

Wyzsza Szkoła Biznesu – National-Louis University in Nowy Sącz

# **Expansion of Marketing Activities** and Marketing as a Field of Science and Education Subject

Received 5 April 2005; accepted 5 May 2005

#### Introduction

Marketing is permeating all facets of life, not only economic but noneconomic aspects as well. It is therefore worthwhile to consider determinants and directions of its development and, with this background, to attempt to answer two questions, namely:

- Does this expansion elevate marketing as a science?
- What are the consequences of this expansion when examining marketing from an educational perspective?

# 1. Basic determinants and directions of the development of marketing

The expansion of marketing can be seen both in the increased share of marketing costs in a product as well as in the value-added chain of the product. Therefore, the increasing trend in employing production factors in marketing activities, including a significant part of intellectual capital, will continue.

Not attempting to provide an exhaustive list of the reasons for this expansion, we can point to the following:

- diversification of products and shortening of their life cycles;
- an increased share of services (IT in particular) in GDP, which facilitates product differentiation;
- customization not only in the consumer goods market but mainly in the industrial market;
- computerization of society and the economy as a result of the development of new information technologies (new economy marketing such as e-business and e-marketing) and the communications and transactions that take place in the electronic market space;

- delocalization of manufacturing,, which brings a significant growth of intra-company sales;
- consumer attitude of society resulting not only from increased standards of living and increased product and service options available but also from a post-modern orientation of consumption;
- market globalization, including its role in increasing brand significance and value;
- technological advancement in the field of communications with potential customers and aggressive forms of such communications;
- an increasing role of marketing in various aspects of non-economic activity.

The onset of the new millennium encourages the consideration of new challenges and brings forth questions, which if we are able to face them and use them, may provide an opportunity for further development. While not aspiring to exhaust this topic, I would like to express my opinion in the form of several theses, followed by an attempt at justifying each of them.

#### The increased influence of marketing on business decisions

Firstly, we can expect organizations' specific functional areas to become blurred, including the marketing function. This will be connected with the flattening of organizational structures, decentralizing of the decision-making process, developing horizontal computer connections between these areas, and increasing the significance of interdisciplinary employee teams. Thus, it will be more difficult to precisely isolate the marketing activities despite the growth of their significance, since marketing goals will be accepted and implemented within all organizational functions (Dietl 1999,11-21).

Integration of functional areas of business will appear in modern organizations, and even more in organizations in the future. The position of the manager (in particular at the middle management level) will disappear and will be replaced by a team leader who will be appointed by the team. On one hand, marketing approaches and goals will be accepted within various functional areas of business. However, on the other hand, as emphasized before, it will be more difficult to explicitly isolate the area of marketing activities. Therefore, marketing goals will be accepted and implemented throughout all organizational functions.

Marketing will provide more and more factors to be considered for decisions concerning the effective allocation of economic assets that are at the business's disposal or that can be obtained by the business. The form of interest in the environment becomes expanded in reference to time, space, subject and object. More and more often, the goal is not only to facilitate and accelerate the adaptation process but also to create new target markets with the use of effective change management. The role of marketing in business will grow and its cognitive and application value will come from its interdisciplinary characteristic with a need for a strong reliance on economics and the use of various research methods.

#### Globalization and its influence

Secondly, marketing will become a more and more significant element of global strategic thinking.

Internationalization and globalization of companies will become more common even among small and medium-sized enterprises. The distinction between local and international marketing is no longer valid. It is difficult to make marketing decisions neglecting to consider the realities of the globalization processes.

Conversion and compression of geographic space will decrease the role of where the enterprise is situated, including the location of the workplace and residence. One can manage even a big company without leaving one's own home. This situation brings inherent consequences for marketing. I will focus on the most important ones.

The market environment of the business is being formulated anew. Even for small businesses, not only is their area of operation increasing significantly, but so is the market's structure, due to an increased co-dependence between substitute and complementary products. The scope of the geographic area examined for factors affecting marketing decisions is expanding. There is an important increase in a need for information about potential market partners that often operate in distant regional markets.

A large variability of research objects will appear due to the dynamic nature of the environmental factors. There will be an increase in the significance of a diversification strategy that will cover both products and markets. As a result, frequent changes in strategic areas of business will occur as well as a diversification of the network in which the given organization operates. Creating and managing customer relations (transactional marketing) is becoming essential. It is becoming more and more important to analyze costs, and more widely profitability, in systems of brands, products, market segments, separate market channels or even individual customers. Creating databases and processing information on the market is becoming of key importance. Telemarketing will develop significantly. A deep individualization of marketing (micromarketing) will take place even within the global marketplace.

Undoubtedly, all these phenomena will make it more important to accurately identify the location for marketing activities in the global market (a globally uniform and locally diversified marketing strategy). It will be necessary to coordinate these activities and functional areas of business globally.

Business internationalization and globalization are no longer solely a characteristic of huge corporations. Besides, presently, 'the location of each element of the company value chain or separate types of activity' takes place in those countries 'in which they bring the highest added value' (Koźmiński 1999, 68). An international network of various connections is being created that encompasses both units of transnational corporations and small businesses cooperating with them. Delocalization of manufacturing and mass customization are becoming more and more common on the international scale.

Even companies which have used the market niche strategy from the onset of their operations must become international since their growth and success depends on the multiplication of their profit earned in the market niche in the global market (Simon 2001). Finally, liberalization, which is an inherent feature of the globalization process, increases competition with companies with a local range that have so far been benefiting from a shallow spatial monopoly. The international market is starting to include companies which may not have been willing to go international. All of this is developing marketing activities (Dietl 2000, *Marketing...*, 30-33).

Internationalization of companies and, consequently of marketing, necessitates a need to consider various market differences, not only economic ones but also cultural (cultural risk), institutional (institutional risk) and political variables (political risk) (Jędralska1998; Romanowska 1999). Therefore, the interdisciplinary nature of marketing increases.

#### The influence of marketing research

Results of marketing research will play an increased role in the decision-making process. There are several reasons for this. There is more access to raw and processed data combined with decreasing costs of its collection and analysis. The marketing research market is developing dynamically and it is adapting not only to organizational needs but is also generating its own demand. This is caused by, among others, the reduction in transaction costs, benefits reaped due to market globalization, and an increased quality (usefulness) of these services. At the organizational level, decisions based on marketing criteria are multiplying. An example given here may include the need for all personnel to accept and identify with marketing goals. It is caused mainly by the necessity to develop a value-added chain to a product. As a result, marketing costs in the final price are high. Consequently, cost advantages to the company can be generated to a considerable degree through increasing the efficiency of marketing activities. Moreover, new products which are based on high-end technologies usually require an increased share of marketing in their cost structures. This can be seen, for instance, with online companies whose promotion costs are very high. This increased outlay of capital for marketing indicates a need to consider the issue of analyzing marketing costs and, consequently, rationalizing them together with a closer cooperation with specialists in managerial accounting.

We can mention here an important criticism directed at marketing, namely the fact that its costs are too high in comparison with its results. This criticism often regards the expenditure on brand advertising or, in general, on promotion that does not bring expected results (Thomas 1994, 6). It is emphasized that as little as 18% of promotional activities worldwide bring a profit. In particular, very expensive national TV advertising is considered a waste of money since, due to the number of TV channels available, viewers simply switch from the channel that is showing commercials (*Philip Kotler...* 2004, 127).

# The growing area of marketing applicability

The areas where marketing is applicable are growing and this constitutes an important

aspect of the development of marketing. This was previously mentioned during the discussion concerning internationalization of marketing. To complement these considerations we can point to several circumstances.

The development of service marketing is taking place and it is more intense than the marketing of goods. In particular, this refers to those services that cover all information sectors.

The leading role of intellectual capital, the development of 'knowledge-based enterprises' as well as the above-mentioned increased importance of services, generate a need to develop 'marketing of intellectual assets' e.g., research results, know-how, intellectual capital, company's marketing contacts and all its other intangible assets. All of these not only strengthen the company's potential in a given market but may also become product(s) for the expansion of the company based on 'intellectual products marketing.' This makes the consideration of cultural differences even more important for marketing as multiculturalism is a characteristic feature of knowledge-based enterprises.

Marketing refers more and more to certain values of a symbolic nature. For example, globalization of a market presence is executed through a brand which is often connected with the globalization of a value-added chain and way of thinking, which requires an understanding of cultural diversities (Govindarajan, Gubta 2000). Although marketing of standard products and global brands is developing, their positioning requires the following to be taken into consideration:

- market niches and local conditions;
- different attitude to products in given countries and regions;
- different distribution systems;
- different cultures and national communities (Altkorn 2000, 19-31; 1999, *Strategia...*, Domański 2000, 69-76).

This requires 'pro-consumerist oriented adaptation strategies', thus creating new areas of marketing activities (Altkorn 1999, Sily..., 22-32).

'Marketing of participation in the value-added chain of the product' becomes more and more important. It is becoming the basis of a differentiation strategy or even a distinctive differentiation in a portfolio of offered products. More and more organizations participate in creating the links in this chain. It creates conditions for various forms of cooperation and partner marketing (Fonfara 1999). Marketing of institutions that support flow streams in marketing channels e.g., banking services, advertising agencies, market research, etc., is developing considerably.

We can witness a huge development of industrial marketing. Several conditions for this expansion may be mentioned here:

manufacturers not only produce but operate in the field of product and brand development (Thomas 2000);

- there is an increase in inter-sectoral exchange and within multinational corporations;
- there is a drop in transactional costs delocalization of production;
- distance does not pose a barrier to various forms of cooperation;
- there is a decrease in the importance of contracts that are substituted by fulfilling commitments in the above-mentioned partner marketing (Thomas 2000);
- extension of the value-added chain of the product is taking place;
- various forms of indirect marketing are developing.

More and more, marketing is used to evaluate the effective allocation of economic resources, which maximizes the rate of return on capital. Improving the global market facilitates the forces that affect and change companies. Marketing of 'procuring and allocating economic resources - production factors' such as intellectual capital is developing.

The importance of marketing is becoming greater for non-profit organizations. For example:

- 'idea marketing' developed by various social institutions;
- 'regional marketing' (territorial marketing);
- 'marketing of transnational instruments' (ecology, battling terrorism, etc) and many others.

It is worth noting at this point the danger of marketing expanding beyond the sphere of market regulation. Marketing will be stripped of economic aspects, in particular its role in the adaptation process will be limited. Obviously, to promote some idea promotional techniques utilizing social engineering can be used. Nevertheless, the fact that one borrows some method does not mean that new a cognitive field is created. <sup>1</sup>

Worldwide trends of economic liberalization, privatization, reduction in state protection, and decentralization, create a need for marketing both in activities that have so far been financed by the state and those of non-profit organizations which are becoming more and more commercialized. Good examples here include the health care or education sectors as well as agencies of local government.

As the scope of marketing has broadened, so too have the non-economic factors which must be considered when making strategic and even operational decisions (environment marketing). This is expressed in a significant growth of research that takes into account space, subject, object, time and method.

As mentioned earlier, a significant broadening of the market's spacial scope that should be monitored and analyzed is taking place. This is a consequence of the market globalization process and its conditions, in particular those that generate intensified competition. We should point out that there is an increased mobility of production factors and a growing

significance of those factors that are characterized by high mobility, namely intellectual and financial capital.

It is also worth emphasizing that the region itself requires marketing activities that provide for its growth. This creates the basis for the development of the previously mentioned regional or territorial marketing. The future community of various cultures and regions will require more and more strategic marketing and operational decisions that will cover various areas (e.g., tourism, attracting investment, and infrastructure).

The expansion of the scope of research objects is primarily a result of the changes in an organization's strategic goals resulting from a diversification of its operations and its structural forms. The need for more frequent product differentiation, combined with an extension of the value-added chain, market development, and increasing changes in its own portfolio, have considerably widened the product offerings (assortment) and markets covered by the analysis. This interest spreads to the issue of the increasing number of substitutes which can threaten the enterprise or, sometimes, stimulate its expansion.

Even global strategies and strategic areas of standard products must be supported by an individualized view of target markets, which is necessitated by mass customization and the process of production delocalization. It is possible, while preserving economies of scale, to completely change products for a number of reasons, including individualized shopping via the Internet, multiple market niches, as well as to actively segment the market taking into consideration diversified consumption styles (lifestyle marketing), resulting from, among others, the emergence of the new structures, etc. Obviously, the shift in companies' focus from goods to services also generates new research areas.

In a company's operations, it is becoming necessary to make operational decisions that are adjusted to rapidly changing consumer preferences. In order to ensure its competitive advantage, an efficient organization requires knowledge of various links (knowledge links). This can be achieved by:

- firstly, through various and often interdisciplinary research carried out by the company or commissioned to specialized agencies. This enables so-called knowledge-based marketing, which is being implemented more and more often;
- secondly, through gained experience (the experience learning curve of the organization) the firm's intellectual capital increases, which facilitates the development of experience-based marketing.

The acceleration of changes occurring in the environment as well as market globalization require that a bigger consideration be given to phenomena of a macroeconomic nature and their impact on the adaptation process and creation of the target market than was done in previous marketing research.

Finally, it is essential to point out that the development of research creates a significant increase in the number of options and combinations for allocating production factors as well as intangible company assets (e.g., brand, intellectual capital). The number of

companies that specialize in this allocation in the global market is growing rapidly. Besides, huge corporations in developed countries are moving a significant part of their economic assets to these areas of the global market where they obtain extreme productivity. This situation not only offers a new perspective for marketing research but also calls for a deeper economic analysis of such research.

New directions in the interest of marketing research subjects bring important challenges. The number and diversity of a company's or organization's stakeholders are growing. This includes not only customers, viewed from the perspective of supply and demand chains, but also relations, often of a non-economic nature, among other groups of stakeholders. (Schary, Skjøtt-Larsen 2002; Thomas 2000, 4; Kenna 1991). A network of strategic stakeholders is emerging whose mutual influence creates a marketing network (Kotler 2005, 13). It requires an analysis of the company's environment to go beyond economic factors to include such aspects as the company's image and its corporate responsibility.

The shift in research focus to competitive analysis and an increased importance of determining the factors involved in the decision making process that would ensure a competitive advantage require a development of comparative studies of:

- organizations of real or potential competitors;
- organizations considered as models in part or as a whole (benchmarking);
- customers (customer relations marketing);
- business strategic areas and
- markets.

We can add that an expansion of affiliate companies, various forms of cooperation, strategic alliances, selling products of other companies, mergers and acquisitions, joint ventures, international subcontracting, licensing and partner marketing create an increased demand for enlarging the subject scope of marketing research (for more on contemporary cooperation between companies see Jędralska 1998; Romanowska 1999; Sulejewicz 1997; Zaorska 1998). The expansion of direct marketing will go in the same direction, including a more and more common personalized selling of products at home and work (personal sales marketing - network marketing), telemarketing, and online sales.

The increased demand for marketing research indicated above is reflected in the methodological tools used for this marketing research. Undoubtedly, the development of information technology offers an essential advantage and provides the required support. However, we must point out the increasing problems resulting from:

- the need for dynamic approaches;
- an increasing discontinuity of changes in the environment;
- a multitude of described variables;
- an increased importance of non-economic factors;

- a necessity of an advanced disaggregation of the phenomena and processes under analysis;
- limited possibilities of quantification of various factors, which restricts the scope to qualitative research only, in which measurement of the results is often not reliable.

Not questioning the development of marketing research, it seems that intuition, general knowledge, skills and entrepreneurial spirit will still be the fundamental conditions for making accurate marketing decisions.

#### The time factor

Time is playing an increasingly important role in marketing. | believe that to justify this thesis we should point to three circumstances.

First of all, the importance of long-range thinking is growing (i.e. strategic decisions). More and more environmental variables that used to be considered stable have to be taken now into account when making decisions since changes to these variables are accelerating. This includes such variables as technology, spread of the demonstration effect, lifestyles, human migrations, changes in the economic situation, etc. The duration of economic depreciation has shortened considerably. More and more often changes in the environment are discontinuous, which increases the uncertainty of business and restricts the ability to make predictions based on linear extrapolation. The apparent paradox is the fact that it is the acceleration of environmental changes that increases the importance of strategic marketing decisions aimed at the effective allocation of economic resources. We have to agree, however, that when the company's environment is unstable, the company is geared towards the process of short-term adaptable decisions.

Secondly, time has become an essential production factor in operational activities. A company's success depends on accelerating decisions and anticipating changes in its environment. One can agree with the statement that each consecutive time period is more valuable than the previous one (Toffler 1996). Here are a few examples that demonstrate this. There has been a significant increase in the mobility of production factors and an increase in the importance of those factors which are, by nature, highly mobile e.g., intellectual capital of the business. The progressing liberalization process accelerates mobility and a virtually free delocalization of production parts becomes possible. Specialization is becoming more and more flexible. The diffusion of technology internationally is also occurring faster and faster. All of this makes 'the operational perfection' of the company more dependent on information provided in real time.

Thirdly, a more dynamic approach to the business environment, in particular to competition, is expected. For example, it is not enough to strive for competitive advantage based on appropriate positioning of the company with a static approach to the variables of competition. Therefore, Porter's static model of competition needs to be made dynamic due to the rapid changes in relationships between Porter's forces of competition as well as to note the importance of changes occurring in the organization and which are expressed

in the 'experience curve' (Porter 1992). Thus, is it necessary to go beyond the adaptation process through active operations based on a company's competence, capabilities and resources (by using marketing in change management). Of importance here is also a strategy based on active corporate learning (among others a synergic effect coming from a skillful use of the slope in the experience curve) (Skat-Rordam 1999).

# The Organization's inter-relationships

The increasing significance of the network in which the organization operates or on which it is dependent constitutes an important challenge for marketing operations. I believe that we can point to three phenomena that develop and prove this thesis.

First of all, distribution of goods and services is increasingly conducted through an integrated network not only in the consumer market but the industrial market as well. The following characteristics of these trade channels are of importance for our consideration:

- the affiliated nature of companies or similar chain organizations of individual sellers;
- the internationalization expressed mainly by territorial expansion (mega-retailers);
- the various forms of concentration aiming at the domination of the global (regional)
  market of a product range characterized by a clearly defined quality standard and directed at a specific target market which is often consolidated or even created through
  the strategy of a given organization;
- the actions clearly aimed at gaining competitive advantage in the market channel as a supplier or, in particular, as a consumer;
- competitive advantage is strengthened by an increased use of trade organization brands and integration relations in the market channel, in particular vertical ones towards suppliers – producers, both contractual and corporate (e.g., capital shares);
- a clear influence on the acceleration of the spread of the demonstration effect on the global market scale, developing global strategies based on standard products and adoption of these products by final users.

All of these factors are important for marketing. The role of trade organizations in the definition of target markets and active creation of product offerings for these markets is growing considerably. Marketing activities of intermediary participants of the channel, producers in particular, must be directed at obtaining entry to a given trade channel as well as conducting an effective marketing strategy through the agency of and in cooperation with a trade organization. Market success of the product/service offering requires not only adjusting it to the demands of end users but it is becoming essential to integrate it appropriately into the product range offered by the trade organization network. It is necessary for a company to ensure that its offerings can be adapted to the requirements of an integrated trading chain with regards to the quantity and other delivery terms, as well as customization that enables it to adjust the chain's offerings to local conditions.

> Secondly, numerous phenomena influencing or accompanying market globalization, such as an increased mobility of production factors, global communications, conversion and compression of time and distance, liberalization of market entries and exits, etc., cause a more perfect allocation of economic resources and consequently, territorial dispersion of production factors. In developed market democracies, two types of corporations play an increasingly important role, namely 'knowledge-based corporations' which are at the forefront of innovation (new products) and the organizations which focus on organizing production and distribution. This means that marketing plays an increasingly important role in these organizations since it is responsible for the effective allocation of economic resources. The marketing focus of the remaining corporations, including Polish companies, should be shifted to concentrating on the entry strategy to the chain of 'production and distribution organizations on the global market scale. In order to gain a strong negotiation position it is necessary to obtain electronic information which would facilitate preparation of an offering based on cost advantages in relation to other offerings coming from the global market. Obviously, a high flexibility of specialization and low costs of production adjustment will be very helpful here. It naturally necessitates internationalization of the company and entering into various strategic alliances.

> Thirdly, an advanced market structuralization is taking place. Companies operate in a more and more dense network of various relationships and dependencies. Modern marketing must also be directed at creating an image of a company 'friendly' to its environment. What is needed here is cooperation with the subjects of this environment (strategic stakeholders).

## The increased importance of the value-added chain

There is a marked increase in the importance of the elements of the value-added chain for the diversification of the company's offerings. Thus, they become an intrinsic means of operational influence on the market and thus they expand marketing. Moreover, the role of the substitute effect is growing, which increases the required effectiveness of using other operational elements (marketing-mix), such as the customization of the market offering.

The increasing significance of the value-added chain of the product creates an opportunity to gain a competitive advantage. Polish companies do not seem to be able to use global strategies based on standard products. One cannot expect much market success based on new products. I believe, however, that an imitation strategy complemented by innovations within the value-added chain creates a certain opportunity. We need to bear in mind, however, that lowering the quality of only one of the elements of this chain results in market rejection. Modern technological advancement, in particular in reference to information, restricts the importance of the production scale. It is becoming possible to customize by introducing insignificant final changes to the product and its commercialization. This offers ample opportunity for small and medium-sized enterprises in particular, which in Poland are characterized by high innovation and expansion. Additionally, at present, customization is not cost-intensive during the production process.

However, participation in the value-added chain is considerably labor-intensive due to a high percentage of services in the product, which enables an organization to gain a cost advantage in our situation. Undoubtedly, this direction of activity often requires adapting to local market demands and using a growing market segmentation which is not common in nature and is characterized by bigger and bigger variability. Small companies are better than large ones at providing flexible product and service offerings that are adjusted to the needs of individual customers as well as personalized relationships with these customers.

It is increasingly important to manage all elements contributing to the product's value, such as procurement logistics related to suppliers and sales using electronic methods. The increased significance of managing these elements is becoming more important as is analyzing market dynamics in very short periods (product attribute trade-off analysis) (Thomas 2000, 2). It requires excellent operational management with a marketing orientation that integrates all company's functions as well as the use of cutting-edge marketing technologies. Philip Kotler mentions integrated marketing. 'All actions must be coordinated keeping the customer in mind.' We can distinguish two levels of these actions. The first one is marketing actions conducted by the marketing department (function). The other refers to activities carried out by other departments (functions) of the company which should also be customer-oriented (Kotler 2005, 22-23).

The flattening of organizational structures and the disappearance of specific functional areas within a business resulting from the decentralization of decision-making, mentioned previously, increases the number of individual decisions based on marketing criteria.

#### The new entrepreneur

The multiple market niches strategy poses a huge opportunity, in particular for the young generation of entrepreneurs and managers. Despite the fact that this strategy is based on a narrow definition of the target market, as a result of multiplication of market niches in the global market, this strategy may allow for a significant development of the company and enable it to gain economies of scale. Moreover, it enables a gradual development following a capture of further niches in local markets. It allows companies to start expansion activities with limited financial resources. However, intellectual capital is crucial here due to the need for constant innovation, internationalization, and direct contact with customers in distant local markets. This strategy can be used by innovative entrepreneurs who formulate ambitious goals, provide strong leadership, have confidence in their own strengths, and who adopt a strong global orientation from the start and are able to select and motivate their employees appropriately (Simon 2001).

# The importance of cost advantages

There will be an increase in the importance of activities aimed at gaining cost advantages and developing the associated areas of a business to realize such advantages. I believe that, despite various difficulties, liberalization of the world's economy will continue. It will undoubtedly make gaining a cost advantage based on cheap labor more difficult.

Besides, differences in pay levels between Poland and developed market democracies will be getting smaller. I believe that together with the afore-mentioned increasing mobility of production factors and decreasing costs of changes in production and transportation, barriers for Polish companies to gain cost advantages will grow.

Despite these problems, our reserves are still considerable. To use them, the following is needed:

- numerous improvements and changes in companies'management and organization;
- a bigger use of the benefits resulting from a sharp slope in the company's learning curve;
- a focus on those elements of the value-added chain that are characterized by low costs;
- adopting costs as the basic criterion in allocation of economic resources, which will sometimes necessitate moving some resources to other countries;
- basing marketing activities more on information about costs, in particular in product cross sections and strategic areas of business.

To sum up these considerations on the conditions and directions of the development of marketing, I would like to emphasize that market globalization and Poland's accession to the European Union pose a vital opportunity for the development of organizations that are characterized by a willingness to increase the quality of their intellectual capital, entrepreneurial spirit, innovation and marketing orientation. It will require, however, overcoming the weak aspects of Polish companies which may include mainly short-term thinking, insufficient development of the company's intellectual capital, sometimes inaccurately defined target markets that often are not a starting point for developing business, lack of appreciation for and inability to manage change, a limited tendency to innovate and to save by investment, limited internationalization, insufficient access to production factors, sometimes low quality of managerial and entrepreneurial staff, and finally, the previously mentioned fairly ineffective attempt to gain cost advantages. <sup>2</sup>

#### 2. Marketing as a field of science and an academic subject

I do not think that one can formulate theses in the field of marketing that could be regarded as theories since no original marketing methods and research techniques have been developed and the scope of marketing is difficult to define. Challenges facing modern economic life, or more broadly, social life, increase the difficulties with isolating marketing as a field of science. Therefore, one of the conditions for its development, both relating to research and practical application, is to forego the ambition to isolate marketing as a science and acknowledge its interdisciplinary character and the lack of its own methodological basis. We can also add that subjective value judgments are often made in marketing. They are 'non-scientific' since one cannot prove whether a given judgment is true or false based on facts and evidence drawn from logic.

Marketing is helpful in making decisions on the allocation of economic resources that ensure the long term development of the organization and its competitive advantage. Marketing is also beneficial for actions that facilitate the adaptation process as well as the development of the target market in order to fulfill the objectives set forth in the organization's mission.

The roots of marketing do not come from management but from economics, even if it serves non-profit organizations<sup>3</sup>. Marketing must use a stronger foothold in economics, in particular in the area related to market organization and competition (industrial organization). <sup>4</sup> A review of marketing literature as well as research conducted in Poland, as reflected in, among others doctoral and habilitation dissertations, only confirms my beliefs in this matter. There are, however, studies referring to marketing in sociology, psychology and law, but it is difficult to find such studies that refer to management, at least in the scope in which it can be defined as a science separate from economics.

The interdisciplinary characteristic of marketing poses a vital challenge for the educational system. Teaching marketing will only be appropriate if this educational system is characterized by an integrated knowledge presented in the system. Since marketing has not developed its own general theories and research methods, it must continuously rely on other disciplines. This interdisciplinary character poses a considerable challenge not only for the way and content of the knowledge taught, but also for the preparation of learners which should enable them to acquire this knowledge.

Marketing is an area of activity which is mostly but not always economic in nature. On one hand, the scope of activity is continually broadening, while on the other hand, it is becoming more and more difficult to define its boundaries e.g., disappearance of clearly-defined functional areas of business, mentioned previously. Thus, a question arises: 'Is it still marketing or is it already finance management, strategic management, industrial organization or maybe business law?' Moreover, like in any other human activity, marketing may be infiltrated by various disciplines. For instance, is a study concerning perception of advertising or developing a pro-environmental awareness in the society within the scope of marketing or psychology? (Dietl 2000, Some remarks..., 63-67).

A sectoral or industry division in marketing is not methodologically or cognitively justified. I have raised this issue because, having reviewed detailed curricula of several dozen universities (primarily non-state ones), I realized how deep the sectoral (industry) division is ingrained in the economy. There is no separate marketing of 'services', 'marketing of agricultural products', 'tourism marketing', 'ecological marketing', 'Internet marketing', 'mass media marketing', 'marketing in banking', 'industrial marketing', 'marketing for SMEs' or 'marketing for medical services', just to mention a few course names, sometimes regarded as leading courses in a given specialization <sup>5</sup>. A more detailed analysis of the contents of these courses shows that they describe a given area of economic activity and add some knowledge of marketing principles and methods.

Specialization based on sectors or industries is only justified if it facilitates answering three questions, namely:

- What phenomena and processes should be known in order to define goals and make marketing decisions?
- What operational activities, in particular strategic ones, must be undertaken?
- What research methods and techniques should be used?

In each case a definition of the place and time conditions is required. If a certain sectoral or industry bias is justified, then a general course in marketing should be supplemented with examples, case studies, projects and simulations based in a given area of activity. Thus, it would be a marketing course adjusted to a given area of activity but not separate marketing characteristics for this activity since no such thing exists.

What does this imply for undertaking research in the field of marketing in a broad sense? It is necessary to establish if the research goal is to increase knowledge in a given sector or industry or to provide information for allocation decisions. In the former case, such a study should be considered as referring to the area of science covering a given sector or industry. Such a study would only use knowledge or experience gained through marketing research. Here are a few examples. Influencing the market of the organization in order to contain environmental damage.' Such approaches to operational activities can be covered by the concept of the marketing-mix and from the long-range perspective, by various marketing strategies. However, the intellectual substance of this study would be not the knowledge of marketing but ecology, or even better, of an analysis of costs and benefits of the expenditures on environmental protection. However, the same topic may be formulated by setting a different research goal e.g., 'The use of short- and longterm marketing activities in the organization's market in order to contain environmental damage'. It would then be a study from a marketing perspective. The knowledge of the sector is needed only to select accurate information and define conditions. It would allow for an appropriate selection of operational and strategic activities for particular conditions of place and time, which may comprise an acceptable intellectual input for the study. It could also be based on historical data e.g., verification of the marketing activities used so far.

Another example is 'Changes in banks' retail services in order to increase their competitive advantage.' This economic topic from the area of banking obviously requires some knowledge of marketing e.g., in reference to the development of banking products or a competitive analysis. However, the intellectual input refers to economics and banking. A similar topic with perhaps a more marketing slant would be 'Effective changes in the bank's retail services in the consumer market.' Similar to the example above, it would be necessary to obtain information on the development of banking products, banking techniques and functioning of a bank as an enterprise. The basic intellectual effort, however, refers to answering the question 'what will the separate consumer segments reactions be to various combinations of banking services?' and using this information to suggest effective marketing activities. As everyone is aware, interest in the business environment is growing with the perspective of time, space, subject and object. It poses an important challenge for educating future managers. The following must be done to a greater degree:

- taking into consideration the feedback from other business functions, in particular from its financial function in marketing decisions as well as in teaching 6;
- integrating and coordinating teaching content and a significant reduction in the number of lecture hours, which is now too high;
- using such means and methods of active education which examine reasons for and
  effects of marketing decisions in reference to the whole adaptation process of the
  organization and creation and development of its target market.

Marketing, in reference to research, education and practical activities, covers more and more content and uses methods from such fields as strategic management, change management or industrial organization. I believe that two problems must be emphasized here:

Firstly, there is a fear that despite the growth of the significance of marketing for business, it may be absorbed by other, afore-mentioned fields of research and education. Therefore, it is worth discussing this issue.

Secondly, there is a possibility that marketing will be pushed towards operational activities whereas it should also, or even, mostly, be based on long-term thinking.

I believe that the two issues raised above create a real dilemma for undertaking research and for evaluating its scientific value. Namely, we have to agree that it will be difficult to formulate research topics narrowed down to the specific area of marketing if they are based on empirical data describing behavior of economic entities (their adaptation process). It will become more and more difficult to focus the analysis only on the functional area of marketing. Undoubtedly, this analysis will be wider, however; the researcher will be exposed to various pitfalls resulting from the convergence of separate functional areas of the company and the feedback between them. For instance, due to a lengthening of the value-added chain of a product, together with accelerating changes, the ratio of marketing costs to general costs as well as the importance of marketing investments is increasing even in a short period of time. Consequently, even for the research of marketing activities of a company, it will be difficult to separate it from the issue of company cash flow, its costs, activities directed to attract capital, etc.

A significant part of marketing studies is related to particular elements of the marketing-mix. It turns out that the time compression phenomenon together with the need to include into the reasoning process several environmental variables, which used to be taken as fixed, have considerably broadened the scope of the analysis. Thus, it is becoming more and more difficult to conduct an analysis based on the simplifying principle of 'ceteris paribus.'

It must be emphasized that whereas in the economic activity it is possible to determine a marketing mission, in non-economic areas it might not be so explicit. The former is always oriented on gaining a competitive advantage through a possibly permanent attraction of customers (creation and development of the target market), in order to maximize the

growth of the market value of an organization. In a non-economic activity, these goals are not always identical despite the attempts in literature to establish that they are.

Moreover, while in economic activity, the so-called marketing orientation, in particular, strategic marketing, was preceded by production orientation and orientation on product and sales, in non-profit organizations the purpose of their creation was serving beneficiaries for whom a given organization was created (marketing orientation). Naturally, these organizations do not always fulfill their tasks. Undoubtedly, marketing research and activities facilitate the implementation of tasks for non-profit organizations. It does not mean, however, a full transfer of marketing from the economic activity into the non-economic one. Of concern there is an attempt to separate these activities from their conditions resulting from the process of the organization's adaptation to a market situation. It may create a danger of associating marketing only with certain techniques of attracting an audience.

Therefore, applying marketing principles in non-economic activities increases its importance for modern society; however, it also restricts the scope of its original features (Dietl 2004, 15-20).

In conclusion, it is worth emphasizing that marketing has developed from economics, not from management. The theories of imperfect competition and monopolistic competition lie at the foundation of the development of this branch of science (Chamberlin 1937, 1993; Robinson 1948). Essentially, it is always concerned with improving the adaptation process of the organization (sector) and gaining competitive advantage through various activities geared mainly towards competition on quality. Of course, marketing, even in conditions of applying global strategies, works in the disaggregated form. It facilitates a development or even a creation of target markets within a niche or a market segment. Therefore, the marketing researcher must take into consideration non-economic variables to a much larger extent than the economist. It poses a vital challenge and difficulty with qualifying research. Here are a few examples. Can research on consumer consumption and behavior based on non-economic motives be considered as marketing or economic research? Should it rather be considered as belonging to sociology or applied psychology? Can a study on perception of advertising be considered marketing research or it is closer to psychology?

Without doubt, modern marketing opens new and ample fields of research; however, it is its interdisciplinary nature and the scope of interest that is difficult to delineate that pose key threats to research in this field.

# **Reference List**

Altkorn, J., 2000. Factors influencing unification differentiation at international markets. [in:] Marketing and Globalization (ed. J. Dăd'o i J.W. Wiktor) Cracow University of Economics, Matej Bel University, Cracow.

Altkorn, J., 1999. Siły konkurencji na jednoczącym się rynku europejskim. Wstępny zapis problemów marketingowych. [in:] Euromarketing. Koncepcje, strategie, metody. Materiały II sympozjum marketingu międzynarodowego (ed. J.W. Wiktor), Akademia Ekonomiczna w Krakowie, Kraków.

Altkorn, J., 1999. Strategia marki, PWE, Warszawa.

Chamberlin, E., 1993. The Theory of Monopolistic Competition. Cambridge Mass.

Chamberlin, E., 1937. *Monopolistic or Imperfect Competition*. The Quarterly Journal of Economics.

Dietl, J., 2004. *Czy ekspansja marketingu może spowodować jego unicestwienie*. [in:] Kontrowersje wokół marketingu w Polsce – tożsamość, etyka, przyszłość, Wyższa Szkoła Przedsiębiorczości i Zarządzania, im. Leona Koźmińskiego, Warszawa.

Dietl, J., 2000. Marketing na progu XXI wieku. Marketing i Rynek, nr 2.

Dietl, J., 2000. *Some remarks on marketing perspectives*. [in:] Marketing and Globalization (ed. J. Dăd'o i J.W. Wiktor) Cracow University of Economics, Matej Bel University Cracow.

Dietl, J., 1999. Wyzwania rynku globalnego dla konkurencyjności polskiego biznesu. [in:] Euromarketing koncepcje, strategie, metody. Materiały II sympozjum marketingu międzynarodowego (ed. J.W. Wiktor), Akademia Ekonomiczna w Krakowie, Kraków.

Domański, T., 2000. *Globalization of Brands – new Challenges for Marketing*, [in:] Marketing and Globalization (ed. J. Dăd'o i J.W. Wiktor) Cracow University of Economics, Matej Bel University, Cracow.

Doyle, P., 2003. Marketing wartości. Felberg SJA, Warszawa.

Fonfara, K., 1999. Marketing partnerski na rynku przedsiębiorstw. PWE, Warszawa.

Govindarajan, V., Gubta, A., 2000. *Analysis of the Emerging Global Arena*. European Management Journal, vol. 18, nr 3.

Jędralska, K., *Zarządzanie globalne*, [in:] Strategia i zarządzanie przedsiębiorstwami w realiach procesów integracji Polski z UE i globalizacji rynków, 1998. PTE, Katowice.

Kenna, R.M., 1991. Relationship Marketing Addison Wesley. Mass.

Kotler, Ph., 2005. Marketing. Rebis, Poznań.

Kotler, Ph., 2004. Odpowiada na pytania na temat marketingu, Rebis, Poznań.

Kotler, Ph., 1973. The Major Tasks of Marketing Management. Journal of Marketing, nr 4.

Koźmiński, A., 2004. *Czy menedżerowie są przygotowani do konkurencji na rynkach Unii Europejskiej?* Master of Business Administration.

Koźmiński, A.K., 1999. Zarządzanie międzynarodowe. PWE, Warszawa.

Porter, M., 1992. *Strategia konkurencji. Metody analizy sektorów i konkurencji.* PWE, Warszawa.

Robinson, J., 1948. The Economics of Imperfect Competition. Macmillan and Co., London.

Romanowska, M., 1999. Alianse strategiczne przedsiębiorstw, PWE, Warszawa.

Schary, Ph.B., Skjøtt–Larsen, T., 2002. Zarządzanie globalnym łańcuchem podaży. PWN, Warszawa.

Seneszyn, J., 1999. Marketing idei. Marketing i Rynek, nr 1.

Simon, H., 2001. Ukryci mistrzowie, PWN, Warszawa.

Skat-Rordam, P., 1999. *Changing Strategic Distribution*. Copenhagen Business School Press, Handelshojskolens Forlag, Copenhagen.

Sulejewicz, A., 1997. *Partnerstwo strategiczne. Modelowanie współpracy przedsiębiorstw.* SGH, Warszawa.

Thomas, J.M., 2000. *Critical Marketing Stream, The Information Age and The Death of Distance*. Master of Business Administration, nr 5.

Thomas, M.J., 1994. Przyszłość marketingu. Marketing i Rynek, nr 5.

Toffer, A. i H., 1996. Budowa nowej cywilizacji. Zysk i S-ka, Poznań.

Zaorska, A., 1998. Ku globalizacji? Przemiany w korporacjach transnarodowych i gospodarce światowej. PWN, Warszawa.

# (Footnotes)

- <sup>1</sup> To illustrate this, I have quoted two definitions of idea marketing:
- it is based on 'using marketing methods and techniques in order to communicate to society (...)
  messages whose implementation, by conditioning the desired social, economic, cultural and
  moral transformations, leads to humanization of living',
- 'a set of actions which by using marketing instruments popularize socially important messages and win them audience acceptance and, consequently, facilitate their implementation in order to bring about socio-economic, cultural and moral transformations that humanize living' (Seneszyn 1999, 4). In the first definition marketing is limited to methods and techniques which are borrowed from other fields. The second definition refers to communication rather than marketing.
- <sup>2</sup> A still insufficient internationalization of Polish managers is emphasized among other problems.

They do not often have skills related to problem-solving, communications, developing one's knowledge (learning) and team work. All of these skills are of vital importance from the perspective of challenges posed by the global market (Koźmiński 2004, 13-18).

- <sup>3</sup> We have to admit, however, that the concept of the 'target market' and influencing this market through marketing comes under the behavioral theory of the enterprise. However, the traditional theory of the enterprise (according to neoclassic economics) was limited to normative statements resulting from the method of allocating economic resources at the company's disposal through pricing.
- <sup>4</sup> We have to acknowledge that marketing encompasses mainly demand management, although I do not share the opinion that it is 'a science of demand management' (Philip Kotler odpowiada... 2004,18). As early as 1973, Philip Kotler conducted a marketing classification of demand (Kotler 1973, 42-49) and came to the conclusion that depending on the nature of the demand, we had to develop different forms of marketing: persuasive, changing the supply structure, stimulating, producer-oriented or final user-oriented, synchronizing demand in time, conservative and marketing that cools demand.
- <sup>3</sup> Philip Kotler states: 'I do not claim at all that each type of market (communications, industrial and services) requires a completely different framework' (*Philip Kotler odpowiada*, 2004, 20).
- <sup>6</sup> Unfortunately, both in teaching and in practical activities we (in Poland as well as other countries) are far from coordinating marketing with other functions of the organization (**coordinated marketing**). It is exceptional for marketing literature to cover an analysis of marketing costs, value of marketing assets and an influence of marketing on increasing a firm's value. The book by P. Doyle (*Marketing wartości*. Felberg SJA, Warszawa 2003) can be considered of particular value in this matter. People who work in marketing have a limited knowledge of finance despite the fact that marketing provides basic information for making investment decisions. The same may be said about specialists in finance, who, in general, are not interested in marketing and are not willing to analyze financial results of a company in relation to the market success of its products, brand, price dynamics, etc.

Total Quality Management (TQM) focuses mainly on the production department while a growing responsibility of marketing is active here since TQM can only be effective in the 'customer-oriented culture'. (Thomas 1994,6)