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On defining marketing: finding a new roadmap for marketing

Christian Grönroos

Hanken Swedish School of Economics, Finland

Abstract. *The American Marketing Association has updated its marketing definition and included value for customers and customer relationships in the new definition. Moreover, marketing is defined as one organizational function. Taking mainly service and relationship marketing research as a starting point, this present article broadens the discussion to a generic marketing level, and analyses the underpinning logic of the updated definition. It concludes that the use of these elements of the definition is not well founded in current research. Also, it shows that marketing cannot be treated as one organizational function only. Drawing on the analysis of the updated definition, a set of propositions regarding the scope and content of a marketing definition are developed. Finally, based on the analysis and this set of propositions, an alternative marketing definition, based on the promise concept, and labelled a promises management definition, is suggested and its implications for marketing research and practice are discussed.* **Key Words** ● marketing definition ● marketing theory

Defining marketing in a changing world

During the last 25 years marketing as a phenomenon has changed. Following this change new marketing fields such as service marketing, relationship marketing and network-based business-to-business marketing (the IMP approach) have emerged alongside consumer goods-oriented marketing. Traditionally exchange is considered the central concept in marketing (Bagozzi, 1975; Hunt, 1976). In these more recent approaches it has been suggested that exchanges, although still important of course, are facilitated through interactions between suppliers and customers, and hence *interaction* becomes a central marketing concept (Grönroos, 1990; Gummesson, 1987; Håkansson, 1982). For example, interactions make co-production (Prahalad and Ramaswamy, 2004) and co-creation of value (Normann and Ramirez, 1993) possible. Also the *value-in-use* notion in customers' value

creation, which is growing in importance in the marketing literature (Vargo and Lusch, 2004), demands a focus on customers' interactions with, for example, physical goods, services, technology and information.

At the same time as new marketing fields have emerged the influence of marketing on top management has been declining and the voice of the customer has become less important for corporate decision making. Marketing seems to be losing its credibility and the marketing function is in decline (see, for example, Webster et al., 2005). Of course this does not go for all firms in all countries, but it does look like a trend. In a growing number of firms marketing professionals seem to be less represented on the board of directors and even on top management teams. In a study of large US firms reported by McGovern et al. (2004), the authors claim that less than 10 percent of the boards' time is spent discussing marketing and customer-related issues. In another US poll almost half of CEOs interviewed make the point that marketing organizations need improvement (Chief Executive, 2004). A McKinsey study from Europe echoes this view and indicates that over 50 percent of CEOs interviewed in the study have a negative impression of their marketers (Cassidy et al., 2005). Another study demonstrates that in the US at least, chief marketing executives do not last long (Welch, 2004).

In a large section on the need for a 'marketing renaissance' in a 2005 issue of the *Journal of Marketing*, distinguished marketing professors, albeit all but one from North America, voice their concerns regarding the status of marketing theory (Marketing Renaissance, 2005). In one of the articles, Stephen Brown describes how a group of prominent top management team members from major firms discussed the importance of the customer to the firm and the need to serve customers well. However, when discussing how to handle the relationship between the firms and their customers, they do not mention marketing as an important actor in customer management (Brown, 2005). Brown reports: 'Notably, none of the executives mentioned marketing as being responsible for the customer' and 'the keeping of promises and building customer loyalty is typically considered the responsibility of others in the enterprise' (2005: 3). In general, it seems that professionals other than marketers, often from the finance area, who are not as well trained to understand customers, nor as well informed about customers' processes, needs and wants as marketers should be, take over the responsibility of translating the voice of customers into corporate decision making.

A marketing definition should reflect the changes that the marketing phenomenon has undergone. It should also be developed so that it strengthens the role of marketing in the organization by reflecting reality. Marketing must be related to strategy and not only or predominantly occupy itself with tactical issues. Today, as McGovern et al. (2004: 72) observe, 'in too many companies marketing is poorly linked to strategy'. Also, in Marketing Renaissance (2005) a common view of the authors is that marketing is too preoccupied with tactical issues and not enough oriented towards strategic issues. A few years earlier, Day and Montgomery (1999) also expressed their concerns with the tactical orientation and lack of adaptability to changing conditions of the 4 Ps framework of mainstream marketing.



A definition should be generic enough to cover a large variety of products (consumer packaged goods, consumer durables, consumer services, business-to-business solutions) and contexts (transaction-based as well as relationship-based approaches), yet specific enough to be meaningful as a guiding principle, while still allowing for adoption to changes in customer preferences, technologies and the business environment. Therefore, the marketing definition has to be somewhat abstract, without losing its power as a guideline for teaching and practising marketing. On a second level, if needed, marketing can be defined for various types of contexts, in the same way that relationship marketing today has been defined taking into account the long-term, win–win oriented nature of that paradigm.

The purpose of this article is to analyse the underpinning logic of the American Marketing Association's updated marketing definition and review how well as a generic definition it reflects the challenges for marketing today. As an integral part of this analysis, the question of how a marketing definition that reflects today's situation could be developed is discussed and a set of propositions regarding the scope and content of a definition is derived and an alternative definition suggested. To a large extent the analysis takes research into service and relationship marketing as a starting point, however, it broadens the discussion to a generic marketing level. Keeping in mind the on-going debate about the relevance of a service-dominant logic for marketing (see Grönroos, 2006; Lusch and Vargo, 2006; Vargo and Lusch, 2004), this seems like a logical point of departure.

The updated marketing definition

For the last 50 years it has been generally agreed that marketing relates a firm to its current and potential customers. This is shown by the research into market orientation (e.g. Kohli and Jaworski, 1990). Thus, marketing as a phenomenon represents the *customer focus* of an organization. However, marketing both as a management practice and as an academic discipline seems to be in crisis (compare, for example, Marketing Renaissance, 2005). This is perhaps one of the main reasons why the American Marketing Association (AMA) has updated its 20-year-old marketing definition, which in reality was not very different from the AMA's earlier definition. According to both definitions marketing is considered a specialist function managing certain decision-making areas to create exchanges that satisfy the customers' and the firm's goals alike. These decision-making areas are defined as the 4 Ps, in other words, product (goods, ideas and services in the 1985 definition), place, price and promotion. The definition of marketing as making decisions about these four Ps goes back to McCarthy (1960). Hence, the definition of marketing that now has been updated is in fact almost half a century old.

The new definition is: 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.¹

A renewal of the definition of marketing has indeed been long due. One of the reasons for the decline of marketing that based on their study Webster et al. (2005) put forward is the lack of a common and up-to-date marketing definition. An updated generic definition to make marketing programmes and activities more relevant for customers at large, rather than being mainly for customers of standardized products, has been needed. As the marketing definition introduced by the American Marketing Association will be considered the standard both for marketing practice and for academic research and education, it will be considered by many *the* generic definition of marketing, and not only in the US but to a large extent outside North America as well. Hence, it is important to scrutinize the underpinning logic of the new definition and investigate how well it fits emerging theoretical thoughts and current research findings, as well as providing effective guidelines to marketing practitioners. In the present article the term *product* is used as a generic concept encompassing any type of solution provided to customers, such as physical goods, services, ideas, information or combinations of two or several of these and other elements.

Marketing is a *process*, which the updated definition acknowledges, although it seems to include only processes internal to the firm, and hence marketing should be defined as a process and not merely as a structure, in other words not predominantly relying upon a list of decision-making variables. This means that the process nature of marketing should be the backbone of a marketing definition and structural aspects should only provide support to the facilitation of that process.

In particular, three elements of the updated definition are discussed: (1) the customer value concept; (2) marketing as managing customer relationships; and (3) marketing as an organizational function. In addition, (4) an intermediate stage between what is done and what should be achieved covering the *how* aspect of marketing is discussed. This element is missing in the updated definition, and has been missing in the previous AMA marketing definitions as well. However, if marketing is a process at least an outline of the nature and scope of this process should be a central part of any definition.

Customer value

For the last 15 years or so the notion of value has been put forward as a critical variable in marketing. Customers should get value from the actions and activities of marketing. The new definition brings in customer value as one of two key elements, alongside managing customer relationships. In principle, this is a positive development. However, a closer look at the way value is treated in the definition reveals that the definition is based on a view of customer value that, although it still dominates management jargon and literature, is under siege by current research.

The phrase *delivering value to customers* implies that value is embedded in the product (goods, ideas, services, information, or any type of solution) which is delivered to customers for their use. This is the notion of *value-in-exchange*, where



the exchange of ready-made value embedded in the products for money is considered the central phenomenon to marketing study. The growing importance to marketing success of interactions between customers and a set of resources controlled by the firm is neglected.

The current research into customer value shows a clear trend away from a value-in-exchange view towards a notion of value being produced not by the supplier, but by the customer when using products and when interacting with suppliers in co-creation with them. According to this research, there is no value for customers until they can make use of a product. Value is not what goes into goods and services, it is what customers get out of them; in other words, value emerges in the customers' space rather than in the producer's space (Vandermerwe, 1996). Customers assess the value of goods and services based on what is received and what is sacrificed (Zeithaml, 1988). The notion that only customers can assess value to goods and services was expressed by Levitt (1983) in the early 1980s. However, this theory was largely ignored by the academic and business communities alike. From the beginning of the 1990s onward this *value-in-use* notion (see Woodruff and Gardial, 1996), as opposed to a value-in-exchange view, has been put forward in the marketing and management literature (see, for example, Grönroos, 2000; Gummesson, 2002; Holbrook, 1994; Jüttner and Wehrli, 1994; Normann, 2001; Normann and Ramirez, 1993; Raval and Grönroos, 1996; Sheth and Parvatiyar, 1995; Storbacka and Lehtinen, 2001; Vandermerwe, 1996; Wikström, 1996; Woodruff and Gardial, 1996).

In addition, as Vargo and Lusch (2004) have revealed, the value-in-exchange view seems to be based on a misunderstanding when macroeconomic analysis of value was transferred to microeconomics and from there further adopted by business economics, and management and marketing. Fifty years ago Wroe Alderson (1957), whose arguments for a functionalist theory of marketing were geared towards a value-in-use concept (Dixon, 1990: 337–8 and Vargo and Lusch, 2004: 5), made the point that what marketing needs is a 'marketing interpretation of the whole process of creating value' (1957: 69).

Hence, value is not created in the supplier's processes of designing, manufacturing, packaging and pricing products (goods, services, ideas, information and other solutions), but in the customer's practices (see Wenger et al., 2002; Shove and Pantzar, 2005; Korkman, 2006), or *value-generating processes* (Grönroos, 2000) where products are consumed and used. Value is either created by the customer in isolation or co-created by the customer in interactions with the supplier or service provider (Normann and Ramirez, 1993; Prahalad and Ramaswamy, 2004). In the supplier's processes *value propositions* are developed, whereas *real value* for customers is created in a customer's value-creating processes.

Co-creation demands co-production efforts of the firm and its customers. In these joint processes, if they are well handled, both customers and the firm can be expected to gain. The firm can make use of the customer's knowledge and skills to improve the quality of products as perceived by the customer and in addition feed the knowledge obtained in this way into its product development processes (compare this with Schneider and Bowen, 1995). Although Schneider and Bowen

(1995) explicitly discuss services, their conclusions seem to be of relevance for other contexts as well. Hence, both the customer's value perception and the firm's ability to create value propositions and to support value fulfilment will benefit. In addition, Bendapudi and Leone (2003) demonstrate how co-production can influence customers' value creation. According to their studies, when involved in co-production efforts, customers tend to take more credit than blame in the co-production process, thus letting positive perceptions influence their value formation more than negative ones (Bendapudi and Leone, 2003). Also, the productivity of a firm's operations can benefit from co-production (Lovelock and Young, 1979) at the same time as the customers learn how to use a product and thereby both boosts productivity and their own value creation (K. Ojasalo, 1999).

A critical analysis of the value-related content of the new marketing definition gives the impression that customer value is mixed up with *value proposition*. A proposition should be a suggestion and a value proposition a *suggested value*, whereas customer value is a *perceived value*. At least when accepting the value-in-use notion as a better description of how customer value emerges, *delivering value to customers* is not possible. What marketers can do is to develop value propositions or suggested value in the form of various types of offerings and communicate them to customers and then support customers' value creation. 'Delivering value to customers' is based on the value-in-exchange notion and contradictory to the trends in research into customer value. Hence, citing a more than 20-year-old criticism of the 4 P definition of marketing by Dixon and Blois (1983), the updated marketing definition still promotes the idea that customers are people *to whom* something is done with ready-made value (value propositions to be exchanged) instead of building marketing upon an idea that customers are people *for whom* something is done (supporting value-in-use).

In conclusion, suppliers do not deliver value to customers, they *support customers' value creation* in value-generating processes of these customers, and possibly get involved in the co-creation of value with customers, by providing them with *resources* such as goods, services, ideas, information, call centre advice, service recovery and complaints handling, payment and invoicing procedures, ensuring customers are using the most recent technologies and software – a whole host of various resources needed by customers (compare Grönroos, 1997). For the consumption of standardized consumer goods such as a candy bar, no more resources than the good itself accompanied by a price are probably needed. The customer interacts with the good only. However, in services, business-to-business and consumer durables, the supplier may, in addition, provide interactions between its customers and its employees, physical resources and systems that also support customers' value-creating processes in the form of co-creation of value. And even though a user of consumer goods only interacts with the good itself, as Becker (1965) demonstrates in his theory of the household as a combined production and consumption unit and of the allocation of time, the goods obtained in the marketplace are inputs into household production. In this household production, a consumption process takes place simultaneously, a situation which resembles the simultaneous production and consumption characteristic of services. In that



simultaneous production and consumption process of the household, the good as an input resource renders a service – the consumer can do something for himself or herself with the good – which rather than the good itself enters the household's utility function and hence the consumer's value creation (Becker, 1965; compare with Vargo and Lusch, 2004). Also, in *consumer culture theory* customers' active contribution to the creation of value from products and other marketing and distribution factors by symbolic meaning creation is recognized (see Arnould and Thompson, 2005).

The analysis of value for customers in a marketing context leads to the following propositions:

Proposition 1a: Value is not delivered by a firm to customers but created in customer processes through support to those processes and through co-creation in interactions with customers.

Proposition 1b: The role of marketing is, on one hand, to develop and communicate value propositions to customers, and on the other hand, to support customers' value creation through goods, services, information and other resources, as well as through interactions where co-creation of value can take place.

Managing customer relationships

Managing customer relationships is the second key element of the new definition of marketing as '*creating, communicating and delivering value . . . for managing customer relationships*'. Relationship marketing is a field that has grown rapidly during the last decade (for an excellent overview of this development see Harker and Egan, 2006). Therefore, it is only correct that the concept of customer relationships is considered. However, as the literature on relationship marketing demonstrates, research into this field and studies of relationship marketing in practice show a variety of different views on the subject. There is not even a commonly accepted definition of what a relationship is in a commercial context, and of what relationship marketing is (Harker, 1999). The literature demonstrates a scale of notions of what managing customer relationships consists of, ranging from creating a mutual commitment and understanding of the supplier and the customer and a win-win situation as a basis for marketing (see Grönroos, 1999; Gummesson, 2002; Håkansson and Snehota, 1995; Morgan and Hunt, 1994; Sheth and Parvatiyar, 1995); to having customers who show a repetitive buying behaviour (see Liljander and Strandvik, 1995); to managing relationship marketing instruments such as loyalty programmes and direct mailings (Verhoef, 2003) and relationship marketing tactics (Leong and Qing, 2006); to seeing relationships as yet another variable in the marketing mix toolbox used to manipulate customers (see the criticism of relationship marketing in practice in Fournier et al., 1998).

Moreover, as Ryals (2005) indicates, a relationship marketing approach with the goal to increase customer retention may not always be a profitable strategy, because the costs of retaining customers may be higher than the benefits to be gained from such a strategy (see also Reinartz and Kumar, 2002).

In marketing and management jargon the term customer relationship is

also used in a multitude of ways. For some it means customers with whom a behavioural *and* emotional connection have been developed (Lindberg-Repo and Grönroos, 2004). Repeat purchasing behaviour and a larger share of the customer's wallet is not enough for a relationship to have been established with a customer (a behavioural component); in addition a larger share of *their heart and mind* is also required (an emotional or attitudinal component) (Storbacka and Lehtinen, 2001). For others every customer who has shown up at least twice or even every customer – regardless of their purchasing behaviour – is called a customer relationship.

The phrase 'managing customer relationships' implies that customer relationships exist. However, only customers can decide whether they have, or want to have, a relationship with a firm, in other words, whether a customer relationship exists or not. It seems quite obvious that not all customers want to be in a relationship with firms whose products they are using. Customers can be in transactional modes as well as in relational modes (Grönroos, 1997), and the same customer may probably shift from one mode to another, depending on the type of products, or firm, or even the situation. There is no research yet that would demonstrate when a customer recognizes a relationship exists, wants a relationship to exist or shifts from a transactional to a relational mode. In fact, relationship marketing and customer relationships have mostly been studied from a management perspective based on the assumption that marketers decide whether relationships exist or not. There is not much knowledge about customers' interests in relational behaviour and about their reactions to relationship marketing approaches. The only thing we definitely appear to know is that unless the most simple and meaningless definition of customer relationships is applied, in other words, a customer that buys two or three times constitutes a customer relationship or any customer makes a customer relationship, not all customers can be managed as relationships.

In addition, the research on contemporary marketing practices that has been published demonstrates that firms across cultures use a variety of marketing approaches, some of which can be described as relational, some of which cannot (see, for example, Coviello et al., 2002).

The new marketing definition does not provide any indications as to how the phrase *managing customer relationships* should be understood, other than that they should be managed 'in ways that benefit the organization and its stakeholders'. Regardless of how important the issue of understanding customer relationships and managing relationships with customers is in some or perhaps even most situations, unless it is clearly demonstrated that customers always want to see themselves in relationships with suppliers of goods, services, ideas, information and other types of solutions, it is not advisable, and may even be counterproductive to the development of marketing to include the phrase *managing customer relationships* in a generic marketing definition. Attempting to force all customers into relationships will lead to inefficient and ineffective marketing behaviour, where inappropriate marketing activities are used and customer behaviour that customers do not want to adhere to is strived for by marketers.



However, the research into relationship marketing has other aspects of marketing to offer marketing in general: for example, the notion that marketing is a set of processes for identifying and establishing contacts with customers and further maintaining and enhancing, or cultivating, and when needed, terminating these contacts (Grönroos, 1997; see also Strandvik, 2000). This notion of marketing as processes is included in the new marketing definition, albeit in an unspecified way and apparently without including the customer in the processes. Moreover, relationship marketing as well as service marketing has pointed out that *interactions* between customers and various resources of the supplier – people, physical resources, systems, IT, infrastructures, etc. – form a key concept in marketing (Grönroos, 2000; Gummesson, 2002).

The analysis of the customer relationship management issue in a marketing context leads to the following proposition:

Proposition 2a: Customers can be in relationship as well as non-relationship modes, thus they do not always appreciate being approached in a relational manner by firms, and hence, even though managing customers as relationship often may be effective, it cannot be considered a generic approach to relating a customer to the firm.

Proposition 2b: Managing customer relationships cannot be included in a marketing definition as a generic guiding principle. In an implicit way a definition of marketing must allow both for relational and non-relational marketing strategies and activities.

Marketing as one organizational function

According to the previous AMA definitions, marketing has been seen as one function among other organizational functions. Marketing is considered to be most efficiently and effectively planned and implemented by a separate department. In the marketing literature, the terms marketing, marketing function and marketing department are also most frequently used interchangeably, almost as synonyms. The renewed marketing definition follows this line of thought using the phrase *marketing is an organizational function*, in other words, marketing is one organizational function among others. Inevitably this approach to understanding marketing has been very successful for consumer goods. However, already in consumer durables where delivering, installing and repairing equipment as well as customer advice may be important to success in the marketplace, the marketing department and a separate marketing function will find it difficult to manage or even influence all contacts with the customers. In services and business-to-business this is even more evident. The marketing function and marketing department cannot support the customers' value-creating processes or even develop solutions and take total responsibility for the fulfilment of value propositions (compare Brown, 2005: 3). Other processes, such as service interactions, repair and maintenance, logistics, call centres, service recovery and complaints handling, have an often critical responsibility for supporting customers' value creation. Few of these processes, often none of them, are part of the marketing function and the responsibility of the marketing department, and the marketing department/marketing function has small or no means of influencing how they are planned and implemented.

Both service marketing (e.g. Booms and Bitner, 1982; Brown and Bitner, 2006; Grönroos, 1982; Gummesson, 1979; Zeithaml et al., 1988) and relationship marketing (e.g. Christopher et al., 1991; Grönroos, 1999; Gummesson, 2002) as well as the IMP approach to business-to-business marketing in networks (e.g. Håkansson, 1982; Håkansson and Snehota, 1995) show that marketing cannot be separated into one function and be the responsibility of one department only. In service marketing the link between marketing, operations and human resources has for a long time already been recognized (Booms and Bitner, 1982; Eiglier and Langeard, 1975; Grönroos, 1982, 1990; Gummesson 1979; Langeard and Eiglier, 1987; Lovelock, 2000). Relationship marketing and the IMP approach have come to similar conclusions (Christopher et al., 1991; Grönroos, 1999; Gummesson, 2002; Håkansson and Snehota, 1995). In addition, in his studies Webster has pointed out the need for dispersing a marketing competence outside the marketing department and across the organization (Webster, 1992; Webster et al., 2005). Value propositions may be communicated by a separate function, but the fulfilment of these propositions cannot. A number of other organizational functions get involved, and if those other functions do not take a customer focus, value will not emerge in the customers' processes and marketing will probably fail.

In the marketing literature, this problem, which by no means is a new one, has been addressed by offering marketing as the most important function or even as an integrative function (Kotler, 1994). In practice, none of these suggestions have ever worked as general solutions to the problem. People in every business function are professionals in their own areas, and all functions are needed for successful business operations.

This problem has to be approached from another angle. First of all, it can be stated that marketing as a *phenomenon* is related to the customers and to the *return* on the customers or portfolio or segments of customers a firm serves over time. Hence, marketing requires a *customer focus*. Second, to get the best possible return, regardless of what they do and to which function or department they belong, the people, systems and processes that have an impact on the return of customers have to make sure that these customers perceive such a value in their processes that they are satisfied enough and prefer to buy again. Hence, for value to emerge in the customers' processes, everyone who is involved in both communicating value propositions and providing value support to customers' processes have to take a *customer focus* in planning and implementing what they are doing. For people in a marketing department, focus on the customer is normally a full-time duty. For people in other departments and processes, such as operations and manufacturing; logistics; repair and maintenance; service recovery and complaints handling; service and product development; human resource management; investment; IT and others; other duties are also important, sometimes even more important. However, irrespective of whether, in a given situation, taking a customer focus is of substantial or marginal importance for them, it should always be part of their duties, not on a full-time scale, but as Gummesson (1987) puts it, as *part-time marketers* as compared to *full-time marketers*.

Hence, it can be concluded that a customer focus is part of not only what in the



traditional marketing literature and vocabulary is called the marketing function, but of many other organizational functions as well (compare Brown, 2005; Brown and Bitner, 2006; Grönroos, 1982, 1999; Gummesson, 1987; Piercy, 1985). Defining marketing as a duty for one organizational function will only work in special cases where the value support to customers' processes is embedded in standardized solutions. As a cornerstone of a generic marketing definition it is not sufficient to state that marketing is one organizational function.

In conclusion, the analysis of the organizational home of marketing leads to the following propositions:

Proposition 3a: Marketing cannot be implemented by one organizational function of marketing specialists, the full-time marketers, only.

Proposition 3b: Marketing needs a customer focus throughout the organization, thus involving both full-time marketers totally or predominantly trained to take a customer focus, and part-time marketers, who when performing their tasks from the outset are not at all or only partly trained to take a customer focus.

Proposition 3c: To be effective marketing also requires that technologies, information systems and other systems are designed and function in a customer-focused manner.

How should marketing be implemented – promises management

The renewed marketing definition states that marketing should lead to 'value to customers' and should 'benefit the organization and its stakeholders', while the previous one includes the phrase 'satisfy individual and organizational goals'. Hence, marketing should make customers reach a certain state, 'get value' or 'having goals satisfied'. The definitions claim that by making certain decisions, for example, pricing, promoting and delivering, this state will be achieved. However, marketing is a process, and therefore customers do not immediately turn from an *off* state of not having their goals satisfied or not having value, to an *on* state of having them satisfied or having value. There must be a process from the off state to the on state with at least some intermediate state that is facilitated by marketing. In a marketing definition there have to be some general guidelines indicating *how* marketing activities and processes should be planned and implemented in order to achieve this move from one state to another. It is not enough to state that, for example, 'pricing, communicating and delivering value' or 'planning and executing conception, pricing, promotion and distribution of goods, ideas and services' should lead to some state (value to customers or satisfy goals).

Here relationship marketing offers support. One of the definitions most generally agreed upon by researchers (Grönroos, 1990; Harker, 1999) states that the economic and other goals of the firm and its customers should be achieved through 'exchange and fulfilment of promises'. The seller makes a set of promises concerning, for example, physical goods, services, financial solutions, transfer of information, interactions and a range of future commitments. Then, if a relationship is expected to be maintained and enhanced these promises have to be kept. Berry

(1995) claims that the fulfilment of promises made to customers is the foundation for retaining customers and maintaining relationships with them. Also in the service marketing literature promises have been explicitly used (e.g. Bitner, 1995; Grönroos, 1990). Although Grönroos discusses relationship marketing in general and Berry and Bitner service relationships, obviously their conclusions regarding the role of promises have to be true for any types of products in any context.

The *promise concept* was introduced in the marketing literature by Henrik Calonius (1983, 1986, 1988).² Drawing on Kotler's (1972) definition of marketing he suggests the following promise-based marketing definition: 'Marketing is a set of human activities directed at facilitating and consummating exchanges of promises' (p. 522). His promise concept is partly founded on an observation by Levitt (1981): 'When prospective customers can't experience the product in advance, they are asked to buy what are essentially promises – promises of satisfaction. Even tangible, testable, feelable, smellable products are, before they are bought, largely just promises' (p. 96). Calonius defines promises as 'a more or less explicitly expressed conditional declaration or assurance made to another party, or to oneself, with respect to the future, stating that one will do or refrain from some specific act, or that one will give or bestow some specific thing' (1986: 518).

Some of the marketing activities and processes, such as communicating and pricing, aim at making promises. Of course, customers' past experiences may also influence their perception of future promises about value propositions made to them, an observation made for example in the service quality literature (e.g. Grönroos, 1982; Zeithaml et al., 1988). Promises are kept by, for example, deliveries, usage of goods and other types of solutions, repair and maintenance, recovery of problems and mistakes and call centre advice. As Bitner (1995) observes, promises cannot be expected to be successfully kept unless the organization is prepared to do so. Enabling promises is, therefore, an integral part of making and fulfilling promises. *Internal marketing*, a concept originating in service marketing research (e.g. Berry, 1981; Eiglier and Langeard, 1976; Grönroos, 1978) and later also in relationship marketing (e.g. Ballantyne, 2003; Dunne and Barnes, 2000), becomes important for marketing success. Employees involved in the fulfilment of promises, regardless of their position in the organization, have to take a customer focus. However, enabling promises also means that other resources than employees, such as goods, systems, physical resources and information, and also including other people as the customer himself or herself as a resource, have to be developed in ways that support the fulfilment of promises (Grönroos, 2000).

Some marketing activities are mainly *promise making*, whereas others are mainly *promise keeping*. As research into relationship marketing and service marketing demonstrates, traditional marketing activities performed by a separate marketing function and full-time marketers are mainly concerned with promise making, whereas the promise keeping activities are mainly the responsibility of other organizational functions and part-time marketers (Gummesson, 1987, 2002; see also Bitner, 1995; Grönroos, 1990). However, as Brown (2005) states in his analysis of the current state of marketing based on a discussion among manage-



ment team members in large companies, 'marketing and sales often have a major role in making promises to customers and in generating new business', whereas keeping promises is the responsibility of others in an organization (2005: 3).

However, making and keeping promises is not a straightforward issue. Promises made are perceived by customers, thus creating expectations regarding what should be delivered by a firm. Such expectations may vary from person to person and even from situation to situation. As J. Ojasalo (1999) has pointed out in a study of professional services, customers have *implicit* expectations alongside explicit ones, and customers expect that these should also be fulfilled. In addition, there may be *fuzzy* expectations that customers have and which do not transform into explicit ones until customers experience the product (J. Ojasalo, 1999). Hence, it is not the promises made as such that should be kept, but *the individual expectations created by these promises*. Clearly, this is not the case only for professional services but for all sorts of products.

In conclusion, the analysis of the process from a firms' value propositions to a customers' value perceptions and of the promise concept lead to the following propositions:

Proposition 4a: Customers have explicit as well as implicit and fuzzy expectations and these expectations should be fulfilled by the performance of the firm.

Proposition 4b: Fulfilment of promises in a customer-focused manner requires internal marketing efforts as promise enablers.

Proposition 4c: Customer-focused technologies, information systems and other systems as well as appropriate leadership is also required to support a customer-focused performance by part-time marketers.

Proposition 4d: Making promises, supported by internal activities, such as internal marketing geared towards the fulfilment of expectations created by promises made, as well as technology, systems and leadership support, and fulfilling expectations created by promises made, form a firm's marketing process.

Conclusion: a promises management definition

Drawing on the analysis of the underpinning logic behind the updated AMA definition and the discussion of recent research into customer value, relationship marketing, service marketing and the promise concept in the previous sections, the following alternative marketing definition is suggested:

Marketing is a customer focus that permeates organizational functions and processes and is geared towards making promises through value proposition, enabling the fulfilment of individual expectations created by such promises and fulfilling such expectations through support to customers' value-generating processes, thereby supporting value creation in the firm's as well as its customers' and other stakeholders' processes.

This definition could be labelled a *promises management definition*. It could also include a specification of by what means promises are made (for example, by

developing, pricing and communicating value propositions), how promises are enabled (for example, by internal marketing and the development of customer-focused goods, technologies, service processes, information systems and other systems as well as appropriate leadership) and how expectations created by promises are fulfilled by supporting customers' value creation (by providing resources and processes – goods, services, information and people, systems, infrastructures, physical resources – and interactions between the customer and these resources and processes, as well as by mobilizing customers as a resource in the purchasing and consumption and usage processes). However, because these clarifications are inherent in the definition, to keep the definition as short as possible they have been omitted.

The underpinning logic of the suggested marketing definition is the following:

First of all, the definition is based upon the *value-in-use* notion, according to which customer value is created in the customer sphere, in customers' value-creating processes. With a set of resources, processes and interactions firms *support* customers' value creation. This value-in-use approach to customer value is clearly more relevant to marketing than the value-in-exchange view, which has characterized mainstream marketing research and is inherent in both the old and the updated AMA definition.

Second, because customers probably do not always want relationships with firms and firms do not always consider creating relationships with customers as the foundation of business as the best possible strategy, managing customer relationships as a phrase is not explicitly included in this definition. Moreover, today's research does not provide a clear enough definition or even description of what a relationship is in a commercial context. Including the wording 'managing customer relationships' in a definition only to mean 'manages contacts with customers' or something to that effect becomes an empty phrase without any content. In the worst case, it will force marketing practitioners to attempt to create relationships with customers without really understanding what this would mean and how it should be done and where the customers often do not want to be engaged in something they would define as a relationship with the firm.

However, implicitly this definition includes the potential to develop customer relationships. Providing customers with products that successfully support value creation and doing so in a way which meets individual expectations created by promises that have been made will increase the likelihood that customers who are in a *relational mode* will want to do repeat purchasing and even develop an emotional connection with the firm. It may also make customers relationship-prone. In these cases relationships will develop.

Third, as research, for example, into relationship marketing and service marketing as well as research into business-to-business marketing according to the IMP approach demonstrates, as soon as the products provided to customers are more complicated and include more content than standardized goods, one single organizational function cannot take responsibility for total marketing. Therefore, the suggested definition states that several organizational functions have to take a customer focus and take a responsibility for marketing. What traditionally is called



the marketing function, including, for example, market research, advertising and other means of marketing communication, as well as sales, will be to 100 percent focused on the customer, whereas other functions such as R&D, product and service development, manufacturing and service operations, logistics, procurement, repair and maintenance, call centre activities, service recovery and complaints handling wherever they are located in the organization, and human resource management and finance, will have to be part-time focused on customers. Hence, marketing as a customer focus is a dimension among others of the planning and implementing of the tasks of these functions.

Fourth, unlike the 4 Ps of the previous marketing definitions and the equivalent list of activities in the renewed AMA definition, the suggested definition does not include a list of variables that are *the* decision-making areas of marketing. First of all, such lists, including four or any other number of variables, can never be conclusive and easily become obsolete. For example, Neil Borden (1964) when introducing the marketing mix metaphor in the 1950s listed 12 mix variables, and moreover, stated that depending on the context this list has to be reconsidered. In addition, various types of situations will require different lists that cannot be included in a generic definition. Finally, it is impossible to prepare a list of decision-making areas that would fit the demands of all possible marketing situations. However, any list such as the 4 Ps endorsed by a reliable source easily becomes a law-like guideline (Kent, 1986). Hence, the alternative definition approaches what should be planned and implemented as marketing as anything that supports value formation in customers' processes by making promises, enabling these processes, and fulfilling expectations created by them. What it takes to do so efficiently and effectively will vary, sometimes less, sometimes more, from industry to industry, context to context, market to market, customer to customer, culture to culture, and even from one point in time to another.

Fifth, enabling promises is explicitly included in the definition. If this internal support is missing or not taken care of in an adequate manner, it will be difficult to support customers' value-creating processes in a proper way.

Sixth, the definition takes into account the role of expectations (Miller, 1977; Rust et al., 1994) and of expectancy disconfirmation in marketing (e.g. Oliver, 1980). Communicating value propositions and making promises set expectations and the way such expectations are met by the value support provided has a decisive impact on the success of marketing. As customers' perceptions of similar promises differ, it is not the promises as such that should be met, but rather the customers' individual expectations created by these promises.

Implications for marketing research

The suggested alternative promises management definition has several advantages for marketing research. First of all, it is based on current research into customer value, according to which value for customers is created in the customer's processes, *value-in-use*, and it allows for customer co-production of solutions and

moreover for either customers' sole creation of value or value co-creation together with the supplier.

Second, the suggested definition is geared towards the very nature of marketing as a process, and thus it shifts the interest of research into marketing from structure to process. The updated and earlier definitions have always been overly preoccupied with structural elements and neglected the importance of process. The process nature has only been recognized implicitly. Of course, structural elements such as price and marketing communication should still be studied, but they need to be put into a process perspective.

Third, the alternative definition opens up the black box of consumption and usage. The consumption/usage process becomes an integral part of marketing and the marketing process (Grönroos, 2006). Traditionally, marketing ends with the purchase decision. The product is supposed to be developed and designed so that it automatically meets the expectations of customers. According to the suggested definition the customer's *interactions* with the resources provided by the firm become a central element in marketing and for marketing research. The customer may, for example, interact with a physical good or with a call centre, an ATM or a vending machine, an Internet web site, a telecommunication infrastructure, a delivery, installation, repair and maintenance service, a service recovery or complaints handling process, and with people, technologies, systems, information, tangible products and servicescapes (Bitner, 1992) involved in such interactions. Moreover, in all these interactions the customers are present as resources, thereby sometimes being sole creators, sometimes co-creators of value for themselves.

Focusing on the interactions and the consumption/usage also demonstrates the need for viewing marketing as a process including activities that go beyond a single marketing function. Marketing becomes a customer focus that should permeate organizational functions. The traditional marketing definitions are based on a view that marketing is one function alongside other functions and, therefore, these are perceived as non-marketing. This view has become a strait-jacket for marketing research, where at least mainstream marketing research has not been able to cope with the changes that have taken place in the customer interfaces. The content of customer interfaces has grown far beyond what a one-function marketing approach can include.

Finally, the alternative definition recognizes the fact that everyone involved in interactions with customers are not automatically customer focused. Traditionally, marketing activities are supposed to be performed by marketing professionals, the full-time marketers. Hence, preparing marketers for their duties has not been an issue for marketing and for marketing research. Part-time marketers are not expected to exist and, therefore, previous definitions neither include ways of coping with them, nor trigger any interest in studying them from a marketing perspective. Enabling promises, including internal marketing, explicitly points out the need to prepare employees who are not trained as marketers and whose main task is something other than marketing-related for their customer-related duties. This also forms a realistic basis for studying relationship marketing and the management of customer relationships.



Although, for reasons already discussed in this article, the definition does not explicitly include a reference to customer relationships, it includes an implicit long-term notion. A sequence of successful promise-making and promise-fulfilment will lay the foundation for long-term customer contacts and for a relationship to be developed with customers who are in a relationship mode. Thus, without stating that managing customer relationships is a guiding principle for marketing, the promises management definition makes it possible for marketers to create and manage relationships with relationship-prone customers.

Implications for marketing practice

The implications for marketing practice are more or less similar to the ones for research. The traditional marketing definitions with their focus on one function, exchange of pre-produced value and a structured set of marketing variables, rather than a process, have become a hindrance for developing marketing in accordance with changes in the business environment, at least for other types of products than standardized consumer goods. They have become equally a straitjacket for marketing practice as for marketing research. The suggested definition helps marketing to break free from the one-function, marketing department based view where only full-time marketers are recognized. Its process nature helps locate the firm's true marketing resources and activities and guides planning and budgeting procedures to include all these resources and activities, not just what the marketing department is doing.

Hence, because developing and managing marketing according to the promises management definition can make the management and execution of all customer contacts customer focused, and not those managed by the marketing department only, marketing becomes more relevant for the customers of a firm. If this is the case, marketing also becomes more relevant for top management, and in the final analysis for the firm's shareholders as well.

Using a structural definition it has been comparatively uncomplicated to understand marketing, and to organize, plan and execute marketing programmes. The marketing mix management metaphor has served as a pedagogically straightforward and easily understood and replicable marketing formula. Based on this approach it has been easy for professors to teach marketing and for marketers to practice marketing. The promises management definition based on a process view of marketing and focused on enabling, making and fulfilling promises offers far less uncomplicated guidelines for professors and practitioners alike. It will be less straightforward to define which the marketing resources and variables to use are in a given situation. Moreover, it will be impossible to determine for a longer period of time what is included in marketing and what is not. For example, with changes in the customer base, in customer preferences and purchasing and usage behaviour, in the competitive situations and actions by competitors, and in the business environment, the resources and activities that should be included in the marketing process will change. Such changes may be slow or they may occur



almost overnight. Marketing definitions that do not allow for adapting to such changes are dangerous.

Top management's negative view of marketing and marketers (Cassidy et al., 2005; Chief Executive, 2004; Webster et al., 2005; Welch, 2004) may very well be predominantly caused by marketing's lack of adaptability (Day and Montgomery, 1999) and its inability to cope with fundamental shifts in the environment. A major, if not *the* major reason for this inability is the restrictive, structural marketing definitions that for so long have dominated marketing thought, teaching and practice. The suggested alternative definition is intellectually more demanding, less straightforward to teach in classrooms and to use in practice, and planning and executing marketing according to it will take more time and effort, and sometimes perhaps more resources. However, the outcome, marketing's relevance for customers, top management and shareholders alike, will be much better. Implementing this promises management definition will require changes in corporate cultures and firm's governance systems, as well as in university curricula. Even substantial barriers for change may exist. On the other hand, when critical strategic changes have been desperately needed, such barriers have never been unmanageable hindrances for organizations.

Finally: what about the marketing mix metaphor?

Since the 1950s the marketing mix metaphor has been used to describe the content of marketing activities. Admittedly, it has been a useful metaphor, but the more customer contacts occur outside the functionalistic realm of the marketing department, the more problematic it has become. For example, in service marketing and relationship marketing contexts it has been difficult to include interactive marketing resources and activities in a marketing mix. Although Borden (1964) suggested that the mix must not include a fixed set of variables for all situations, it may be difficult to use this metaphor to describe the management of resources and activities that may change from one customer to another or from one situation to another. Basically, the marketing mix metaphor, based on the notion of the marketer as a mixer of ingredients (Culliton, 1948), is geared towards a structural view of marketing. When the process notion of marketing is recognized, a process-related metaphor could serve marketing better. In the alternative definition a *promise metaphor* is suggested.

One could ask whether this promise-based customer focus definition fits all marketing contexts, or would another definition be equally good or better? It is impossible to answer this question categorically. However, based on the stated point of departure for the analysis in the present article and using the promise concept and the promise metaphor, it seems like a valid generic definition. For marketing subfields, specialized definitions geared to the characteristics of those fields can probably be derived, much as for example relationship marketing has developed its own definitions.



Notes

1. The previous AMA marketing definition from 1985 says: 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 objectives.
2. Henrik Calonius's seminal conference paper on the promise concept 'A market behaviour framework', originally published in 1986 at the 5th annual conference at the EMAC, the European Marketing Academy arranged in Finland is published in this volume of *Marketing Theory* on pages 419–428

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Christian Grönroos is Professor of Service and Relationship Marketing, and Chairman and Executive Director of the CERS Centre for Relationship Marketing and Service Management, at the Hanken Swedish School of Economics, Finland. He is also Guest Professor of Service Management at Lund University, Helsingborg, Sweden and Honorary Professor at Nankai University, PRC. He has received several awards for his research, among them the American Marketing Association's Servsig Award for Career Contributions to Services Discipline and Emerald Literati Club's Lifetime Achievement Award for his contributions to the field of marketing. He has published numerous scholarly articles in many languages and several books, which have been translated into nine languages. Address: Hanken Swedish School of Economics, Finland, P.O.B. 479, Helsinki 00101, Finland. [email: christian.gronroos@hanken.fi]