

FROM MARKETING 1.0 TO MARKETING 4.0 – THE EVOLUTION OF THE MARKETING CONCEPT IN THE CONTEXT OF THE 21ST CENTURY

Mircea FUCIU, Luigi DUMITRESCU

“Lucian Blaga” University of Sibiu, Romania
mircea.fuciu@ulbsibiu.ro, luigi.dumitrescu@ulbsibiu.ro

Abstract: *The evolution of the society and that of the information and communication technologies of the last decades have brought great changes in the business world and in the way, companies relate and view the consumers. In this context of the everchanging world of the 21st Century, we must see how the concept of marketing has evolved in the last century and how these shifts must be applied in today's world. Our paper presents a brief the evolution of the marketing concept from the first ideas of marketing in the beginning of the last century and up to our days, we underline the shifts that have occurred in an interconnected world from an exclusive to an inclusive approach, from individual to social actions etc. We also point out the need to change and adapt the marketing strategy to deliver value to consumers, employees, to business partners and vision to shareholders. We consider that delving further into these aspects will bring forth further knowledge and allow the companies and academics to understand better the changes that will come in the years to come.*

Keywords: marketing, evolution, consumer, values, change

1. Introduction

The evolution of today's society is changing the business world, therefore the companies and the institutions, as well as their managers and employees must change with it. Some important changes have been caused by the development and extreme usage of the Internet.

This communication tool, has brought us connectivity, has brought us as consumers closer to the companies, but also it has made us (companies and individuals) more vulnerable. The great majority of the people are more and more connected via social media networks, via email, via YouTube and many other communication channels.

In his latest book, Marketing 4.0, Philip Kotler mentioned that “the top of the world's most populous countries is the United States of Facebook, with its population of 1.65 billion people” [4].

In these conditions we must think how we got here. How the evolution of the society has influenced the business world, how the evolution of social media has changed the way we communicate and ultimately how the marketing concept has evolved from its beginnings at the dawn of the 20th Century to the digital, social and holistic approaches of the 21st Century.

Our demarche is a combination of literature review in this area as well as, underlining several important aspects of general marketing strategy that must be considered by the companies if they want to succeed in the business world of this century.

2. From marketing 1.0 to marketing 4.0

Before going towards the main evolution of the marketing thought, we must point out several definitions of the marketing concept, that have evolved over the years

and which can reflect the marketing way of thinking. The word *marketing* comes from the verb “to market”, which is of anglo-saxon origin and it represents the idea of selling and buying a certain product [1]. The first recognised definition of the marketing concept was presented in the

1960’s by the American Marketing Association [9], “the development of economic activities (business activities) that direct the flow of goods and services from producers to the consumers”. The evolution of the marketing definitions over the years is presented in table 1.

Table 1 Evolution of the definitions of marketing over the years

Author	Definition of the marketing concept
Denner, 1971 [1]	<i>“The permanent analysis of the demand on one hand and on the other hand, the development and usage of the means to satisfy this demand in the condition of having a profit”</i>
Stanton, 1974 [8]	<i>“Marketing represents an entire system of economic activities regarding the programming, pricing, promotion and distribution of products and services meant to satisfy the needs of current and potential consumers”</i>
Baker 1976 [2]	<i>“Marketing is a process of exchange between individuals and/or organizations which is concluded to the mutual benefit and satisfaction of the parties”</i>
AMA, 1985 [3]	<i>“Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals”</i>
AMA, 2004 [3]	<i>“Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”</i>
Kotler and Armstrong, 2008 [6]	<i>„Marketing is the process by which the companies create value for the clients and develop a strong relationship with the consumers to obtain a certain value from them”.</i>
Kotler and Keller, 2008 [7]	<i>“Marketing activity represents the societal process by which individuals or groups get what they need or what they want, by creating, offering and free exchange of products and of services that carry value”.</i>
AMA, 2013 [10]	<i>“Marketing is 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”.</i>
Chartered Institute of Marketing, 2015 [11]	<i>“Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably”.</i>

From what we can see from the above presented definition, the concept of marketing has evolved greatly. If the first

ideas about the concept of marketing were related to selling goods and products, the concept of marketing evolved towards

identifying the needs and wants of the consumers and satisfying them, but at the same time the company must make a certain level of profit.

In the last three decades, the concept of marketing, as we can see, has changed by transforming into a managerial and social approach which considers the need to create a certain value for the consumers, for their community and last, but not in the least for the company. This is where we find ourselves today. But, still the question, remains: how have we come from marketing 1.0 to the marketing 4.0?

The developer of this evolutive marketing concept was the renowned marketing professor Philip Kotler and the “the father” of modern marketing. He designed the marketing 1.0 concept based on the evolution of the marketing theory and practice in the first half of the 20th Century, which was based and centred around the idea of products and production, when the companies would offer a relative small number of products designed for a large body of clients. The best example for this idea was the Ford T strategy designed by Henry Ford, which stated that “Any customer can have a car painted any color that he wants so long as it is black.” [5]

The second evolution of the marketing concept, was Marketing 2.0, which arrived along with the first steps of the contemporary information age. This information age is based on the evolution and development of the communication and information technologies.

But at this time the challenges that the companies and marketing face, are due to the fact that the consumers are much better informed, and they can compare and search information about similar products and services. Therefore, the value of a certain product or a service is the one that the consumer considers it is worth. The period of the marketing 2.0 concept, is defined by the idea that the needs and wants of the consumers must be addressed and fulfilled.

The third stage in the evolution of the

marketing concept is the Marketing 3.0 period, which is governed by the “value-driven era”.

This stage has evolved from “treating the individuals as simple consumers, to treating them as human beings, that have a mind, heart and feelings” [5]. In an age, where the companies are faced with the consumers’ deepest needs and desires, they must adjust the marketing and communications strategies to determine, create and deliver values not just from an economical, functional or environmental point of view, but also from a spiritual or sentimental point of view.

From the marketing 3.0 perspective, the marketing is brought into the “into the arena of human aspirations, values, and spirit. Marketing 3.0 believes that consumers are complete human beings whose other needs and hopes should never be neglected. Therefore, Marketing 3.0 complements emotional marketing with human spirit marketing.” [5].

Last but not least, the 4th evolution of the marketing concept is presented in 2017, by Philip Kotler. According to him, the Marketing 4.0, relates to “a marketing approach that combines the online and offline interaction between companies and consumers” [4].

At the same time, the 4.0 approach it blends the machine or artificial intelligence to other ITC technologies to increase productivity, while at the same time it leverages the human to human connectivity to improve the customer interaction process.

2. Change towards the interconnected consumers

In the context of informational and technological advancements, great challenges have happened at the company and at the consumer levels. The strong development of the Internet age in the last decade of the 20th Century and the beginning of this one has greatly shifted the business world works.

These changes have affected companies,

consumers, business professionals, communities etc. The most important shifts [4] were generated at a personal or individual level:

a) From exclusive to inclusive – the change towards the inclusive society and activity can be felt at a macro, but also at a micro-economical level. It at a macro-economical level, we can see shifts from the western powers to the Asian emerging powers like China, at a micro-economical level we see a change in the profile of the consumers. We can observe that the consumers are younger, are more productive and have a higher income level. The inclusive aspect of the business world is seen as new technologies and production methods design and create more technological advanced, newer or smaller products that are cheaper and more adapted to all types of markets

Probably the best way to demonstrate this is by the mobile phone / smartphone industry, where if at beginning of the 21st Century you had to choose from a handful of phones, now the individual can choose from a huge variety of phones, with different properties and which are destined to different consumer segments.

At a macroeconomically level, the way the individuals communicate has changed drastically with the development of ITC and social media platforms. These online communication platforms have brought people together, they have broken geographical and demographical barriers, and have helped in creating strong personal relationships between people. Kotler et al [4] underlines that “social media drives social inclusivity and gives people the sense of belonging to their communities”.

b) From vertical to horizontal – the extension of the mundialisation and globalisation processes have generally levelled the “combat” area. The process of accessing products and services from all over the world has created the opportunity for the smaller companies to compete with large corporations for the same clients and

markets and win.

The change from a vertical innovation process (from the company to the market), no longer applies. SME's and Large corporations have been forced to think outside the box and find inspiration from external sources, not from within, and the biggest source of information is the consumer and the market.

In the last decade, we have seen shifts in many industries, changing from high volume production to niche production. We see a great shift in the companies, in the way they approach new businesses and fields.

We see the automotive industry, that has offered more choices of products, and where yesterday's companies that would of produces only large diesel engines, now are thinking of hybrid or electrical cars, some of them even considering dropping diesel all together. The same shift from vertical to horizontal is happening with the consumers, if some years ago they were mostly convinced by marketing campaigns, now they relate to the external factors like: Family, Friends, Colleagues, Social media posts, Twitter posts etc. Mostly in western worlds, touristic processing decisions are taken after consulting sites like Booking.com, TripAdvisor, Travel blogs etc.

c) From Individual to Social – the access to online communication and social media platforms have changed the decision-making process for the individuals. If some years ago, the main influence factors for this process were preference, motivation, experience, or the opinion of others, today, the exogenous influence factors are more diverse. In the world dominated by social media, where there are more than 2,1 billion active Facebook users per month; and 1,4 billion daily active Facebook users [12], the opinions posted on such platform regarding certain products and services can and will influence certain people in their decision-making process.

Such a shift towards new ways of communication and of interaction

between consumers and consumers, between consumers and companies etc., will continue to bear fruits. The development of smartphones and usage of the internet will continue to increase, being estimated that “mobile data traffic will jump by a factor of 33 from 2010 to 2020” [4]. In an environment where online interaction has become so important, the purchase of a product or of a service is no longer an internal / personal matter, but a social one.

3. The change of the marketing strategy

One of the most important shifts that have taken place in the last decades for the marketing field was the change of the marketing strategy towards delivering value. This general marketing strategy is targeting the following fields or target groups [5]:

a) *Marketing the mission to the consumers* – relates to the fact that the consumers have developed a strong relationship with the company, with the brands, products or services. Due to this feeling, the consumers somehow feel that they are the “owners” of the brands. Developing the right mission of a company is taking into account that: the business must be, or feel different than any other, you have to sell your brand by telling stories that move people; and of course by its mission, one must empower the consumer, where he or she can feel a certain level of power in relation to the brands.

b) *Marketing the value to the employees* – it has become more and more obvious that the employee must become an internal client of the company. There are some companies that have suffered because of the consumers, but also because of the employees. They must be seen and treated as one of the most important clients of the company. The employees intimately know the company, its brands, products or services and they must be empowered with the most important values of the company. The employees must use this knowledge about the company, their values and principles in their interaction with the consumers and in building a long-lasting

relationship with them, based on trust and common values and principles.

c) *Marketing the value to the channel partners* – companies must see right now the channel partners (companies, public authorities, consumers and employees) as an important link in the chain of the marketing channel. In the “age of 3.0 and 4.0, the channel partners should be chosen carefully following the principle: Purpose-Identity-Values, meaning that when choosing a supplier or a business partner the company should choose a partner that has the same or similar Purpose – Identity – Values components and principles, that make them compatible with our company”. [5]

d) *Marketing the vision to the shareholders* – the main vision of the 3.0 and 4.0 evolutions of the marketing for the shareholders is to make them aware of the changes that take place in the business market, to inform them about the shifts that take place in the lives and behaviours of the consumers. At the same time, the company must bring forth proofs that practicing sustainable activities will bring the shareholders profit and for the company, it stands for a competitive advantage. As we know the main shareholders’ reasons for doing business is profitability and rentability. The rentability is the main aspect that we must consider because the marketing vision in this context is a long term one. The shareholders must understand that a solid business is one with purpose, values, identity and sustainable strategies. These companies will find it easier to enter markets, they will connect much better and longer with the consumers and develop strong relationships.

4. Conclusions

As we have seen the field of marketing is everchanging and is adapting to the evolution of the business world and the changes in the societies and communities. By this paper we have tried to underline the evolution of the marketing concept from its first stages at the beginning of the 20th Century, where the companies were

interested in developing products, but in a small number of choices, directing the consumer to the products. The second evolution has shifted the focus from production to the needs and wants of the consumers and towards the third and fourth evolution of the marketing concept. In this stage we see an approach to marketing driven by the changes and evolution of the TIC and social media, the involvement of feelings and of the human spirit in the decision-making process. We consider that knowing how the marketing concept has evolved, can and will prepare the business community, as well as the academics for the changes that will come. The companies, the managers and the marketing

specialists must understand that they should see the consumers, the employees, the suppliers and the shareholders as integral parts of their marketing strategies. At the same time the business world must face the challenges of an interconnected world, where consumers can buy products and services from all over the world as well as they can gather information much quicker.

We acknowledge that this paper is just a first part in our demarche of understanding the challenges that the business world faces, and in the future, we will channel our efforts towards the internal marketing and delivering value to consumers and shareholders aspects of marketing

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