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Marketing Philosophies: From Customer Abuse to Customer Intimacy, and Again a Little Customer Torment

Mohammad Javad Taghipourian[1*] & MahsaMashayekh Bakhsh[2]

[1] Departmental of management, Islamic Azad University, Chalous branch, Iran

[2] Departmental of Business Management, Islamic Azad University, Babol branch, Iran

[*] Mohammad Javad Taghipourian, E-mail: mj.pourian@iauc.ac.ir

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Abstract

Following the transformations of economy and expansion of business practices, marketing field has evolved during distinctive eras. The aim of this paper is to explore various marketing philosophies in four eras of production, sales, marketing, and relationship marketing that have started in Industrial Revolution and lasted to the third millennium. Ultimately, 10 marketing philosophies will be contrasted based on such criteria as main topics, actors, time horizon, power center, etc., so that a comprehensive view toward this discipline would be achieved.

Keywords

holistic marketing, social marketing, network marketing, postmodern marketing

1. Introduction

Historical anecdotes of business indicate that marketing has always been present. It nevertheless officially started as an academic discipline in western academic communities of the last decade. Marketing has to be considered as the first and most important responsibility of an organization's management (Tosun et al., 2008). Marketing concept was officially introduced in the writings of McKitterick (1957), Felton (1950), and Keith (1960). Such authors regarded marketing concept as the main statement of the organization with regard to the harmony of all organizational departments with the marketing department the goal of which was to maximize the long-term profits of the organization. Some authors believe that marketing concept is the existential philosophy of the organization (McNamara, 1972) and some others regard it as the organization's attempts toward identifying and meeting customers' needs and expectations (Tosun et al., 2008). Houston believes that the accommodation of customers' needs and expectations has to be achieved through a suitable marketing mix. In a more general sense, marketing concept is an organizational concept at the center of which stands the customer who guides all producing operations and strategies of the organization (Deshpande et al., 1993; Deshpande & Webster, 1998). Some authors argue that marketing concept is the existential philosophy of the organization and a sort of organizational culture that rules the organizational operations (Hunt & Morgan, 1995; Houston, 1986; Wong & Saunders, 1993). Furthermore, Philip Kotler, one of the greatest commentators of marketing field, defines marketing as a human activity of a transaction process to meet needs and expectations (Kotler, 2005).

2. Method

2.1 Marketing Philosophies

Marketing concept is in fact the basic element of marketing literature. However, it is difficult to find a scale to measure this concept or test it empirically. After all, some researchers have tried during recent years to conduct some measurements and empirical tests on marketing in the form of market orientation (Kholi & Jaworski, 1990; Narver & Slater, 1990; Ruekert, 1992). In an attempt to operationalize marketing concept, Kohli and Jaworski interviewed 62 managers in 47 companies and following that, they founded marketing concept on three principles:

1) Customer-orientation philosophy (understanding customers' needs and expectations and meeting them)

2) Achieving goals (focusing on the fulfillment of organizational goals through the accommodation of customers' needs)

3) Integrated marketing organization (all organizational departments have to be in harmony with the marketing department in order to identify and meet customers' needs)

Based on the views of Kohli and Jaworski, marketing concept is the ruling philosophy of the organization, its thinking and reasoning strategy, and a guidance for the flow of organization resources and the organization's strategic plans. Market orientation or marketing orientation determine the executive operations of marketing concept. With this concept at hand, three sets of activities are performed in the organization:

A) Creation of intelligence,

B) Distribution of intelligence, and

C) Accountability.

These activities can operationalize market orientation. The trustworthiness and reliability of it was tested by Narver and Slater as well as Ruekert. It is noteworthy that some researchers such as Narver and Slater (1994) incorporated market orientation and marketing orientation interchangeably.

During the past ten years, market orientation has been debated as one of the main research subjects of strategic marketing. Market orientation is a tool to utilize marketing concept (Kohli & Jaworski, 1990). The basics and principles of market orientation lie in marketing concept. As we have mentioned, marketing concept is the "philosophy of business management". Marketing concept is in association with customer orientation, profit orientation, and harmony of marketing department with other departments. Although marketing concept has been discussed since long ago, its operational value is too limited as it is a philosophy that is barely useful for management, and the need for its operationalization is paramount (Barksdale & Darden, 1971). This issue lasted up to the emergence of market orientation; then it took the role as the guide to operationalize marketing concept. It is very convenient to operationalize marketing concept through market orientation and utilize it to improve business operations. For example, Narver and Slater believe that market orientation is comprised of three behavioral parts which are:

1) Customer orientation (Identifying and meeting customers' needs),

2) Competition orientation (examining rivals' significant moves), and

3) Interdepartmental harmony (various departments of the organization share information and work in harmony).

Using customer orientation, the company is able to both detect and meet the current needs of customers and predict their future needs and plan to accommodate them. Competition orientation leads the company to create superior value with lower costs for customers. Inter-departmental harmony provides the necessary facilities to execute and utilized strategic and tactical plans. Narver and Slater's theory of market orientation showed that market-oriented companies were significantly more successful than companies without any orientation toward market. They concluded that market orientation is able to bring about business performance improvements.

A comprehensive discussion about marketing evaluation has been provided by Bartels (1988), Keith (1960), and Wilkie and Moore (2003) (Tosunetal, 2008). During the past decade, various approaches were proposed at different times. These approaches can be divided into four periods as (1) production era (outset of industrial revolution to 20's); (2) sales era (1920-1960); (3) marketing era (1960-1989); and (4) relationship era (1989 to present). The direction of the existing approaches has shifted to communal marketing, marketing's connection with other sectors, creation of supplementary advantage instead of competitive advantage, future making, reaching excellence, creation of value management instead of customer satisfaction, one-to-one marketing instead of customer segmentation, creation of sustainable relationships with useful customers, symbolic (internet) marketing, and establishment of the organization with fast response to quality, costs, services, time, trustworthiness, flexibility, etc. Figure 1 shows various marketing orientations from the start of industrial revolution in 1820's up to now (the third millennium).

It is noteworthy here that the beginning of a marketing era does not imply the end of the previous one at all. Some companies still incorporate production orientation (Tosun et al., 2008). For example, it is obvious that some Iranian companies still use production orientation after about a century.

	Industrial revolution-1920's	1920-1960	1960-1985	1985 to present
Era	Production	Sales	Marketing	Relationship
Philosophies	Production philosophy Product philosophy	Sales philosophy Transaction marketing philosophy	Marketing philosophy Social marketing philosophy Total quality management philosophy Holistic marketing philosophy Distribution plan philosophy	Relationship marketing philosophy Network marketing philosophy Customer relationship philosophy Market orientation philosophy Targeted customer exploitation

Figure 1. Marketing Philosophy's Categories Based on Four Era

3. First Era: Production Era

Production era started from the outset of industrial revolution and lasted until 1920's. It consists of production philosophy and product philosophy each of which is discussed in the following lines.

3.1 Production Philosophy

In this approach, business was merely concerned with production, construction, and efficiency. According to Say's law, this view is summarized as "supply brings with itself demand". In other words, when a person creates a product, another person wants to buy it. Such an approach gained reputation in an environment that suffered from the scarcity of production against demand; thus, products were sold easily (Kotler & Hall, 1997). The primary philosophy of a product-oriented company is the purchase of the available goods by customers because of reasonable prices (Lancaster et al., 2002). In this philosophy, the focus is on production increase, costs decrease and cost control as well as profitability through large sales volumes. This approach puts customers' purchase power under consideration and the company management seeks to produce those goods that can be supplied to customers more affordably and easily. As a result, distribution, product price, and mass production to reduce prices are of high importance. Researchers believe that production orientation is useful in two conditions. The first is the time when a supplier does not have an estimate of the demands for its products; in this condition, the main function of the management is to increase production capacity while considering that consumers are more likely inclined toward higher quality products. The second condition is the time when production costs are high and productivity enhancement deems to be necessary to reduce costs. While production era started with industrial revolution and continued to late 1920's, it is still utilized by some companies (Tosun et al., 2008).

3.2 Product Philosophy

Customers look for goods and services that are of high quality, performance, and innovation. In this approach, product improvement is the first priority and more important that product expansion and new technologies (Tosun et al., 2008). The basis of this philosophy is supplying high quality products. The companies that rest on this philosophy usually focus on quality improvement and control and profit creation by the introduction of high quality products. Owing to financial issues, however, not all customers search for high quality goods. Such an orientation has resulted in a narrow-minded view in commerce (Lancaster et al., 2002). Because of mere attention toward product engineering instead of responding to the real needs of customers and the advantages demanded by them. Customers usually want better solutions, not better products. This is what Levitt calls "marketing myopia". In this condition, business is viewed through the lens of products and services instead of what is to the favor of the consumer (Levitt, 1969).

4. Second Era: Sales Era

The sales era lasted from 1920's until 1960's. This era consists of sales philosophy and relationship marketing philosophy.

4.1 Sales Philosophy

Until the mid-50's, the business world was associated with sales marketing in most sectors. The key to profit was the increase in sales volumes. Exhaustive and extensive attempts toward reaching the increase in supplying the goods to customers is the main goal of this approach, esp. when the customer is not fully informed of a certain product or when a company faces surplus. In other words, the goal would be selling the existing products rather than producing new ones. This is a dominant attitude that customers like a given product when they are encouraged to buy it. The sales approach rests on the idea that the existing goods or services may not benefit from sufficient sales unless the organization takes on an aggressive advertising attempt. Marketing is therefore seen the same as extensive sales and advertisement. Increasing the products and services of the companies is seen as the number one priority. Sales management tends to act as a self-governing (independent) management, and it is merely focused on exchange with customers who are often unknown to it. The management's emphasis is more on market share and growth, and the management performance is assessed according to short-term financial relations (Tosun et al., 2008). The underlying philosophy of this approach is the claim that customers have no intention of shopping in essence, and it is their needs that forces them to do so. In case of any tendency towards shopping, competition, together with numerous problems, arise before companies to overcome potential suppliers. In such a philosophy, the shipment of all available goods is also emphasized. Companies use an aggressive sales approach and their promotion and profitability is achieved through the rapid trade of large volumes (Lancaster et al., 2002).

4.2 Transaction Marketing Philosophy

The paradigm of transaction has emerged as a useful framework for the conceptualization of marketing behavior. In fact, the majority of contemporary definitions of marketing clearly contain transaction in their relationships. The recent debates vigorously focus on the concept of transaction as well as its nature, domains, and efficiency in marketing (Richard, 1975).

Researchers are generally in agreement on the fact that transaction is the fundamental phenomenon of the marketplace processes; therefore, it has to be defined, predicted, and taken under control. The goal of a transactional relationship is to create a connection between customers' needs and the supplier's resources and products. From the supplier's standpoint, value creation is a process of understanding the heterogeneities of customers' needs, the creation of products (goods and services) to respond to these needs, and aligning customers with the products through marketing activities and competing with other suppliers. From the customers' standpoint, they are who select a supplier or suppliers who provide them with the best benefits after subtracting costs and risks. At the lowest level, a transactional relationship is accomplished when customers are able to find the product for which they have spent money. In some relationships, nevertheless, customers and suppliers engage in cooperation, share information, direct themselves in a social movement, integrate and connect their practices, and even invest their future resources in the existing relationship. Owing to these keynotes, a transactional relationship can be defined as a mechanism of value creation through the synchronization of production, consumption as well as the related economic practices between customers and suppliers. In a transactional relationship, the supplier may adopt a strategy to supply a given product and implement its resources to synchronize it with the market needs in order to achieve maximum investment return and sustainable competitive advantage (Johnson & Selnes, 2004).

The development of a transactional relationship is also dependent on the customers' and the suppliers' ability and motivation for participation. It is essential to understand both parties if we are to understand a transactional relationship. The existing or developing transactional relationships in the market impact simultaneously what the customer and what the supplier do. Before the conclusion of any trade, the customer and supplier are strangers to each other; nevertheless, once a trade is conducted and they gain familiarity of and test each other, a minimum of familiarity, hence a transactional relationship, takes place. In this situation, the supplier must provide the customer with the value which is equal to what rivals offer. As the process continues, the supplier gains experience, enhances the efficiency of its products, and benefits from cost advantage against its less experienced and smaller suppliers. For the customers, this acquiescence is effective as long as the supplier offers them their expected goods satisfactorily and offers a fair price. As transactions repeat, the customers gain experience as well, and they become familiar with the supplier's products and services. Experience causes the reduction of uncertainty about the advantages and costs of continuing this relationship on the one hand and the increase in the relative appeal of the supplier among others. When the supplier goes beyond the equal supply to distinguished and larger supply, the transactional relationship changes into friendship. To achieve this goal, trust has to emerge in the relationship. With trust, the customers conclude, while retaining all previous perceptions, that their supplying party provides them with superior value, too (Johnson & Selnes, 2004).

Concerning the importance that is given to the concept of transaction, marketing research has ignored the relational aspect of customer-supplier behavior to a great extent and has considered transactions as isolated occurrences. Lack of attention to the past conditions and processes of the transactional relationship between the customer and supplier is a significant weakness in the development of marketing knowledge. MacNeil (1978, 1980) distinguished between isolated trades and relationship-based contracts in many cases greatly. The most important aspect of such a distinguishing is the fact that relationship-based transactions evolve throughout time; in other words, each transaction has to be assessed in terms of its history and its expected future. The basis for future cooperation is also strengthened by abstract and concrete assumptions, trust, and planning. When a relational transaction plays a role in distinguishing a product and in preventing shifting, it creates competitive advantage for that product as well. Despite such a potential, salespeople still fail to consider the importance of their relationships with customers.

The relationships between the customer and the seller include comparative benefits and losses. Among the advantages of these relationships are the reduction of uncertainty and managed dependence, transaction efficiency, and social satisfaction from these relationships. The customer's perception of the effectiveness of such a relationship can be a big obstacle in front of shifting on the one hand and a factor for the creation of competitive advantage for the supplier even when offering higher prices (Robert Dwyer, 1987).

5. Third Era: Marketing Era

Marketing era started in 1960's and lasted until around 1975. It includes marketing philosophy, social marketing philosophy, total quality management philosophy, total marketing philosophy, and distribution plan philosophy.

5.1 Marketing Philosophy

In marketing literature, marketing orientation has recently been recognized as a key concept used by companies to attain competitive advantage (Tavani et al., 2016). The goal of this approach is to identify customers' needs and expectations and then providing them with such products and services that accommodate their needs better than rivals. Activities flow from the outside (market) to the inside (profit-making and customer satisfaction). The starting point of this approach is the market, the practice is focused on customer needs, the tools for responding to the needs is consistent marketing, and the goal is to make profit from customers. By this approach, a company provides those products and services that are demanded by customers; hence, it gains customer satisfaction and reaches profitability. Today, most successful companies rely on customer orientation, and just like organizational culture and strategic planning, this is not separate from the company (Jaworski et al., 1993).

In this philosophy, planning and decision-making is focused on customer needs and their accommodation with an eye on competitors, suppliers. This way, every member of the organization is customer-oriented and is not merely stuck in business and marketing.

The integration of the practices in all commercial section through raising awareness about customer needs leads to the growth of internal marketing (Lancaster et al., 2002).

Lancaster and Messingham's view on the marketing tendencies of a company is as follows:

The production of those goods and services that are demanded by customers, not desired by the company;

The move from sales-orientation toward marketing-orientation is not simply changing the title of the sales manager to the marketing manager; rather, a revolution is required in the company's performance in commercial practice (Lancaster et al., 2002).

5.2 Social Marketing Philosophy

Social marketing emerged in the 60's. In social marketing concept, customers' needs, expectations and demands are dealt with. The concern is how to satisfy customers through the creation of a superior value, which is able to gain their satisfaction and move social welfare forward. The manufacturers are not to produce those goods that harm the society. By such an approach, not only are the customers' needs and expectations considered, but the welfare aspects of the society are also emphasized. In other words, the emphasis is on social responsibilities instead of select customers. Social marketing is about the focus on social welfare, agency profitability, and customer satisfaction. Profit making is not the primary goal, and it is believed that one of the prime goals of the marketers is to educate consumers, business holders and the society on the justification of their consumption, practice, and manufacturing techniques to that sustainable development would be fulfilled (Tosun et al., 2008).

Despite all promising developments, the implementation and enforcement of a social concept is a laborious task. There are fundamental problems in achieving a fragile balance among long-term benefits, environmental pressures and social well-being. On the other hand, a need for tackling all expectations, which are infinite, and all services and goods may be incompatible with social values, the environment, and social welfare (Tosun et al., 2008).

5.3 Total Quality Philosophy

The emergence of Total Quality Management (TQM) was one of the big developments in management field. In general and despite all contradicting results, TQM has been regarded as a model with the potential to create competitive advantage when implemented properly. This has not only been evidenced by case studies, but giant-sample experimental studies have also authenticated the advantages of this model (e.g., Adam et al., 1997; Samson & Terziovski, 1999). Essentially, TQM has generally recognized as a management model with the successful implementation having the capability of creating quality-induced competitive advantage. However, after more than a decade of being advertised as a type of competitive advantage, the huge "all-around" advancements in qualitative performance mean that quality cannot act as a "distinguisher" anymore and has been losing its value to other sources of competitive advantage, the most noticeable one being innovation. As the main deriver of quality, total quality management has consequently been facing similar challenges; academicians and market practitioners have started to question whether the model is still a fitting source for future competitions or not. The main reason for this questioning is the perception that assumes a fundamental difference between innovation management and quality management. In this regard, Prajogo and Sohal (2001) conducted a study on two perspectives on the association between total quality management and innovation. On the one hand, some researchers have realized the importance of retaining TQM in the future and the promising link it has with innovation. For example, Zairi (1994) believes that the presence of TQM as a philosophy of modern competitiveness has resulted to some extent in improvements in innovative attempts. He also believes that this model creates a degree of motivation and commitment in the organization that is vital to the creation of a borderless environment for innovation. Similarly, Flynn (1994) suggests that TQM and product innovation have common aspects in areas of organizational infrastructures such as product development, interdepartmental team works, and supplier relations; thus, he concludes that it is necessary to reconcile them. Kanji (1996) have provided several cases of TQM's usefulness for organizations to manage innovation. He suggests that the link between the two is essential in keeping business privileges. Such favorable argument have been confirmed by recent experimental studies as well. For example, Debackere et al. (1997) conducted a study on the advantages of adopting quality management principles in R&D environment, and Bossink

(2002) worked on the use of quality management as a strategic support for innovation management in construction industry. On the other hand, some researchers have argued against the compatibility of TQM and innovation, especially with regard to continual improvement principles and focus on customer. Harari (1993) accepts such arguments and points out that the emphasis on step-by-step change directs individuals' continual improvement towards a concentration on current processes. This way, companies not only ignore the capacity of radical innovations, but they also get stuck in those processes that are flawed fundamentally. Together with such issues, TQM creates a form of standardization aiming at reaching high levels of conformity (i.e., quality). Standardization can be to some extent an obstacle before innovation because of an inclination toward reducing ambiguities of any sort necessary for innovation. With respect to focus on customer, Salter and Narver (1998) advise us that such a concept, usually recognized in the context of "traditional" TQM, is so much reactive and short-sighted. Such a situation may prevent companies from adopting a proactive approach, which is based on detecting unaccommodated needs and market capacity through the introduction of more innovative products (Prajogo & Sohal, 2004).

This approach drew the attention of scientific and experimental circles in the 80's and it was considered by many as the final elixir. Some companies engaged themselves in the principles of total quality management to the extent that failed to consider customer satisfaction and the related values; hence, their TQM plans practically were disasters. Otherwise, when companies started to implement TQM with the goal of accommodating customer satisfaction, new horizons of success opened up. Focus on customer, improvement of processes, and total participation are the foundations of total quality management. The criterion for the success or failure of such plans would be the co0nsistency of customer expectations and the company's products that leads to customer satisfaction. The enforcement of TQM principles calls for executive support by the higher management as well as the personnel. Communication systems, marketing studies, salary and penal systems, and control and supervision also play the supporting role. The concept of customer satisfaction is a strong driving force for directing individual and organizational practice. The only efficient and guaranteed policy for organizational survival is the extent to which customers believe their expectations have been met (Svensson, 2001).

5.4 Holistic Marketing Philosophy

This approach was proposed by Whitehead in 1998. As customer needs are much attended to in total quality management, research is usually directed toward these areas. All organizational sections therefore take on the task of customer needs identification. Consequently, the outlining of customer needs would be the first step towards a reengineering of business processes in which the identification of needs is not exclusively the task of the marketing section; rather, all departments need to engage in the process of understanding and defining customer needs and how to meet them. In this approach, the whole organization is directed through the marketing section, and the customers are under consideration in all stages and in all departments. Total quality marketing rests on three pillars:

1) The company's solutions focus on customers in all organizational and operational aspects;

2) The company's operations are targeted aligned with customer needs; and

3) Everyone working in the organization participates in a holistic marketing environment (Whitehead, 1988).

From a holistic marketing perspective, marketing is a complex activity in which everything is regarded as important; thus, the creation, design, and implementation of marketing plans and practices call for an expanding and integrated vision. The four components that form the holistic marketing are relationship marketing, internal marketing, integrated marketing, and responsive marketing. Market segmentation and positioning result in social gaps, which in turn cause social discrimination with several obstacles before the creation of a harmonized society. In a holistic marketing approach, with an eye on the improvement of the whole market through social responsibilities and convergence, the attempt is to help gather the separated pieces of the society. With holistic marketing, there would be no place for the political "divide and rule" practice; i.e., there is no place for market segmentation (Kotler & Keller, 2012).

5.5 Design-to-Distribution Philosophy

With a new vision toward total quality management, this approach was proposed Jacobson and Garvin in 1994. The execution of Design to Distribute (D2D) approach resulted in a 300% increase in the employee efficiency as well as saving two million dollars in expenditures of NEC. The focus of D2D is on the following matters:

1) Quality is in the eyes of customers;
2) Quality calls for commitment by all personnel;
3) Quality should not only be sought for in the products, but it should also be found in all company practice;
4) Quality depends on the high quality of the colleagues in the value chain from suppliers to distributors;
5) Quality plans must not lead to quality reduction;
6) Quality needs to be enhanced constantly in all circumstances (quality necessitates nonstop improvement);
7) Quality improvement requires gradual steps;
8) Quality plans must not increase the prices;
9) Quality is necessary, but not enough;
10) Quality needs long-term commitment (Garvin, 1987).

6. Fourth Era: Relationship Era

The relationship era started in the 80's and so far continues. This era includes the philosophies of marketing relationship, transactional marketing, network marketing, customer relationship management, and excellent marketing, market-orientation, and purposeful customer torment.

6.1 Marketing Relationship Philosophy

Marketing Relationship (MR) is focused on the formation and continuance of a long-term relationship and mutual profits for both parties of the transaction (customer and vendor) through the increase in mutual understanding, trust, and bilateral relationships. The term of mutual profit is used in this regard, meaning that both parties to the transaction (customer and vendor) have reached their goals (Yoganathan et al., 2015).

A marketing relationship approach means the creation, retaining, and reinforcement of strong relationships with customers and other beneficiaries. The goal of this approach is to create long-term values for customers. Therefore, the success of a company is measured by the long-term satisfaction of customers, which is the path toward gaining long-term benefits. Marketing relationship requires all parts of the organization to work together as a marketing team and provide customers with their service. Marketing relationship rests on:

1) Principal organizational processes: such processes create value for customers. They include innovation, efficient operations, and customer support. It is these three processes that create added value, not organization's departments and sections.

2) Parallel horizontal functional teams (interpersonal cooperation): a hierarchical vertical structure cannot be efficient in this regard. Downsizing plans and interdepartmental teams are some examples of tacking the lack of efficiency in a hierarchical vertical structure.

3) Network relationships: It means that all organizational sections are connected with each other and with outside the organization rather than focusing on their internal links. They are supposed to participate with others and build up consortiums. They need to create their internal relationships through strategic wills and their external associations through coalitions and relationships with suppliers in the supply chain. This is followed by the creation of research-based relationships with customers (Allison, 2011).

One of the primary reasons for shifting toward relationship marketing has emerged from Kotler's views that the cost of attracting one new customer is five times more than the cost of retaining the current relationships (Roseann et al., 2008).

The sales in marketing relationship have to include the following: free relationships, employee empowerment, customers and planning process, and team work (Roseann et al., 2008). First of all, a relationship is a vital element in dealing with the kind of customers' needs and determining the ways in which the organization may meet them. Benefiting from a free relationship allows both parties to articulate what they seek for so that they would find a way to achieve it together. Second of all, employee empowerment is important as this way, they would be able to meet their customers' needs. Any lack of employee empowerment may result in their inability in providing solutions and in creatively meeting the customers' needs. Third of all, customers ought to be engaged in decision-making processes. The input from customers is highly significant as it is the customer who is going to use the goods. If the customers are not satisfied from the very beginning, it is impossible to attain their confirmation at the end. Last but not least, marketing relationship has to rely on team work. It is necessary that several individuals work together to solve their customers' problems and use their talents in the best way to service their customers (Roseann et al., 2008).

Although many suggest that relationship marketing is currently the most recent stage of marketing, some argue that we have entered a new era of marketing in which companies and customers are connected 24/7: social-media and mobile marketing (Steven, 2011).

6.2 Transactional Marketing Philosophy

In transactional marketing, customers are associated with several suppliers. The foundation of this approach is hostile competition. Both the customers and suppliers insist on short-term benefits, and both try to maximize their own profits. There is little trust between them. The emphasis is on finding new customers, not retaining existing customers. Transactional marketing rests on the following assumptions:

a) The customer relies on several vendors who are in eliminating competition with each other.

b) Customers consider only short-term contracts.

c) Every customer retains several vendors.

Thus, in transactional marketing, the customer and the vendor act in an open market and the basis for their transaction is profit making. The communication patterns are from the company to the market. The method of communication is military-like and the transactions are done officially with the active role of vendors. Transactional marketing is an appropriate approach for targeting specific segments of the market. It is also used by companies as an integrated approach to develop their immediate relationships with customers (Gronroos, 1990).

The critics of the traditional marketing paradigm argue that the focus on a short-term transactional marketing approach is an inappropriate method for industrial and service marketing and that the development of long-term relationships with customers in developed and highly competitive markets is very important for organizational prosperity. However, Gordon (1998) believed that a mix of transactional marketing and traditional marketing would be suitable when the business was focused on a specific segment of the market. Although such a view is in contradiction with the newest marketing theories, Gordon's argument have shorn a noticeable role as a significant subject in this study. Transactional marketing is able to provide the necessary basis for relationship marketing. It is regarded as a suitable strategy for the management of the early stages of a relationship. In the context of service standardization, transactional marketing has been beneficial for both managers and employees to adjust their service provision, saving time, keeping lower costs, and minimizing risks (Hanna, 2009).

6.3 Network Marketing

In network marketing, the emphasis is on the relationships among organizations. Vendors, customers, and organizations are regarded as the main market actors. At very high levels, the relations pattern is between organizations. Such relationships can be among several individuals, there is no lifecycle and the continuity of the relationships is very fragile. Network marketing organization are simply the retail channels that use independent distributors to resell and repurchase the products with the market price as well as new distributors in their growing networks. Commissions and markups on personal sales volume, and net commissions for the personal sales of the down lines are among the making profits in order to create motivations in network distributors (Coughlan & Grayson, 1998).

Companies like Amway, Mary Kay, Nuskin, and Shaklee are examples of such a popular form of retail distribution, or network marketing organization. Although direct-selling organization have used common sales forces historically to distribute their products, today 70% of the revenues from such sales come from network marketing organizations and units. In 1995, the revenues for annual sales were up to 11.6 billion dollars. There companies have grown noticeably all around the world, not just the United States. Independent distributors play two important roles in network marketing organizations: they sell products and attract new distributors. Their compensation plans may have significant impacts on the way the distributor's time is spent. This way, these plans may play vital roles in the company's overall growth and prosperity in time.

Managing the productivity of retail vendors has been considered by many researchers. One the one hand, research has compared independent salespeople with the sales employees of companies. This comparison have supported the argument that independent vendors may work better in certain environment while the company sellers may work better in others. After all, in all these approaches, all independent sales forces are grouped under a theoretical umbrella.

Network marketing organizations are for several reasons distinguishable from other sales channels. In our definition, network marketing organizations are those that depend on personal sales either exclusively or to a considerable degree, and they remunerate their sales agents for the goods they sell, the goods they buy, and the new agents they recruit.

Network marketing organization have some noticeable features:

1) All are lean organizations that, instead of hiring and managing a great number of sales forces, use independent distributors and sales agents for the sales of their goods.

2) The majority of network marketing organizations do not use advertisements and are not tangibly present in stores. This causes the sales force motivation become a vital component in business prosperity in this form of sales channel.

3) The active distributors of a network marketing organization, contrary to others, do not receive any wages; their earnings are usually the commissions and markups available to them. As a result, this type of system would be highly performance-oriented.

4) Network marketing organizations provide an effective "menu" of income opportunities, which is similar to the contract menu concept referred to in Lal and Staelin (1986). In these organizations, a distributor may sell their retails or recruit other salespeople and manage them. Such conditions allows the distributor to work on the role for which they are more suitable.

These distinguished features of network marketing organizations indicate that it is necessary to gain deeper understanding of how they act, the motivating drivers of distributors to work in different ways, and the consequences of their actions on the network's sales, growth, and profitability (Coughlan & Grayson, 1998).

6.4 Customer Relationship Management Philosophy

Customer Relationship Management (CRM) is the management of a company's interactions with the current and potential customers. The relationship marketing philosophy emerged in agency-to-agency marketing. In this type of marketing philosophy, the emphasis is more on the development of long-term relationships between customers and marketers based on cooperation.

The marketer seeks to increase customer loyalty so that they would become the supplier's partner. The making of profits has to rely on cooperation and commitment by both parties. The outcome of successful relationship marketing would be the development of strong and trustworthy relationships between customers and suppliers on the one hand, and the reduction of the official procedures, prices, orders, and follow-ups on the other (Lancaster et al., 2002). In this philosophy, it is attempted to analyze the data extracted from the customer's background regarding their relationships with the company, and to improve the commercial relationships between the two, esp. with a focus on retaining the existing customers. This would lead to sales growth. Customer relationship systems are one of the important aspects of this approach that compile information from a broad range of communication channels—such as the company website, telephones, emails, live chats, marketing content, social media, etc. (Robert, 1991).

Businesses would be able to learn more about their contacts by customer relationship systems and its facilitators so that they would learn how to better meet their needs. However, this approach may sometimes result in discriminations in favor of some certain consumers hence dissatisfaction among customers and the failure of CRM goals (Sims, 2007).

With the help of CRM, it would be possible to provide better routine service to customers, and the availability of more reliable information reduces their self-service demands from companies: the lesser the need to contact the company for various issues, the more the degree of customer satisfaction (Pulp & Paper, 2003). It seems that the primary benefits of CRM are firstly related to three forms of equity, relationship, value, and brand followed by customer equity. There are seven advantages of customer relationship management for the creation of value drivers (Richards & Jones, 2008):

1) Enhancement of the ability to target profitable customers;

2) Integrated cooperation among communication channels;

3) Enhancement of efficiency and effectiveness of sales force;

4) Improvement of pricing;

5) Customized products and services;

6) Improvement of efficiency and effectiveness of customer services; and

7) Individual marketing messages, or advertising campaigns.

In this approach, the customer is regarded as a valuable asset of the company. Any CRM process consists of four pillars:

1) Investigating the complaints from customers, employees, and other legitimate complaints.

2) Feedback means an understanding of customers' needs, expectations, and behavior as well as the information they require; therefore, the data gathered from customers have to be analyzed, which leads to two main types of feedback: feedback from customers and feedback from the company. These two make up a foundation for process improvement. The cycle of customer feedback is comprised of the reports from responding to customer complaints.

3) Guarantee, which is one of the most important aspects of customer service.

4) Correcting practice means eliminating the deficits related to goods and services and tackling customer complaints (Foster, 2001).

6.5 Customer Orientation Philosophy

The success of companies depends on their ability to attract, retain, and satisfy customers. Customer satisfaction is the basic driver of their loyalty, a process called customer orientation. This philosophy moves toward three goals:

1) The identification of customer needs and values and incorporating them in current and future services and products (access to customer information).

2) Mobilizing the whole organization in meeting customer needs (disseminating customer-related information all around the organization).

3) The introduction of new and improved products and services (activating customer-related information).

Customer orientation consists of a four-stage process:

1) Determination of a customer-related strategy;

2) Measuring customer satisfaction;

3) Analyzing and determining priorities; and

4) Execution (executing the acts related to meeting customer needs through a quality house).

Customer orientation is a combination of the following views:

a) Economists' view that examines market behavior;

b) Psychologists' view that examines individual and group behavior; and

c) Managers' view that emphasizes customer needs and related data collection as well as making effective decisions (Johnson, 1998).

The most important factor in business and development of strategies is the customer and accommodating their needs. In other words, customers are highly important in marketing. Customer orientation includes:

Planning for all activities related to customer relationship;

Preparing all stages before interaction, during interaction, and following interaction in order for ensuring the accommodation of customer expectations;

Consisting of customer and supplier relationships.

Among the adverse effects of weak customer orientation are the loss of current customers and the loss of others because of the conveyance of the existing dissatisfaction from the current customers. The advantages of good customer orientation are repeating purchase, loyalty, and saving the costs of attracting new customers (since it is eight times more than the cost of keeping the current customers) (Lancaster et al., 2002).

Achieving the biggest market share and gaining profit from gaining customer satisfaction for long-term are among the goals of a customer orientation approach. In this approach, the categorization and distinction of products turn into the key aspects of accomplishing profitability. Further, the focus on customer needs is achieved through a prominence on the increase in product volumes, price, and advertisement trends. This way, a tactical short-term sales approach is therefore replaces with a long-term strategic orientation. In addition, the longevity of customer satisfaction and other new strategic concepts such as categorization and distinction to reach profitability necessarily replace focusing on current sales volume. Customer interest has to be at the top of the company's priorities. Thus, businesses need to shift from transient products to customer needs as their basic priority. Those companies that follow this principle would avoid instances of practice and markets that may cause adverse outcomes for customers (Tosun et al., 2008).

6.6 Excellent Marketing Philosophy

This approach attempts to explore and analyze the association between marketing philosophy and marketing skills. Excellent marketing was first proposed by MacDonald and Denison in 1995. An organization that follows excellent marketing has to be at a high level with respect to its marketing philosophy and marketing skills. Successful companies usually move toward this direction. The two authors believe that marketing philosophy and marketing skills have to be mixed with each other at a high level. They show excellent marketing as a matrix on the vertical axis of which the marketing philosophy is located from a low to a high tendency, and on the horizontal axis is the marketing skills parameter from a low to a high tendency. It is a two-by-two matrix with only on box acting as the excellent marketing. In this approach, the marketing philosophy and marketing skills are at a very high level (Denison & Macdonald, 1995).

6.7 Market Orientation Philosophy

Market orientation has been one of the major research topics of strategic marketing during the past ten years. Market orientation is utilized to execute and operationalize marketing concept (Kohli & Jaworski, 1990). Through market orientation, it is easily possible to operationalize marketing concept and incorporate it in improving business operations. According to the views of Narver and Slater (1990), market orientation consists of three components:

1) Customer orientation (identification and accommodation of customer needs);

2) Competition orientation (inspecting rivals' moves); and

3) Interdepartmental harmony (all organizational sections are in cooperation to execute to first two components).

Using customer orientation, the company is able to both detect and meet the current needs of customers and predict their future needs and plan to accommodate them (Tse et al., 2003). Competition orientation leads the company to create superior value with lower costs for customers. Inter-departmental harmony provides the necessary facilities to execute and utilized strategic and tactical plans. Narver and Slater's theory of market orientation showed that market-oriented companies were significantly more successful than companies without any orientation toward market. They concluded that market orientation is able to bring about business performance improvements (Narver & Slater, 1994).

6.8 Postmodern Marketing

Postmodern Marketing is a term derived from postmodern philosophical movements where there are cultural tendencies of inherent suspicion towards a global cultural narrative or meta-narrative (Brown, 1993). He called this philosophy as "retro-marketing" in 2001.

Brown believes that the success of marketing lies in tormenting customers. To reach this end, he mentions five principles (TEASE Model):

1) Tricksters; making fool of customers;

2) Entertainment; amusing customers;

3) Amplification, exaggerate things even through slander;

4) Secrecy, or doing mysterious things;

5) Exclusivity; or keeping customers waiting, not supplying, and delaying satisfying customers.

Similar to TEASE, other models such as 5F, 3C, and 4P have been proposed. 5F refers to "Film, Flam, Flirt, Fiddle, and Finagle" while 3C refers to "Chafe, Chide, and Chortle". Finally, 4P are "Perturb, Puzzle, Perplex, and Perhaps".

Brown states that it is necessary to torment your customers, they would love it. He says that he is not mistaken, he is not hostile to customers, and some of his best friends are his customers. A customer is a good thing. The problem is the concept of "customer in center" that shakes his body. Today, every business regards customers as gods. Marketers waste a considerable amount of time to meet customers' needs, just like slaves, and gain their satisfaction meticulously. As a matter of fact, customers do not know what they want at all. Poor customers even do not know what they do not want his studies have shown that a number of marketing coups in recent years have moved away from customer-centrism. After all, customers do want our products and services, but they do not want to be worshiped by companies. They do not want us (companies and marketers) to bow before them and give them our love until death separates us. They like to be bothered, deprived, or tormented a little. This way, we return to the early days of marketing. The era in which marketers directed the world through their power of innovation and taste.

Retro-marketing rests on the eternal principle that marketers act like damsels, a contradiction to modern marketing. Today, toe goal of marketers is to building a model for life through supplying goods to the market in an efficient and timely manner; in other words, as the time and place that consumers want the goods and are ready to pay for them. In retro-marketing, otherwise, it is communicated with the consumers through limiting access, delaying pleasure, increasing costs, and rising an uncertain atmosphere of unavailability that what they want is not readily available at the moment and they may return later. We call retro-marketing "postmodern" with five principles:

1) Exclusive: the customers like the product to be exclusive, contrary to the view in modern marketing that states "come there is enough for everybody", here customers have to return later due to unavailability.

Such an approach lets you avoid storing goods and you will not product until the customer begs you to do so. The customer would then believe that they have been lucky that they could buy the product in this market shortage.

2) Secrecy: Lack of any information, regarding books for example, you should keep the name, paging, price, etc. of the book secret up to two weeks before its publication. When the customer is interested in this situation and ask "what is can be" and "why it is a secret", then such a secrecy may considerably help in sales. A secret remains so until nobody knows nothing about it. When a secret is exposed, principle 3 has to be incorporated.

3) Exaggeration: for instance, Pizza Hot and Russian Rocket.

4) Entertainment: marketing has to make changes in directions and has to be attractive and amusing. Entertainment, in many ways, is the essence of postmodern marketing lack of which would be the biggest failure of modern marketing. Brown (2001) criticizes his revered colleague, Cutler. He has

argued more than any other that marketing is the backbone of business and has to integrate all units. He has turned marketing into an inflexible discipline. Swordfish website has stated that everyone who cracks 10 passwords would be awarded 100,000 dollars.

5) Tricks: it is the final principle. The tricks do not necessarily need to be masterworks.

7. Conclusion

On conceptual grounds, marketing is as old as human history, but on scientific grounds, it started in the last century and owing to national and international competition growth as well as the focus on market and customers, it has been reinforced. Therefore, this process is explored in four eras.

Production era consists of two philosophies of production and sales. In production philosophy, the focus was on mass production, expanded distribution, and profitable transactions through the reduction of costs. In sales philosophy, product quality and constant improvement were the goals.

Sales era included two philosophies of sales and transactional marketing. In sales philosophy, profitability would be achieved through customer awareness. The goal of transactional marketing was to achieve profitable transactions through the creation of a relationship between customer needs and supplier resources and products.

Marketing era includes five philosophies of marketing, social marketing, total quality management, holistic marketing, and a design to distribute.

In the marketing philosophy, the company produces those goods and services that are demanded by customers so that it would satisfy them and make profits. In this philosophy, customer orientation, long-term profits, and overall organizational integration are emphasized. In social marketing philosophy, the welfare aspects of the society are also attended to. Total quality management philosophy has the capability of creating competitive advantage for companies through quality. In holistic marketing philosophy, the whole organization is guided by the marketing section and customers are significant for all other sections and in all stages.

The relationship era consists of seven philosophies of relationship marketing, transaction marketing, network marketing, customer-relations marketing, customer orientation, market orientation, and purposeful customer-torment.

A relationship marketing philosophy attempts to create, keep, and reinforce strong relationships with customers and other beneficiaries. The goal is to create long-term value for customers. However, the supplier and the customer insist on short-term profits in a transaction marketing philosophy and both try to maximize their own profit. In network marketing philosophy, the emphasis is on inter-organizational connections. The philosophy of customer relations management tries to improve the relationship between customers and companies through a concentration on retaining customers and responding to their complaints so that they would reach sales growth. Customer orientation philosophy emphasizes the attraction and retaining of profitable customers. Achieving the biggest market share and long-term profit through customer satisfaction are among the goals of this philosophy.

Market orientation philosophy refers to the operationalization of marketing concept for the sake of improving business practice. It consists of three components: customer orientation, competition orientation, and interdepartmental harmony. Finally, purposeful customer-torment philosophy (postmodern marketing) focuses on profits through tormenting customer.

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