## **The Marketing Mix Model**

For a marketer it is easy to adopt the marketing concept as a basis for marketing planning. However, marketing as it is supposed to be implemented in practical business situations according to the standard marketing models of our textbooks may not always fit reality as perceived by top management.

As was indicated above, the marketing concept is transformed to marketing in practice in the standard literature on marketing management (for example, Kotler[1]). There are dozens of textbooks covering the topic in more or less exactly the same manner. This body of literature is reviewed by Gummesson[2]. The core of

marketing is the *marketing mix*. The marketer, who in the organisational structure is placed in a marketing department, plans various means of competition, and blends them into a marketing mix, so that a profit function is optimised. Pedagogically the marketing mix of different means of competition is labelled the 4Ps[3].

Recently, the Ps of the marketing mix have been found too limited, and, in the context of *megamarketing*, Kotler[4], adding *politics* and *public relation*, has expanded them to 6Ps, while there have been found to be as many as 7Ps in services marketing[5]. This is not a very valid way of redefining the core of marketing, when the old model is considered too limited, although it includes new perspectives and thus improves the older definition. However, it is equivalent to adding a few more items to a list, which is used as a definition of a phenomenon, in order to update the definition. Such a way of defining phenomena cannot be considered the best one. There are always items missing, whereas other items on the list become obsolete. No real change has occurred, so that the definition would better fit new conditions. (see also the criticism of this kind of expansion of the 4Ps in Gummesson[2]).

Marketing thought in the academic establishment, as well as among practitioners, is based on this marketing mix approach. The marketing mix model is widely considered the general marketing model over almost all the Western world. What is easily forgotten is the fact that this model was developed in North America, using empirical data concerned mainly with consumer packaged goods and durables. Moreover, the marketing environment is in many respects quite specific, e.g. a huge domestic market, a certain media structure, for instance, as far as TV and radio are concerned, and a non-oligopolistic, highly competitive distribution system.

This marketing model may cover many marketing situations in North America, but its general validity has more been taken for granted than formally proved.

In spite of all this, we have, for instance, no European marketing theory or model geared to European conditions. The marketing mix model has been used in our environment unchanged; moreover, it has also been applied to other types of products than the ones the empirical evidence behind the model covers. For example, in industrial marketing and in marketing of services, the marketing mix has already had a powerful impact, especially among American researchers. However, within these areas, new approaches have emerged in Northern Europe.

The victorious crusade of the marketing mix approach is perhaps easy to understand, though. Marketing management was developed in a systematic way first in the US, and the new marketing thinking swept over Europe, where this pedagogically sound but in other respects in many situations less valid model was quickly accepted. Of course, nobody other than the European researchers are to blame for this. As one practitioner put it: “. . . we have been let down, but only by ourselves: we should be developing with greater purpose our own European management craft”[6] (p. 227).

### **American Marketing Association's Definition of Marketing**

Traditionally, the American Marketing Association (AMA) seems to have been authorised to define what marketing is. In the renewed definition of 1985,

marketing is described as follows: "Marketing is the process of planning and executing the *conception, pricing, promotion* and *distribution* of ideas, goods and services to create exchange and satisfy individual and organizational objectives" (author's italics)[7].

This definition is only a modernisation of the old one, which appears in standard marketing texts. No real shift in the views of what marketing is has occurred. It is only a new list of activities (in the old definition, the terms product, price, promotion and place were on the list). One major new aspect can be found, though: the fact that the *execution* of marketing plans has been upgraded and given the same priority as planning (Interestingly enough, executing marketing decisions have been treated with the same importance as making marketing decisions, i.e. as planning, in Scandinavian literature on marketing for over a decade; see, Gummesson[8]).

The definition inaugurated by the AMA states *what* marketing is, because of its nature on a list of items. The logical consequence is, of course, that anything other than "conception, pricing, promotion and distribution" is by definition *not marketing*.

This definition is based on what is convenient for the first to plan and execute as marketing. The activities of the AMA definition are easily defined and separated from other activities of the firm, and hence, it is uncomplicated to organise for marketing. However, this definition does not take into consideration what the customer would want marketing to be. Of course, market research is conducted in order to find out what the market wants, but these pieces of research are more or less within the existing paradigm. Consequently, one may create new ways of doing old things, but in most cases the borderline of what *a priori* is considered marketing is not crossed.

As a marketing philosophy, the marketing concept is still valid. However, the standard way of transforming this concept to marketing in practice is *production-oriented*, because it starts from the firm and not from the market. What is needed is a truly market-oriented definition of marketing.

### **Nordic Approaches to Marketing Research**

For more than ten years, researchers in Northern Europe have developed another approach to marketing within the areas of *industrial* and *services marketing*. This research is characterised by the fact that old walls dividing what marketing is from what it is not have been torn down. These walls, illustrated by the borderlines determined by the Ps of the marketing mix, have often become a burden for researchers, making innovative approaches seemingly wrong, outside the prevailing paradigm, and, therefore, impossible in the mind of the academic establishment.

This new research tradition can be described as hermeneutic and as aiming at developing a deeper understanding of the *marketing function* based on the customer relations and marketing situations that in fact exist. This research is highly empirical, although it is conceptual as well. It relies heavily on a close contact between the researchers and the actors in the marketplace and on case studies at research method, although more traditional, quantitative methods have also been used occasionally in situations where they fit in.

One may, in our opinion, talk about an emergent Nordic research tradition, although there have been few connections between research into industrial and services marketing, respectively. However, the research approaches and the methods used are very similar, and the results support each other, among other things, as far as the basic view of the marketing function is concerned. In industrial marketing, there is the *interaction/network approach*, which was born among researchers of the so-called IM Group in Sweden, and which has now spread outside Scandinavia to the Swedish-based IMP (International Marketing and Purchasing) Group (see, for example, Håkansson and Snehota[9], Hammarkvist *et al.*[10], Håkansson[11], Håkansson and Johansson[12] and Turnbull and Valla[13]).

In services marketing, the term *Nordic School of Services* has been adopted internationally by service researchers (see, for example, Gummesson[8, 14], Grönroos[15, 16, 17], Lehtinen[18, 19], Grönroos and Gummesson[20, 21], and Gummesson and Grönroos[22]).

According to these approaches to industrial and services marketing respectively, the following is considered the core of marketing: the most important issue in marketing is to establish, strengthen and develop *customer relations* where they can be commercialised at a profit and where individual and organisational objectives are met.

### **Marketing and Market-oriented Management**

A key issue in modern Nordic research is the view of the marketing function. This function is not the same as the marketing department's. The latter's is an organisational solution only, whereas the size and diversity of the former depends on the nature of the customer relations. Hence, the marketing function is spread over a large part of the organisation outside the marketing department, and all of the activities which have an impact on the current and future buyer behaviour of the customers cannot be taken care of by marketing specialists only.

Many firms have responded to this fact and decreased the size and importance of their marketing departments to a considerable extent. In some cases, the marketing department has been closed down altogether. The responsibility for initiating and implementing marketing activities has been delegated to the line organisation. Thus, these firms have tried to achieve an integration between operations and marketing[16].

Moreover, marketing is not only part of operations. Many staff and support functions include an element of marketing as well. In most firms, a large number of employees have something to do with marketing[2]. These employees may be in direct contact with some representative of the customers (a household or an organisation) as, for example, over the encounter in a bank, when rendering check-in and in-flight services in airline transportation, and in joint R&D projects, technical services, deliveries, customer training and telephone reception. In other cases, they may influence the customers indirectly. There are a lot of support functions which are required to enable other functions and persons to serve the customer. Such persons will have to realise that other inter-firm functions, the operations of which depend on their service orientation, are, in fact, their *internal customers*[2, 23]. Such internal customers have to be served as well as the ultimate, external customers are supposed to be.

As a matter of fact, there are frequently only a rather limited number of marketing specialists in a firm engaged in, for example, personal selling, mass communication, market research and marketing planning, whereas the employees involved in marketing-like contacts with the customers greatly outnumber the marketing specialists. The latter kind of employees are often called “part-time marketers”[2], because their main job is something other than marketing, e.g. production, deliveries, technical service, invoicing, claims handling, telephone reception and R&D. Nevertheless, at the same time, they will have to do their job in such a way, demonstrating such skills and service mindedness, that the customers’ trust in them is maintained and preferably strengthened. Simultaneously, the customers’ trust in the firm itself will be maintained. If this is achieved, the employees are true “part-time marketers” and fulfil their responsibilities as members of the total marketing function of the firm.

Far too often, the “part-time marketers” do not realise that they have this role as well, and if management fails to understand the dual responsibilities of many groups of employees, the situation becomes even more critical.

As marketing is spread all over the organisation, and the marketing specialists can only take care of a part of the total marketing function, the nature of marketing cannot be that of a specialist function only. Instead, marketing becomes an integral part of top management, where the marketing specialists may be needed to support management as far as, for instance, market research, personal selling and advertising are concerned. According to the Nordic research approach, it is more correct to view marketing as market-oriented management than as a separate function only (see, for example, Grönroos[17]).

### **The Customer Relation as the Cornerstone of Marketing**

It is important to notice that marketing is not related to a predetermined set of means of competition in a marketing mix, and moreover, that the marketing function is not the same as the marketing department, which is supposed to be responsible for initiating, planning, executing and controlling the marketing activities of the firm, and that marketing is a management concern more than a specialist function only. Of course, one has to keep in mind that there are differences between industries, customers and even specific situations.

According to the Nordic research, marketing revolves around customer relations, where the objectives of the parties involved are met through various kinds of exchanges. Customer relations is the key concept here. Exchanges take place in order to establish and maintain such relationships.

Long-term relationships with the customers especially are stressed in this research[2]. In contemporary American literature, such an approach to marketing is also emerging[24, 25]. Establishing contact with a potential customer, and achieving the first sales often cost so much that the return of that deal is minimal or even negative. Only when the relationship is continuing the leads to more business does the customer become more profitable to the seller. There are, of course, situations when this is not always or at all true, but frequently enough it is much more profitable to try to develop enduring customer relations.

If such close and long-term customer relations can be achieved through, among other things, exchange of information, goods and services and social contacts, the possibility that this will lead to continued exchanges at a profit is high. The customer relation is commercialised. The same goes for consumer markets as well as industrial markets.

Furthermore, one should observe that in many situations there are several parties involved in a relation. The buyer and seller act in a network consisting of, for example, suppliers, other customers, the customers' customers, financial organisations and political decision makers. The whole network is part of the customer relation and has an impact on the development of the relation[11].

### **The Role of Promises in Marketing**

There is still another concept applied in modern Nordic marketing research which has to be included in a market-oriented framework of marketing. Calonijs[26, 27] has used the promise concept as an integral part of marketing. The background of this concept and its previous use in the marketing literature has been discussed by Calonijs[27].

In establishing and maintaining customer relations, the seller gives a set of promises which are connected with, for example, goods, services or systems of goods and services, financial solutions, materials administration, transfer of information, social contacts and a range of future commitments. On the other hand, the buyer gives another set of promises concerning his/her commitments in the relation. Then the promises have to be kept on both sides if the relation is expected to be maintained, developed and commercialised in the future for the mutual benefits of the seller and the buyer.

The promise concept is as important an element of the customer relation as the exchange concept. In fact, promises about the exchanges that are to take place are mutually given in the customer relations, and by the various exchanges that take place these promises are kept.

### **A Nordic Definition of Marketing**

The marketing concept as a basic philosophy guiding marketing in practice still holds. There has been no debate over the concept itself. However, the definition of marketing in practice and the marketing management model has been criticised in much of the Nordic marketing research and in this article. A view of marketing, which is geared to the prevailing conditions in the marketplace, the marketing situation, has been developed. The basic views of this approach are summarised in Figure 1.

In conclusion, we are going to suggest a Nordic definition of marketing which is developed according to the customers' views of the marketing function. This definition, based on the interaction/network approach to industrial marketing, the Nordic school of services approach to services marketing and the promise concept of buyer behaviour research by Calonijs, can be stated as follows:

Marketing is to establish, develop and commercialise long-term customer relationships, so that the objectives of the parties involved are met. This is done by a mutual exchange and keeping of promises.

**Figure 1.**  
A Nordic View of the  
Marketing Function —  
A Summary

- The marketing models of the standard literature on marketing management of today are not always geared to the customer relationships of firms because they are based on North American marketing situations and empirical data from consumer packaged goods and durables
- In today's competition, marketing is more a management issue than a specialist function only
- The marketing function is spread all over the firm, far outside the realms of the marketing department. Because of this, there are a large number of "part-time marketers" whose main duties are related to production, deliveries, invoicing, customer training, technical service, claims handling and telephone reception, and many other tasks and functions. In spite of these main duties, they have marketing responsibilities as well
- Marketing is not only to plan and implement a given set of means of competition in a marketing mix, but to establish, develop and commercialise customer relations, so that individual and organisational objectives are met. The customer relation concept is the core of marketing thought
- Promises of various kinds are mutually exchanged and kept in the relation between the buyer and seller, so that the customer relation may be established, strengthened and developed and commercialised

This definition can, furthermore, be accompanied by the following supplement: the resources of the firm — personnel, technology and systems — have to be used in such a manner that the customer's trust in the various resources, respectively, and thus in the firm itself is maintained and strengthened. The exchange of promises indicated in the definition may be of any kind, and concern any kind of thing or activity. The same goes for the various resources the representatives of the customer (a household or another organisation) meet in the relation. They cannot be predetermined and explicitly categorised.

Long-term customer relations mean that the objective of marketing is mainly to go for enduring relationships with the customers. Of course, sometimes and for some firms, perhaps even quite frequently short-term sales, may be profitable. However, generally speaking the long-term time span is vital to profitable marketing. Thus, commercialising the customer relations means that the cost-benefit ratio of transactions of goods, services or systems of goods and services is positive.

This definition does not say that traditional elements of the marketing mix, such as advertising, personal selling, pricing and conceptualising the product are less important than before. However, it demonstrates that so much else may be of importance to marketing, i.e. to establishing and developing long-term customer relations, than the means of competitions of the traditional marketing mix. In services marketing, the concept of interactive marketing has been introduced to demonstrate the importance of the marketing aspects of the everyday job of the "part-time marketers" [28, 17]. This concept has been found to be valid in industrial marketing as well [21].

In many situations, perhaps most, the interactive marketing impact on the customer can be considered the most vital part of the total marketing function. Often, the competitive edge can be created by outstanding interactive marketing.

## Summary

The marketing definition put forward in this article is a truly market-oriented definition of marketing. It is based on conceptual, as well as empirical, research within the areas of industrial marketing, services marketing and the promise concept. Much of the empirical work has been done in Northern Europe, although the approach is spreading outside this part of the world. More research, especially concerning the application of this approach to the marketing function, from various types of products and customers as well as from different geographical areas, is now needed.

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