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E N C Y C L O P E D I A O F

# MARKETING

Edited by Michael J. Baker

# The IEBM Encyclopedia of Marketing

Edited by  
**Michael J. Baker**



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# **The IEBM Encyclopedia of Marketing**

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# Preface

This second edition of the *Encyclopedia of Marketing* signifies both the success of the first edition published by Routledge in 1995 as well as a significant expansion of the marketing entries contained in the *International Encyclopedia of Business and Management*. Edited by Professor Michael Baker of the Department of Marketing at the University of Strathclyde, this major reference book is intended to reflect the growing maturity of the marketing discipline.

During the past decade the need for more effective marketing has become accepted as a necessary condition for success in almost every kind of organization – manufacturing businesses, service organizations such as banks, insurance companies and airlines, and even not-for-profit institutions like charities, hospitals and universities. However, the scope, nature and practice of marketing are not well understood. Indeed, many would-be disciples of the craft and practice mistake two of its less central activities – advertising and promotion – for a concept that is concerned with the creation of mutually satisfying exchange relationships. An authoritative and comprehensive reference book such as this should do a great deal to dispel the confusion as well as provide much needed guidance on the origins, scope and practice of marketing.

As defined, ‘encyclopedia’ connotes the comprehensive treatment of the aspects of a subject. It follows that people turn to encyclopedias as a first point of reference to help them define a topic or issue, to establish its relationship to other associated or connected subjects, and, possibly, for guidance as to where to go for more detailed exposition. The title ‘encyclopedia’ also suggests a more rigorous and authoritative treatment than one would expect from a handbook, and indeed there are already several handbooks in circulation. Yet another distinguishing feature of an encyclopedia is that its emphasis is upon the accepted body of knowledge at its time of publication. Thus, while it may anticipate new trends and developments,

its primary function is to summarize what is known about a subject and provide insight and understanding of it.

Given these characteristics one may identify two primary audiences for such a work – business persons and students. For both audiences the need is perceived as the same – a concise, authoritative, comprehensive and clear summary of the topic, with advice on how to apply or use the information and where to look for greater detail if this is required.

The perspective of the editor is that ‘marketing is marketing’. In other words, there is a body of knowledge and a series of generalizations that are of universal validity and so may be used to inform and enlighten any specific marketing issue and problem. It is also believed that, like medicine and engineering, marketing is a synthetic discipline. It has sound foundations in the long established and recognized social sciences such as economics, psychology and sociology, but it differs from them in its holistic approach to understanding the nature and satisfaction of human needs. Also, like medicine and engineering, marketing embraces a body of knowledge as well as a professional practice dependent upon that body of knowledge.

The *Encyclopedia* seeks to recognize both these facets in a comprehensive and rigorous way. The work starts with an exposition and justification of the proposition that marketing is a universal discipline. This introductory entry seeks to define the nature of the marketing concept and establish the distinction between marketing as a business philosophy, guiding an organization’s direction and development, and as a business function, enhancing both efficiency and effectiveness in the execution of an organization’s mission. The following entry addresses the history of marketing thought in order to provide perspective and establish the origins of and linkages with other disciplines that form the basis of current marketing thinking.

Next the *Encyclopedia* addresses the theoretical foundations that underpin and support

the subject. Taken together these entries explore the origins, nature and functions of marketing.

The third section is concerned mainly with marketing management and seeks to define and describe the issues and tasks associated with the management of the marketing function. Entries in this section are largely concerned with the ways and means whereby the theoretical foundations have been shaped and developed to help solve practical marketing problems.

The fourth section develops the theme that the marketing manager's role is to select and integrate the available mix of marketing 'ingredients' to maximum effect. Here will be found treatment of the distinctive subfields of marketing which deal with the product, its pricing, promotion and distribution.

The fifth section looks at marketing in practice, examining the deployment of the marketing mix in a variety of specific contexts, such as the marketing of industrial goods and of services.

Finally, the last section includes a number of special topics that have emerged as of particular significance and importance as we approach the millennium. Eight new entries have been added to this section covering topics as diverse as the assessment of marketing performance (identified as the most important research theme for the period 1998–2000 by the prestigious Marketing Science Institute), Product-Country Images, Strategic Alliances and Postmodernism. (The author asked if this entry might be the last

given its suggestion that we need an alternative paradigm of marketing. However, the editor asserted his right to have the last word.)

In preparing the second edition each author was selected on the basis that he or she is recognized internationally as an expert on the topic of his or her entry. In order to ensure some comparability in treatment each author was asked to ensure that his or her contribution:

- defines clearly the scope and nature of the topic;
- explains where it fits into the body of marketing knowledge;
- identifies, defines and describes the key concepts and ideas associated with the topic;
- provides a summary of current issues and potential future developments that bear upon the topic;
- suggests the most important sources of reference for further reading.

All of the contributors to the first edition have reviewed their original entry. Many have made extensive revisions to accommodate the dynamic changes in their topic area while others have made only minor corrections reflecting the maturing of much of the body of knowledge which underpins the practice of marketing.

Taken together the contributions amply meet the editor's specification set out above. In doing so it also satisfies the criteria for an encyclopedia in that it is authoritative, comprehensive, rigorous and up-to-date. We trust you will find it an invaluable work of reference.

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# **The nature and scope of marketing**





# Marketing – philosophy or function?

- 1 Introduction
- 2 Exchange and economic growth
- 3 The rediscovery of marketing
- 4 The marketing management school
- 5 The European perspective
- 6 So what is marketing?
- 7 Summary

## Overview

This opening entry seeks to define what might be considered the true essence of marketing: that it is the establishment of mutually satisfying exchange relationships. The modern marketing concept would appear to have undergone at least three major phases of evolution— the emergence of the mass market, the articulation of the modern marketing concept, and the transition from an emphasis upon the transaction to the relationship.

The paper concludes with a review of specific definitions of marketing to document how these have changed over time and to speculate as to the possible nature and direction of future change in order to ponder the question, what is marketing?

## 1 Introduction

On first introduction to a subject it is understandable that one should seek a clear and concise definition of it. If nothing else this definition should enable one to distinguish the domain of that subject from all others while also giving an indication of its scope and nature. Of course, none of us expect that a short definition will be able to encompass the complexity of a subject which, in the case of this Encyclopedia, extends to over 900 printed pages. This said, it does seem reasonable that persons who profess or claim expertise on a subject should be able to define it.

In this introductory article it will become clear that there is no scarcity of definitions of marketing and we will review a number of them. In doing so it will also become clear that views as to the scope of the subject tend to

polarize in the manner implied by the title of this article between those who perceive marketing as a philosophy of business, or state of mind, and those who regard it as a managerial function responsible for particular activities in much the same way as production, finance or human resource management.

To throw light on this dichotomy it will be helpful first to review what is seen to be the true essence of marketing – mutually satisfying exchange relationships – and its evolution over time in parallel with stages of economic growth and development. On the basis of this review it will be argued that marketing has always been an intrinsic element of the commercial exchange process but that its importance has waxed and waned with shifts in the balance between supply and demand. Without anticipating unduly Brian Jones' discussion of historical research in marketing (see HISTORICAL RESEARCH IN MARKETING) it will be suggested that we can detect at least three major phases in the evolution of the modern marketing concept – the emergence of the mass market *ca* 1850, the articulation of the modern marketing concept *ca* 1960, and the transition from an emphasis upon the transaction to the relationship *ca* 1990. To conclude this article we then review specific definitions of marketing to document how these have changed over time and speculate as to the possible nature and direction of future change in order to answer our opening question, Marketing – philosophy or function?

## 2 Exchange and economic growth

Since time immemorial humans have had to live with scarcity in one form or another. In its most acute form scarcity threatens the very existence of life itself but, even in the most affluent and advanced post-industrial societies its existence is still apparent in the plight of the homeless and the poor. Indeed, in some senses it is doubtful whether mankind will ever overcome scarcity, if for no other reason than that there appears to be no upper limit to human wants.