

MARKETING

MM – 102

GENERAL OBJECTIVES OF THE SUBJECT

At the end of the course, Individuals will examine the principles of Marketing apply them within the companies need critically reflect Marketing behavior within companies *and* their impact on the development of this course.

1. MARKETING

- 1.1 Define Marketing
- 1.2 Concept & Evolution of Marketing
- 1.3 Marketing in Favor of the Society
- 1.4 The Marketing Orientation

1.1 Define Marketing

Marketing is defined as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Kotler and Armstrong also defined marketing as the process by which companies create **value for customers and build strong customer relationships** in order to capture value from customers in return. In this case marketing can be considered as “an organizational effort to create and retain profitable customers through positive relationship building between the organisation and its internal as well as external customers in a socially responsible manner“. In order to create and retain profitable customers, the marketing concept has become the way of thinking with the customer located at the centre of the business. Over the years the concept of market has evolved from one concept to the other.

In the earlier development of the marketing concept the role of the customer in the development of products had been minimal, until latter developments when the customer gained a centre stage in the product development decisions. The evolving concepts of marketing that has emerged over the years are a manifestation of different business philosophies aimed at addressing customer needs at different time period. Though, the underlying assumption of all the concepts, irrespective of the market era in which they were dominant, is to create and retain satisfied and profitable customers, different eras require specific business philosophies.

Though the different concepts of marketing have been discussed in different researches, no one study has been devoted to addressing all the marketing concepts to dates in a holistic manner. The issue of abolishing of old concept or complementing it with new concepts has not been given research attention. Similarly, the issue of hierarchy and superiority of one concept over another is under researched. These issues create a gap in the marketing concept literature because the existing literatures do not more clear light on the reasons and justification for the evolution of the marketing

MARKETING

MM – 102

concept over the different business eras. This development has the tendency of crowding the importance of individual business thinking that might not work well for the achievement of business objectives (creating and retaining profitable customers) in different business eras. The paper addresses the different concepts that have been developed over time, highlighting their primary assumptions. It also discusses the justification of the dominant of different concept in different eras; and the hierarchy and superiority of the different concepts.

Relationship Marketing is where ongoing customer loyalty is at the core of its customer relationship marketing strategy. The key aims are to ensure existing customers continue to purchase from them on a lifelong basis, i.e. achieving lifetime value to both the customer and the organization, rather than just one-off transactions.

The Nature of the Market

There are a number of techniques for analyzing markets. Ansoff's Matrix looks at (existing and new) customers and (existing and new) products to characterize growth strategies:

- The Product Lifecycle and the Boston Matrix (aka Product Portfolio Matrix) look at an organization's portfolio of products and the stages of each product's life.
- Achieving the business plan by life extensions, new product introductions, end of life decisions can be illustrated with the Boston Grid.
- SWOT is a tool for listing an organization's strengths, weaknesses, opportunities and threats. It conveniently encompasses many of the other techniques, as well as provoking thought about the future.

1.2 Concept & Evolution of Marketing

The evolving concepts of marketing that has emerged over the years are a ***manifestation of different business philosophies aimed at addressing customer needs at different time period***. Though, the underlying assumption of all the concepts, irrespective of the market era in which they were dominant, is to create and retain satisfied and profitable customers, different eras require specific business philosophies.

Though the different concepts of marketing have been discussed in different researches, no one study has been devoted to addressing all the marketing concepts to dates in a holistic manner. The issue of abolishing of old concept or complementing it with new concepts has not been given research attention. Similarly, the issue of hierarchy and superiority of one concept over another is under researched. These issues create a gap in the marketing concept literature because the existing literatures do not more clear light on the reasons and justification for the evolution of the marketing

MARKETING

MM – 102

concept over the different business eras. This development has the tendency of crowding the importance of individual business thinking that might not work well for the achievement of business objectives (creating and retaining profitable customers) in different business eras. The paper addresses the different concepts that have been developed over time, highlighting their primary assumptions. It also discusses the justification of the dominant of different concept in different eras; and the hierarchy and superiority of the different concepts.

1.3 Marketing in Favor of the Society

The societal marketing concept emerged in the 1970s and has since overlapped with the marketing philosophy. The concept assumes that there is a conflict between consumer short-term wants and society's long-run interest, and that organizations should focus on a practice that ensures long run consumer and societal welfare.

Kotler and Armstrong consider the societal marketing orientation as the best business philosophy to be adopted by organisations. They suggested: "this new concept represents an attempt to harmonize the goals of business to the occasionally conflicting goals of society". They conclude: "the organisation's task is to determine the needs, wants and interest of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and society's well-being".

It is understandable why this concept did not emerge until around the 1970s. The importance of this concept became eminent when the effect of business activities on the environment and society became too pronounce. It was then necessary for businesses to think on how to satisfy the market with the aim of profit, and still minimize its effects on society. ***Happy society is more likely to buy and to recommend a firm's product, while an angry society will refuse purchase of a company's product even if it could satisfy the needs of the customer. This means the societal marketing philosophy emphasises the need not only to consider the customer in product decisions but also his immediate environment.*** The appropriateness of societal marketing philosophy is deduced from the fact that it supports a socially responsible behavior of organization. It thus, challenges the earlier assertion by Friedman that "the social responsibility of business is to make profit".

Organisation will still need to adopt this business philosophy to be able to deal with the cultural and regulatory aspect of the business environment. This means adoption of the societal marketing philosophy generate some factors of market orientation that foster business performance. The societal marketing concept is considered a separate business philosophy; however the concept could be better looked at as complementary. It should be complementary business thinking to the adoption of other business philosophies, particularly, the marketing philosophy. Thus, whether a business is

MARKETING

MM – 102

production, product, selling or marketing oriented, the ***interest of the society must still be given its rightful place because society is a key stakeholder in every business.***

The Holistic Marketing Philosophy

The holistic marketing concept is a 21st century business thinking. The concept is based on the “development, design, and implementation of marketing programmes, processes and activities that recognizes their breadth and interdependencies”. The holistic marketing concept suggests that the 21st century business firm needs a new set of belief and practice toward business operation that is more complete and cohesive than the traditional application of the marketing concept.

According to Kotler and Keller holistic marketing recognizes that “everything matter” in marketing. Holistic marketing is thus based on the assumption that the approach to marketing should be the adoption of all activities of marketing. Thus, holistic marketing includes internal marketing, performance marketing, integrated marketing and relationship marketing. Kotler and Keller’s holistic marketing concept seems to be an embodiment of marketing practice rather than a concept or philosophy of business.

A marketing concept is ***“a way of thinking; a management philosophy guiding an organisation's overall activities [affecting] all the efforts of the organisation, not just its marketing activities”***. The holistic marketing orientation seems to dwell on just the marketing functions and not the overall activities of the organisation. The concept looks at internal marketing, performance marketing, integrated marketing and relationship marketing, which are all typical activities of marketing. The concept fails to acknowledge other activities of business such as production, management style, organisation culture and other non-marketing factors of business that make a firm business orientated. Thus, the holistic marketing concept should better be viewed as a summary of what effective and efficient marketing involves rather than a business philosophy, and for that matter a marketing concept, because a marketing concept means more than just marketing functions, as suggested by Kotler and Keller’s.

The holistic marketing concept is relatively not a superior philosophy that has the potential of generating the required antecedents of market orientation that fosters superior business performance, which includes non-marketing activities. In this connection, the holistic marketing concept fails to acknowledge this strategic as opposed to functional approach to marketing. **Marketing is found to be so basic to be considered a separate function on a par with others such as manufacturing or human resources**. Marketing should be seen as an attitude of mind rather than a series of functional activities, as seems to suggest by the holistic marketing concept. Moreover, the development of the holistic marketing concept is seen as just an exaggeration of the marketing philosophy. The key assumption underlying the marketing philosophy is that “a market should make what it can sell, instead of trying to sell what it has made”. In the early 1990s, Shaw, had noted in connection with the

MARKETING

MM – 102

marketing concept: “goods are being made to satisfy rather than to sell”. He concluded: **“today the more progressive business man is searching out the unconscious needs of the consumer, and is then producing the goods to gratify them”.**

The recent work by Kotler and Armstrong supports the fact that the holistic marketing concept is just an exaggerated version of the marketing concept. They noted: “The marketing concept takes an ‘outside-in’ perspective. The marketing concept starts with a well-defined market, focuses on customer needs, and integrates all the marketing activities that affect the customers. **In turn, it yields profits by creating lasting relationship with the right customers based on customer value satisfaction”.** ‘Integration of all marketing activities’, this should include internal marketing, performance marketing, integrated marketing and relationship marketing. Better still; the holistic marketing concept can be described as a clever combination of all the concepts that have been developed prior to it.

1.4 **The Marketing Orientation**

A market orientation is a business culture in which all employees are committed to the continuous creation of superior value for customers. However, businesses report limited success in developing such a culture. One approach to create a market orientation, the approach taken by most businesses, is the **“programmatically” approach, an a priori approach in which a business uses education programs and organizational changes to attempt to implant the desired norm of continuously creating superior value for customers.** A second approach is the **“market-back” approach, an experiential approach in which a business continuously learns from its day-to-day efforts to create and maintain superior value for customers and thereby continuously develops and adapts its customer-value skills, resources, and procedures.**

Theory suggests that both approaches contribute to increasing a market orientation. It also suggests that when the a priori education of the programmatic approach is sharply focused on providing a foundation for the experiential learning, the combined effect of the two learning strategies is the largest. The implication is that the two strategies must be tailored and managed as a coordinated joint strategy for creating a market orientation.

Creating a Market Orientation

The literature on the theory and effects of an organization being “**market oriented**” has grown rapidly in the last few years. Most of the recent research on the theory and effects of market orientation builds on two papers published in 1990, Kohli and Jaworski, and Narver and Slater. The two papers extend earlier research on the “marketing concept,” the conceptual framework from which the concept of “market orientation” derives. A well-known antecedent argument of market orientation is Drucker (1954). Conceptual analyses of market orientation building on the two 1990 articles

MARKETING

MM – 102

include Ruekert (1992), Homburg (1993), Jaworski and Kohli (1993), Day (1994), and Slater and Narver (1994).

A market orientation contains three major behavioral components:

- 1) **“Customer orientation”**— the continuous understanding of the needs of both the current and potential target customers and the use of that knowledge for creating customer value;
- 2) **“Competitor orientation”**—the continuous understanding of the capabilities and strategies of the principal current and potential alternative satisfiers of the target customers and the use of such knowledge in creating superior customer value;
- 3) **“Interfunctional coordination”**—the coordination of all functions in the business in utilizing customer and other market information to create superior value for customers (Narver and Slater, 1990). In their synthesis study (reported elsewhere in this issue) in which they inductively derive a definition of market orientation, Deshpande and Farley (1997) define it as, “The set of cross functional processes and activities directed at creating and satisfying customers through continuous needs-assessment.”

Empirical analyses to date have found, in general, a positive relationship between market orientation and business performance. In addition, findings suggest that a market orientation is positively related to business performance in all types of markets (e.g., Slater and Narver, 1994). Both cross sectional data (e.g., Narver and Slater, 1990; Ruekert, 1992; Jaworski and Kohli, 1993; Deshpande, Farley and Webster, 1993; Slater and Narver, 1994; Pelham and Wilson, 1996; Oczkowski and Farrell, 1996) and longitudinal data (Narver, Jacobson and Slater, 1993) have been used. The Deshpande, Farley and Webster (1993) study includes measures of customer perceptions of a business’ market orientation.

Given the substantial empirical evidence suggesting a positive relationship between market orientation and performance, the logical next question is how a business can best create and increase a market orientation. To the present, there has been little scholarly research on this essential question.

The Nature of a Market-Oriented Business

First and foremost, a market orientation must be understood as an organization’s culture (see, e.g., Deshpande and Webster, 1989) and not merely a set of processes and activities separate from the organization’s culture. Unless the desired customer-value commitments and behaviors emanate from the organization’s culture, the commitments and behaviors will not endure, not to mention command the attention and allegiance of all functions in the organization. If creating a market orientation were merely a matter of directing that certain desired behaviors continuously occur, we would

MARKETING

MM – 102

not see such large numbers of businesses failing to create and maintain a market orientation (for some accounts of efforts to create a market orientation see e.g., Felton, 1959; Webster, 1981; Payne, 1988; Day, 1990; Webster, 1994).

A market orientation consists of one overriding value: the commitment by all members of the organization to continuously create superior value for customers. Based on this value, the central principle of a market orientation is that every person in the organization understands that each and every individual and function can, and must, continuously contribute skills and knowledge to creating superior value for customers.

The idea that customer value will be maximized only if it is created from across a business' functional areas is not new (e.g., Porter, 1985; Webster, 1994). Rather, the newness is the challenge to create an organization in which cross-functional customer-value-creation processes and activities (Deshpande and Farley, 1997) are the norm and not the exception. And they can become the norm only if a business perceives and treats market orientation as a culture. We stress that only in an organization whose *core value* is the continuous creation of superior value for customers will there be the requisite leadership, incentives, learning, and skills to enable the continuous attraction, retention, and growth of the most profitable customers in each target market (see also Webster, 1994).

The relationship among market orientation, marketing, and culture is straightforward. A market orientation induces superior marketing—but marketing that incorporates the skills and knowledge of all functional areas in the organization (e.g., Deshpande and Farley (1997); Webster (1994); Narver and Slater (1990); and Drucker (1954) who insightfully observed long ago, “marketing is the *entire business* seen from the customer’s point of view” (emphasis added)). In sum, if every individual and function is to remain committed to, and participating in, the creation of superior value for customers, nothing short of implanting the appropriate culture will suffice.

A market orientation manifests four especially important behaviors related to the creation of superior value for customers. All four of them are essential, and thus, all four must be well learned and executed. A business that is market oriented manifests:

- (1) Clarity on its value discipline(s) and its value proposition (and therein clarity on its market targeting, positioning and business definition)
- (2) Leading its customers, not merely following them (Prahalad and Hamel, 1994; Ohmae, 1988);
- (3) Whatever its business, seeing it as a service business (e.g., Webster, 1994); and
- (4) Managing in terms of key customers and employees for life (Reichheld and Sasser, 1990).

In a market orientation there is a pervasive mindset associated with the preceding four critical behaviors. The mindset is that “there is no such thing as a commodity”—i.e., with

MARKETING

MM – 102

a continuous sufficient understanding of its customers, a business can always discover additional latent needs of the customers and thereby, additional substantive tangible or intangible benefits to offer the customers (e.g., Ohmae, 1988; Levitt, 1980). Thus, in this manner, any business can maintain some control over its price, which is totally opposite to the “commodity” situation (i.e., equal perceived benefits) in which a business has no control over its price.

Top-Management Leadership in Creating a Market Orientation

Top management plays a critical leadership role in changing a culture in general, and in creating a market orientation in particular. Building an organization’s culture and shaping its evolution is the “unique and essential function of leadership” (Senge, 1990). Schein (1983) argues that the three most potent mechanisms for embedding and transmitting a culture are all manifestations of leadership. They are:

- 1) Deliberate role modeling, teaching, and coaching by leaders
- 2) What leaders pay attention to, measure, and control
- 3) Leader reactions to critical incidents and organizational crises. To promote continuous change, a leader must maintain a “creative tension” in the organization, the tension between the articulated vision and the current reality.

Kotter (1995) offers eight essential leadership steps for effecting organizational transformation. He argues that each step is the necessary foundation for the next step. The following is Kotter’s eight-step leadership guideline adapted to the context of creating a market orientation:

1. Establish a sense of urgency in the organization for creating a market orientation
2. Form a powerful guiding coalition for creating a market orientation
3. Create a vision of a market orientation and a plan for its implementation
4. Communicate the vision of a market orientation
5. Empower others to act on the vision
6. Plan for and create short-term market wins
7. Consolidate improvements based on the market performance and produce still more change
8. Institutionalize continuous learning and improvement in attracting, retaining and growing targeted customers

The theory and findings in Jaworski and Kohli (1993) support the importance of top

MARKETING

MM – 102

management leadership in creating a market orientation. They find that top managers' commitment to the continuous generation and use of market intelligence and top managers' willingness to assume risks are two key antecedents of a market orientation. From Jaworski and Kohli's research, other antecedents to a market orientation that stem from leadership are reducing interdepartmental conflict, increasing interdepartmental connectedness, orienting the reward systems, and decentralizing decision making.

The overriding conclusion from the aforementioned literature is that leadership is vital to achieving and maintaining a successful culture change in an organization. Without appropriate leadership, creating a market orientation is simply not possible. The focus in the present paper is on two principal strategies to create a particular organization culture, a market orientation, and not on leadership per se. However, we address certain leadership issues in our examination of the alternative strategies.

Two Principal Strategies to Create a Market Orientation

Change is about learning. Therefore, strategies to create a market orientation must necessarily be strategies to achieve certain learnings. To create a market orientation requires, first and foremost, implanting the core value of an organizational cross-functional commitment to continuously create superior value for customers. This core value then manifests itself in cross-functional processes and activities directed at creating and satisfying customers through continuous needs.

Thus, creating a market orientation involves achieving two objectives:

- 1) The first is to gain the organizational commitment to the core value,
- 2) The second is to develop the requisite resources, incentives, skills, and continuous learning to implement the core value. Casual evidence suggests that businesses have focused primarily on only one or the other of these two objectives with the unsurprising result of no enduring cultural change.

Let us juxtapose the dual objectives of gaining the commitment to the core value and developing its implementation with the requirement that the new culture be congruent with the experience of the members of the group and perceived as offering a superior solution. Intuition suggests that to achieve the necessary congruency and superiority, two types of learning are necessary:

- 1) An *a priori understanding* of the nature, purpose, and importance of a market orientation and the basics of the resources, processes, skills, and incentives required for its implementation; and
- 2) *Experiential learning* from actual efforts to continuously create superior value for the business' targeted customers. Both types of learning contribute to achieving both of the objectives, though they contribute in different degree. With an *a priori* understanding of the nature, purpose, and importance of a market orientation,

MARKETING

MM – 102

members of the organization are more open to a possible commitment to the new core value, just as an a priori understanding of the basics of the what and how to of creating superior value for customers helps prepare the organization for effective and efficient experiential learning.

As noted above, it is only through experiential learning that the key requirements for culture change—congruency with the experience of the members of the group and perception of a superior solution—can be met. By first attaining a clear general understanding of the what, why, and how of a market orientation, the critical experiential learning will be much more effective and efficient.

To summarize, there are two learning objectives in creating a market orientation—acceptance of the core value and development of its implementation. And there are two related strategies to accomplish this learning—a strategy that creates a priori understanding and a strategy that fosters experiential learning. Neither of the objectives nor neither of the strategies is sufficient to create a market orientation.

Programmatic Approach

The first approach, which we label the “programmatic approach”, is a learning strategy based on the teaching of various “principles” to achieve a critical level of understanding. In general, it consists of teaching individuals the nature and importance of a market orientation and the basic processes, approaches, and skills of creating superior value for customers. The programmatic approach, as typically used, also includes the teaching of how a business might change its structures and policies to better position itself for success in attracting, retaining, and growing desired customers. The key point is that the programmatic approach is a priori in nature, i.e., abstracted from the context of specific customers.

We must distinguish between the programmatic approach as it is typically used in the effort to change an organization’s culture (Beer, Eisenstat and Spector, 1990) and a more sharply focused use as a complement to and foundation for experiential learning. Because creating a market orientation must include experiential learning, we agree with that the programmatic approach is insufficient in itself. Moreover, whatever its merits, the programmatic approach can be, and typically is, overused. There is a rapidly decreasing marginal effectiveness of learning from the programmatic approach that can be easily overlooked. However, we, unlike Beer, et al., see some efficacy in aspects of the programmatic approach as a complement to experiential learning.

In its typical use, the programmatic approach to creating a market orientation consists of a business using “programs” to create what are believed to be the appropriate knowledge, structures, and skills for the continuous creation of superior value for customers. These programs for change generally:

MARKETING

MM – 102

- 1) are brought into the organization from the top;
- 2) are used as centerpieces for launching and driving change throughout the whole organization;
- 3) tend to be standardized solutions rather than customized solutions to meet the individual needs of different subunits; and
- 4) tend, at any one time, to focus on one particular human resource management issue such as employee skills, leadership style, or organizational structure.

The belief held by many businesses that the programmatic approach is a sufficient strategy in itself to create a market orientation is premised on three assumptions:

- 1) change programs will best transform the organization;
- 2) the target for organization change should be at the individual level; and
- 3) organization change occurs by changing the organization's structure, systems, and individuals' attitudes. The great popularity of the programmatic approach is easy to understand:
 - a. change programs are actions that can be put into place quickly;
 - b. managers like to emulate well-known success stories (e.g., lessons of "excellent" companies, Japanese competitors, quality circles, etc.);
 - c. programs are tangible and therefore easy to measure.

Without doubt, the programmatic approach in its typical formulation has been the approach most used in attempting to create a market orientation.

There is, however, a very productive role for a *highly focused* programmatic approach, that is, one that is specifically designed to enhance experiential learning. To this end, first of all, the programmatic approach needs to be limited to educational programs and thus not include programs to change the structures and processes of the organization. Because markets and competitive contexts differ and change, how best to change the organization's structures and processes for the most effective customer-value creation in a given market can be known only through specific-context experiential learning and adaptation. Of course, a priori education can sharpen an understanding of the possibilities and contingencies that need to be continuously considered in actual customer contexts.

Second, the programmatic approach needs to be seen as the educational foundation for effective experiential learning. When properly focused, the programmatic approach comprises abstract learning that increases the effectiveness of the subsequent learning from experience. As the foundation for experiential learning, the a priori education should clarify the core value, the purpose, and the expected effects of a market orientation. It is essential that the a priori education also initiate learning of the what, why, and how of the four major manifestations of a market orientation that were

MARKETING

MM – 102

mentioned earlier. In addition, related to the preceding learning, the a priori education can create an understanding of why any business can escape the 'commodity trap'.

The a priori education must also create initial understandings of the resources, incentives, skills, and learning required to continuously create superior value for targeted customers. As further preparation for experiential learning, the a priori education can focus on relevant measures of various performance dimensions such as customer satisfaction, customer retention and loyalty, absolute growth and share of customer purchases, the identification of customers' latent needs, and new-product success.

To summarize, the programmatic approach comprises various normative principles ranging from the meaning and purpose of a market orientation to the requisite skills, incentives, structures and policies for how best to create superior value for customers. We endorse a highly focused programmatic approach—one that is strictly focused on preparing for effective experiential learning in continuously creating superior value for the organization's specific targeted customers. The nature of the programmatic approach is that it is abstracted from specific customer-value-creation activities, and thus, its marginal positive effect on learning decreases rapidly.

The Market-Back Approach

The second approach is a learning strategy focused on continuous experiential learning in how most effectively and profitably to create superior value for customers. In this approach a business adapts its processes, procedures, and structures based on its continuous learning from its actual customer-value-creation performance. We label this approach the "marketback approach." The distinction we make between the programmatic approach and the market-back approach is in the spirit of the distinction by Schaffer and Thomson (1992) between "activities-centered programs" and "results-driven programs".

It is only through experiential learning that the culture-change requirement of congruency with the experience of the members of the group and perception of a superior solution can be attained. As observes, "Many companies begin Major Change Programs [sic] with training when they should really begin with doing. Experimentation produces options, opportunities, and learning. . . . A proliferation of modest experiments provides the organization's own experience with elements of many different business models".

Assigning people to problem-solving contexts, both current and new, is the key to learning and thereby, the key to changing and reinforcing the culture. The assumption that people who participate in defining problems and solutions will, as a result of that participation, become committed to the results of that process and thereby more

MARKETING

MM – 102

committed to the organization, is one of the most fundamental of all organization behavior theories.

In the market-back approach the emphasis is on outcomes and on continuous improvement. The business' performance reveals what works and what does not, with each increment of learning building on prior learning. Businesses introduce managerial and process innovations only if they are likely to improve some aspect of the business' market effectiveness and efficiency. The continuous learning and adjustments drive the transformation and the reinforcement of the culture.

The outcomes in the market-back approach are the performance the business achieves with respect to important short-term "customer-performance" objectives that are within the context of long-term objectives. The specific objectives should be performance outcomes that are integral to the business' attaining superior market performance. The four manifestations of a market orientation permit relevant and important experiential learning.

The following are illustrations:

- 1) a short-term objective to increase by some specific amount within 2 months the target market's understanding of the business's value discipline and value proposition within the framework of a total increase in understanding of some specific amount within 12 months;
- 2) a short-term objective to increase customer retention by 2% in each of the next 12 months within the framework of a one-year 24% increase;
- 3) a short-term objective to increase the discovery of specific customers' latent needs by X% in Y months within some long-term objective of total latent needs discovered; and
- 4) in conjunction with the discovery of the latent needs, a short-term objective to identify in 3 months an X number of relevant, possible customer-benefit products or services that meet some threshold profit potential within some long-term new-product/service objective. As Shaffer and Thompson (1992) emphasize, specificity and measurability of objectives within a stated time period are critical for learning.

The market-back approach may be characterized as inductive, pragmatic, bottom-up in style, and an "emergent" strategy. In summary, the market-back approach is a results-driven continuous improvement approach to learning about creating superior value for customers. By focusing on its successes and failures in attracting, retaining, and growing customers at a satisfactory profit, the organization learns ever better what is required to reinforce its market-performance successes and to avoid market-

MARKETING

MM – 102

performance failures. The experiential learning in the market-back approach is the logical extension of the a priori learning in the programmatic approach. The requirement for a new culture to be perceived as superior to an extant culture can be satisfied only through personally perceived successes with the intended new culture.