

Market concept essay

[Finance](#), [Market](#)



Article from Karl Moore: Karl Moore is PHd associate professor in the Faculty of Management at McGill University was responsible for writing the article “The Marketing Concept- RIP” which was published July 17th, 2006. He discusses the decline and the increasing irrelevance of the marketing concept idea and how firms are adapting this strategy in today’s market. Moore emphasis on the following points: 1. Importance of market research before launching a product 2. The need to focus on the product’s usage by the end users 3. The difficulty firms face to implement the marketing concept strategy in today’s market place.

The author uses the example of the high-tech sector and explains why he feels the marketing concept applied in this way is no longer relevant, then goes into detail about how it is not just limited to the high-tech sector. To understand Moore’s article you need to understand what marketing and the marketing concept it first. Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas.

The main principles of marketing are to satisfy customers, target the “right” customer, facilitate exchange relationships, stay ahead of competitors and enhance profitability (Crane, Kerin, Hartley, & Rudelius, 2008, p. 7). The ultimate goal is to satisfy targeted customers, seeking their loyalty and consumption. The marketing concept can be defined as the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs, better than the competition (Crane, Kerin, Hartley, & Rudelius, 2008, p. 17).

In his opening paragraph Moore mentions that the marketing concept is “coming to a close” and heading towards a “semi-retirement”. I strongly disagree with this statement. Why? Since the marketing concept era many companies are now transitioning to the market orientation era (Crane, Kerin, Hartley, & Rudelius, 2008, p. 17). The focus of the market orientation era is mainly on continuously collecting information about customer needs and competitors’ capabilities and to use this information to create value, ensure customer satisfaction and develop customer relationships (Crane, Kerin, Hartley, & Rudelius, 2008, p. 7). Let us look at how Netflix took the Marketing concept in stride. Netflix involved the identification of the unmet or underserved customer needs. Reed Hastings, founder and creator of Netflix started off as a video rental customer himself, tired of paying late fees and having to run to the video store when he wanted to watch a movie, he decided to create something simpler and more convenient for customers (Dean. 2010). He was able to draw upon personal experience to help establish the opportunity nucleus and survey what other customers wanted out of a video store.

The movie rental industry had already established methods surrounding video rental, late return policies, and membership rules. Hastings believed that without competition, these brick-and-mortar movie rental companies would never have a reason to change (Dean. 2010). Reed Hastings, decided to disrupt the traditional video rental business by introducing a new twist on the home movie service (Dean. 2010). A perfect example of advances in technology, adaptation of DVD media over VHS, and an unmet consumer demand is responsible for the successful launch of Hastings’ vision of Netflix.

Not unlike other innovative start-up companies, Netflix has undergone several strategy shifts (Dean. 2010). Each change in focus or direction has assured that the company remains dominate in the movie rental industry. It appears that Hastings has followed the Marketing Concept to a tee, he started off with collection information from customer needs' (his own) and the competitors capabilities (video rental companies were not in a position to change their rules and regulations) and he completed the circle by using customer knowledge to create customer satisfaction as Netflix still remains more popular than Blockbuster or Rogers Video.

Moore goes into more detail about the high tech industry, giving the example of the Sony walkman and how the product was developed. He also explains that if Sony followed the Marketing concept theory in creating the walkman, it would have failed. He follows this explanation of the Sony walkman with the comment " with many high tech products you cannot get a very reliable data from current customers about the potential uses of your future products. " This statement is by far the most ludicrous statement thru out the entire article and makes absolutely no sense.

The vast majority of high tech industries rely solely on how customers perceive new and future products. Look at the Apple iPods. Apple made sure they always stayed ahead of the game by releasing new hardware, software, or better and newer applications for the iPod (Taber. 2007). People love new and flashy products so this was a great way to sell a product. The iPod has become a fashion accessory and a must have. People salivate if there hear a

new and more updated version of the iPod is coming out, they want a product that can hold more music and data.

Why would they want a “dinosaur” iPod that only holds 1000 songs when they can get an iPod that holds 2000, takes videos, and has downloadable apps? In this sense, the iPod marketing concept strategy made sense because it consistently advanced Apple’s emerging goal of making the Mac the hub of a digital lifestyle (Taber, 2007). It also aligned with the company’s strategic goal of frequently releasing innovative new products in an effort to stay ahead of a curve of consumers who quickly get tired of old gadgets.

As usual, it was a strategy that leveraged the benefits of existing technology, and it made sense from the point of view that it was consistent with what historically drove the company, is bringing products to people that were stylish and easy to use. So if Apple didn’t use the marketing concept strategy, it would have failed. The one paragraph in Moore’s article that I do agree with is when he mentions that a great deal of high tech industries do spend more time launching a new product than developing the product.

Models of new product development prescribe critical stages that organizations should go through to have a successful product launch (Crane, Kerin, Hartley, & Rudelius, 2008, p. 262-271). Regardless of the model, critical phases include: product idea generation, idea screening, concept testing, and business analysis, marketing mix development, test marketing and commercialization (Crane, Kerin, Hartley, & Rudelius, 2008, p. 262-271).

In theory, going through these stages systematically helps organizations weed out the potential failures. Customer focus is an integral component of the product development process that is often ignored. The need to incorporate the voice of the customer (adopt the marketing concept) at every phase is imbedded in these models of new product development, each phase contributing additional knowledge as to what customers want (Crane, Kerin, Hartley, & Rudelius, 2008, p. 263-264). Yet concept testing and test marketing are most often overlooked by new product development teams as they rush to get their product to market before the competition (Crane, Kerin, Hartley, & Rudelius, 2008, p. 259-260). Unfortunately, this can lead to fatal errors when customer expectations are extremely high - or when dealing with a sophisticated customer - as is the case for high tech products. An example of this was the Apple Newton; Apple pre-announced the Newton before it was ready. In terms of the product offering, it was neither a complete product nor a fully functional product (Hormby, 2006). In the hurry to get to the market, Apple had not fully developed the handwriting recognition software, one of the featured attributes (Hormby, 2006). While innovators and early adopters are willing to take risks on new products, they do expect a minimal level of performance which the Apple Newton could not deliver. Moore also makes a valid statement in his end paragraph with respect for non-tech marketers have to know who their key customers will be and how the marketers should focus their research efforts.

Customer focus, a core element of the marketing concept, is certainly a widely adopted buzzword today, one which is stressed in all introductory marketing texts. While the marketing concept applies to all industries, it is

particularly important in technologically driven industries that have been among the first to introduce quality techniques, many of which begin with capturing the "voice of the customer". (Crane, Kerin, Hartley, & Rudelius, 2008, p. 259). Look at how Apple launched its iPod back in 2001 to appeal to customers.

When you watch the iPod commercials on television – what did you see? You see a bunch of people dancing on a colored background. There are women and men, but you don't know anything else about them. This advertisement is ingenious for many reasons. For one, you don't know where these people are. They could be anywhere in the world. Secondly, you don't know who they are or what they do for a living. They can be anyone. All you know is that they are enjoying the music and rocking out. This is what makes that commercial so great and such an excellent idea.

It allows anyone in the world to be that person. In conclusion, Moore is correct in his assumption that many high tech industries are in a rush to release their product before actually developing their product. However, it is very unrealistic of him to state that if companies follow the marketing concept they would be doomed to fail, he needs to look at many of the successes of the high tech market such as the Apple iPod or Netflix and how many non-tech industries can learn from Apple's/Netflix marketing strategy.

Although this article was written back in 2006, many advances of technology have taken place and it's foolish to think that the marketing concept had nothing to do with this advancement. Refernces Crane, F. G. , Kerin, R. A. , Hartley, S. W. & Rudelius W. (2008). Marketing. (7th Canadian ed.). Toronto,

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