

# Why some companies operate under production orientations



Critically assess why some companies still operate under the production, product or selling orientations and impact might this have on their profitability and customer satisfaction/retention?

The term marketing is used extensively in modern life. If you stop someone in the street and ask them what does it mean, they will probably use words like “advertising”, “market research” or “a modern word for selling”. In fact, marketing is more than just selling, advertising, research and it has the concept.

Marketing is not as same as the marketing concept. According to the Kotler et al.,(2010), Marketing concept is “customer oriented backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organisational goals” and it is suggested to design the customer-driven marketing strategy. Marketing managers are responsible to define the target markets, then to benchmark the value proposition. A strong value position gives a clear idea for the customer to choose your company service but not others (Ibid).

The history of development of marketing concept can be divided into four stages.

Table1: Development of marketing concept (Source: Jain, 2009)

## **Characteristics of each marketing concept and the customer value and satisfaction**

### **Production Concept**

According to Kotler et al.,(2010), this is the oldest concept, producers believe that if the product is good and reasonably priced, it will be popular even if there is not any special marketing. The demand is more than supply no matter is past or nowadays so the management still only concentrates on achieving high production efficiency and wider distribution coverage.

There are strong demands such as in the banks, hospitals and produce convenience products like fast food industry. For example, McDonald and Burger King, their management mainly focus on achieving operational efficiency by improving their food supply chain and training staff to serve the high demand. Although in the manufacturing concept the management produce the mass product can earn much of the revenue, however, they may become narrow in their thinking and forget the customer satisfaction. Later, they may realize that there is a need to redefine the marketing objectives and plan.

### **Product Concept**

It is similar to the production concept since management still holds the consumer's favourable product but learn from the first concept's failure.

They change to offer the most quality performance and features. They try to satisfy the customer need on existing products. However, over emphasis on product excellence may lead to ignore different customer desires. It might call short – sightedness in the market.

This concept is very useful in electronic products, for example, Digital Equipment company (now part of HP) which developed perfected minicomputer. Unfortunately, they continued to do for a long time after the demand for minicomputers is replaced by another personal computer bands.

## **Selling Concept**

During the production and product concept process, management produces many quality products, it might satisfy half of the customer. Product might supply more than demand. The way of organisation can work is held a large sales promotion, advertising or salesmanship to promote their old or new product. The aim of selling is to get every possible sale and don't need to worry about satisfaction after the sale and the revenue contribution of the sale.

Although it is customer-oriented, it can't build a long-term relationship to get the maximum revenue with the customer because of the high pressure salesmanship and intensive promotion. It only gets the short term revenue and fail to customer satisfaction.

The common example is the insurance from AIA or Prudential, club-membership such as hotel and restaurant and Christmas promotion.

## **Marketing Concept**

This concept starts with the well-defined market and focus on their need after that integrates all of the marketing activities to affect the customers. It is learned through the past concept experience. It is better than the company who only concentrates on the production and product concept and

then fail to find the actual market need. Marketing concept can meet the company goal by creating long term customer relationships based on the customer value and satisfaction. They identify the customer needs and wants and to satisfy them better than competitors. It is absolutely can build the company's long-term profitability and customer loyalty. It is the reason of it is rapidly adopted and welcomed in the hospitality industry.

Companies like Wal-mart have a great success by following the Marketing concept. Wal-Mart is an American multinational corporation. It runs a chain of large discount department stores and a chain of warehouse store within 15 countries. “ Helps our customers save money so they can live better” is their unique corporate culture. They build their business based on the morals and values. It is their successful marketing strategy. Whether the Wal-Mart employee is an accountant or a cashier, customer need always is their first consideration.

## **Societal Marketing Concept**

However, the marketing concept is so successful to satisfy most of the customer need. It was criticized for narrow concern the environmental and social issue. Societal marketing concept was a response to these criticisms and it is the newest marking concept. It might be better to adapt in nowadays company's marketing concept.

Companies should become proactive in the community but not only carry out public relations activity to gain positive publicity. The organisation should determine the needs, wants and interests of target market and deliver the

desired satisfaction more effectively than the competitors. It can maintain or improve the customer satisfaction and a key to attain long term profitability.

For example, fast-food restaurant McDonald practice the societal marketing concept on food packaging and produce foods with more nutritional. They adopt the eco-friendly packaging material and tissue. They not only produce fresh fries and burger but also provide salad menu and juice for customer to choose. They care about the nowadays customer health lifestyle.

Johnson & Johnson is a global American pharmaceutical, medical devices and consumer packaged goods manufacturer. Their promise of Health Care reflects their perspectives on their own actions and by working with others and giving it to the public , for example, they helped UNICEF on extensive technical support, training programs to midwives, female health workers and staff nurses in Madhya Pradesh and Rajasthan. It saves the local mothers and the babies lives.

## **Recommendation**

Opinion not only focus on marketing concept is the only appropriate orientation or depend on the economic situation and determine which orientation to adopt. It is flexible. Growing companies might adopt different orientations at different stages of their growth while global companies can adopt different orientations depending which country they are operating in.

One of the example is in recent year, there are many sushi restaurants in Genève. People has a high demand of the Japanese food. For fulfilling the demand in Japanese food, Little Buddha is one of the growing franchise

restaurant sushi & Lounge bar opened on last year September in Genève. It is no doubt that it is under the production concept.

Food lovers can enjoy the innovative menu here. Little Buddha chef mix Asia fusion with the western French food. Under the product concept, you can find that they not only promote the a la carte menu but also the corporate menu. At night, they will serve a choice of 13 starters and main courses in sushi bar for customer to choose. They promise their sushi snacks are high quality in the town.

Under the marketing concept, they create a Zen and trendy atmosphere so customer can share the pleasures of a refined cuisine with friends, business partners or family and even enjoy a relaxing moment in an exclusive lounge atmosphere enhanced by an in-house DJ. Guests can release their working pressure after work or in the weekends in Little Buddha.

Under the societal marketing concept, they established non-smoking section in whole of the restaurant and the bar. It can be satisfied the social pressure and the government law.

## **Conclusion**

If companies clearly recognise, their vision and the customer needs, marketing concept and strategic plan will be based on it and serve customer needs and wants effectively and efficiently. No matter which concept the organisation is adapted in, the aim of them is only for revenue. Professor Kotler et al.,(2010) have said that marketing is not just for the profit-making commercial organisations, it is for every organisation that has customers, neither profit-making or not although achieving profit is an aim of marketing. <https://assignbuster.com/why-some-companies-operate-under-production-orientations/>

General speaking, if organisation can fulfil the customer satisfaction through using the suitable marketing concept, it is the long term profitability.

## **References**

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