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Evolution of Marketing: A Review

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ABSTRACT

The evolution of doing business has drastically changed over the decades. The inclination of the organisation towards customer orientation has made the customers the prime focus of the 21st century marketing strategies. The concept is not limited to just selling but it has more to do with after sale performance. With the changing scenario of business, the concept of marketing has taken turn right from production concept to the very existing marketing concept. With the advent of digital era the offering style has changed and companies are ready to go extra miles to retain as well as gather new customer base. The study focuses on marketing strategies followed by different existing organisation in three different phases i.e. (1950-1970, 1971-2000, 2001-existing) to understand changing dynamics of market demands. The objective of the study is to find out the position of the organisation in the existing market through BCG and Pareto principle and also depicting the life cycle of the models of the cars. The study comprises of secondary research and also focuses on several marketing strategies i.e. BCG (Boston Consultancy Group), Pareto principle, PLC Graph. The study will help to evaluate the organisation's position in the market through BCG and it will help in understanding the adaptability of the organisation. As a result, the study will give a broader view of the changing business scenario through a variety of factors.

Introduction

All marketers are storytellers and only the losers are the liars; a very famous proverb used by one of the pioneers of marketing. Winners have emerged and proved themselves time and time again by creating a story of needs and wants in the customers. The story never gets old only the way of telling the stories changes. The evolution in marketing has changed drastically over the years; from trading to industrialization to automation and now to the AI. Organizations have shifted their business according to the demand of the customers and the changing environment. What not has changed is serving the customers.

One of the most successful organizations of its time; "Borders" the international book and music retailer closed all its operations in 2011 by selling the list of all its loyal customers to its competitor "Barnes and Nobles". The misstep of entering late into the e-reading business and opening too many stores with mounting debt led the story of Borders vanished from the minds of its own customers.

The world's biggest giant of its time in film company "Kodak" filed bankruptcy in 2012. What the whole world knows is that it failed to keep up with the digital revolution. The market leader feared of cannibalizing its own film business with the digital cameras. The leader of design, production and market in photographic equipment got a number of opportunities to steer the company in the right direction. The story that very few people know about Kodak is that it acquired a photo sharing site "Ofoto.com" in 2001. Kodak used this site for printing of digital images which could have been the predecessor of Instagram. What if Kodak would have used this site for social interaction and sharing photos. The story of this organization would have been much different.

Both these organizations failed to cope up with the disruption in the market; it was too late to regain the position they enjoyed. However, there are organizations which went ahead of the time.

Tower records considered one of the pioneers in music retail stores was the first of its kind to open a retail music mega store. The concept was widely accepted and soon competitors entered the market; but tower records didn't stop here. It went ahead of its time and was one of the first retailers to go online to sell music cd's, cassette tapes and electronic gadgets. Ultimately in 2004 Tower records closed all its operations. So, what went wrong??? Tower records could not keep itself going with the digital disruptions. The music piracy is considered as one of the factors which led to the downfall of the organization. Tower records also could not match up to the online music streaming businesses of iTunes, Spotify and Pandora.

Adding to the list of blunders, Google added its product, Google Glass into the list by not only launching the product before the technology absorption but also completely messing up with its marketing strategies. Google Glass was launched as a product for the niche market which failed poorly to draw the attention of buyers. Well to gauge into the aspects of failure we first need to dive into what this product was Google Glass (also known as Glass) was a product developed by Google X. The product's prototype entered the market on 15th April 2013 in the US market and was officially launched

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on 15th May 2014. The product operated on Glass O/S. The device had 2GB Ram and 16GB ROM, 570 mAh of battery with and an average run time of 2 hours. With a 5-megapixel camera with 720p video recording, the device could capture and share pictures and videos either by hand gesture or through voice command. The product weighed around 3.6kg. The product had inbuilt apps such as google maps, google+, Gmail, etc.

In spite of having well-laid features, the product failed to gather attention and rather came into news for all wrong reasons. From the marketing point of view, the product failed at the stepping stone as it failed to define the usability of the product. The concept of marketing has changed long back. The buying behaviour follows a particular need pattern and should also fit into the gap of wants and deliver. What made the condition worse was the product not serving the purpose of what it is actually made for i.e. Glass (Normal/ Sunglass).

It appeared as if somebody is wearing a piece of wire around their eyes which definitely looked ugly from the viewer's point of view. Carrying a load of 3.6kg was an additional burden. The estimated sales of the product stand at 10000 whereas it was predicted to reach 28 million by 2018.

When we look at its promotions and positioning, it turned out to be yet another disappointment. The product was promoted by gifting prototype to celebrities and opening limited options for the early adopters. With no official announcement of the launch date made probable customers frustrated as the waiting period went on to never-ending mode. There was no advertising or promotion of the product after its launch. Lack of awareness added to the woes of the company. To add a pinch of bitterness to this rock way path, the company completely ignored the distribution process of the product. No dedicated place for buying the product and the upcoming of better smartphones made this product loom in thin air.

After its failure question loomed "Was it just because they launched the product before the absorption of technology?" Finally catching all negative attention by breach of privacy by clicking random people's pictures and recording videos gathered all negative attention to it. With all bitterness and woes, the company finally decided to stop production and finally it was rolled off the market.

This gave everyone new learnings; it is not always profitable to be the first mover. Also, the right integration of 4'Ps (Product, Price, Place, and Promotion) could had led different stories for them. The above organizations proved that no matter how dynamic the business environment grows, following the basics of marketing are always required.

They could not cope up with the changing trends and demands, and their stories faded.

But then there are organizations which changed their whole business and the way of doing business in order to sustain in the market. Their stories are actually imprinted inside the mind of customers. Berkshire Hathaway was actually a textile company until it was taken over by warren buffet and changed into a conglomerate in 1985.

Furthermore, we will look into the case of U.S. Automobile from their inception and the way they tried to adapt themselves in the dynamic market to sustain.

Literature review

The concept of marketing has been changing. Right from the traditional approach to the modern approach, the focus of marketing has shifted from a product base to the customer base. When we look back at the traditional approach, to sell the product, marketing was treated as a specialist job but now it's the responsibility of each department to think and act like a marketer. The concept has shifted from whatever is produced will be sold to more research orient base wherein customer demand is analysed and based on this, the product is developed. (*In Search of a New Logic for Marketing: Foundations of Contemporary theory: CHRISTIAN GRÖNROOS*). The focus is not only limited to sales but has more to do with after-sale services. Retention of the customer is now done by maintaining a relationship with them by involving and building a customer-based community {*Discourses on Strategic Management: Asian Books Private Limited: Second Edition: DILIP ROY*}. In this era of modern marketing, acting swift and smart has become the mantra of marketing. With the vast volume of data, the job of a marketer has now been exposed to more on analysis of customer needs and demand and developing products accordingly. {*Adaptive Marketing: Leveraging Real-Time Data to Become a More Competitive and Successful Company: First published in 2015 by Palgrave Macmillan: NORM JOHNSTON*}. Over the year the competition among the rivalry firms has increased. The intense competition has turned into a battlefield of blood wherein companies are putting in whatever is required to be in the game of survival of the fittest. But this bloodshed has given firms a new horizon to look at the unexplored market and take the first-mover advantage. Running away from this ocean of red blood and entering into the world of blue Ocean wherein there is less competition has been what defined in a term as blue ocean strategy. {*Blue ocean strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant: (W. CHAN KIK RENÉE MAUBORGNE*)}.

U.S. Automobile industry

At the time when buggy and horses were the prime means of transport in America the Duryea brothers launched the world’s first one-cylinder auto in 1893. The autos of the time were a luxurious novelty. The cost of a one-cylinder auto was $1500 which was unreliable and at the same time expensive for an average family to afford. Public resentment was so great that even the future president “Woodrow Wilson” stated that “Nothing has spread socialist feeling more than the automobile… a picture of arrogance and wealth”. The boffins of that era felt that the automobile industry was small and unattractive, but Henry Ford the game changer didn’t believe it had to be this way.

The Model T: -

In 1908, Henry Ford introduced a car “for the multitude, constructed with best material” where the other five hundred automakers were manufacturing novelty automobiles. Model T was reliable, durable and easy to fix and came in one colour (Black). With the tagline “watch the Ford go by, High priced quality in a low priced car” Ford introduced the first model at $850 half the price of novelty automobiles. To keep up the pace the price dropped by $609 in 1909 and further to $290 in 1924. What made Ford’s success a revolution in the automobile industry??? The time to manufacture a Model T was reduced to 4 days instead of 21 days by replacing the skilled labourers with unskilled labourers who were efficient in working one small tasks efficiently hence reducing the time and cutting the labour cost by 60%.

By the time ford’s market share surged to 61% in 1921 from 9% in 1908 the horse drawn carriage were replaced by the Model T creating a huge blue ocean in automobile industry. An automobile was owned in a majority of

American's household. But, will this blue ocean last for long??? How this blue ocean will turn into a red ocean??? How Ford will manage its business to sustain in the competitive market??? How will the new entrants affect the market and future of automobile industry???

General Motors: -

While the Ford was stuck with "horseless carriage" General motors created a new blue ocean strategy by unveiling a line of automobiles. With the strategy devised by Alfred Sloan "A car for every purse and purpose" to appeal the emotional dimensions of US market General Motors made the car fun, exciting and at the same time comfortable and fashionable. While the Ford focused on one colour, single model strategy; General motor's factories pumped up with a broad array of models, colours and styles. The cars were now replaced frequently and the market for used cars soared as the "Annual car model" created a new demand for the buyers trading up for fashion and comfort. Demand for GM's cars soared from 20% of market share to 50% from 1926 to 1950 and Ford's market share fell from 50% to 20%. How did Ford cope up to the new market??? Will this strategy last for long for GM??? What challenges were about to come??? 90% of the US auto industry was captured by the General motors, Ford and Chrysler by following the common strategy of launching new car model yearly until a new threat was about to enter the US market.

Japanese Cars:

During 1970s US was hit with the oil crisis which led the US consumer to flock to the fuel-efficient cars manufactured by Toyota, Honda, Nissan (then Datsun) which entered the market with small, fuel efficient, ruthless and robust cars creating a new blue ocean in the market. In contrast to the implicit US auto industry logic of "the bigger the better" which was followed by the big three the Japanese company altered the concept by challenging the conventional logic. The big three were competing among themselves and were aware of the market potential but none of them initiated to produce fuel efficient, compact cars. The big three started to invest heavily in production of smaller, fuel efficient cars after the Japanese competitors dragged them to a new benchmark. The big three were hit by a dive in car sales, with an aggregate loss of $4 billion in 1980. Chrysler suffered the hardest and narrowly escaped bankruptcy. So, how Chrysler will hit back to the automobile industry??? Will the three big survive the bloody red ocean competitiveness??? What were the views of industry experts???

Industry experts across the world raised some serious questions on the competitiveness and viability of the big three as they found it difficult to make a comeback after the Japanese competitors were so effective in capturing the US market.

Chrysler's Minivan: -

Ford and General Motors came up with the idea of a minivan in their specific drawing boards but were afraid that it may cannibalize their own wagons to which the beleaguered Chrysler took the opportunity to unveil its first minivan in 1984. Requirement of a nuclear family was addressed in the form of a minivan as it was more spacious than a station wagon but was smaller than a typical van breaking the boundary between car and van. Minivan alone fetched $1.5 billion helping Chrysler to regain its position in a span of three years becoming the bestselling vehicle for the company.

In assessing the US auto industry from its inception it can be seen that the Japanese, Chrysler, GM were established players when they created a new market for cars. For the most part, the market was not triggered by innovations but by a revolution in the automobile industry i.e. the meatpacking industry revolutionized the ford's assembly line. The attractiveness of the auto industry was continuously rising and falling but all these companies would be remembered for the blue oceans that they had created.

Ford Motors post 2000: -

Although both General motors and Ford motors have left the Indian market but both have a very strong foothold in their home country i.e. U.S. Furthermore; looking at the stats and condition of the market in US it's unpredictable to choose a winner in that sector. Ford, GM and FCA has a strong hold on the trucks where newer players are betting on sedans and sports utility vehicles. Ford has witnessed decline in sales for its sedans while it's still struggling to make an impact on suv.

Fig 4.5.1. shows the sales of different Ford models for the year 2018 in descending order with a cumulative number to draw Pareto analysis. Fig 4.5.2 i.e. BCG matrix has been drawn after analysis on market growth and relative market share. The models falling in dog have either been discontinued or the sales figure has plummeted. The models falling in cash cow is generating revenue at lower expense for the organisation. While, star products are also generating revenue for the company but with huge investments. The models falling in question mark have a higher market growth thus the organisation needs to boost up the investment to

FORD MODELS	2018 sales figure	Cumulative	BCG	Comments
Escape	272228	272228	Star	Hybrid
Transit	137794	410022	Cash Cow	42% Market share in transit cv
Edge	134122	544144	Star	
Focus Active	113345	657489	Star	Imported from china
F Series	90933	748422	Cash Cow	Bestselling vehicle
Mustang	75842	824264	Star	Luxury and only model to survive in sedan
Expedition	65542	889806	Question mark	$925 million investment
Eco Sport	54348	944154	Question mark	Imported from India and new in the US market
E Series	47936	992090	Dog	Product replaced by transit
Taurus	36088	1028178	Dog	Downsized
Police Interceptor SUV Explorer	33839	1062017	Cash Cow	$570 Million worth of orders in a quarter
Transit Connect	31923	1093940	Cash Cow	42% of market share in transit cv and the 3rd version of the product is being sold.
Explorer	25069	1119009	Dog	Sales were down to 48%
Flex	20208	1139217	Dog	The flex is already dead
Police Interceptor Sedan Taurus	7382	1146599	Question mark	Authorities shifting towards SUV Explorers
C-Max	6683	1153282	Dog	Sharp drop in customer demand
Fiesta	5173	1158455	Question mark	The model has been re-launched with huge investments
Focus	1736	1160191	Dog	
GT	126	1160317	Dog	Approx. 1500 models to be made till 2022

capture larger market share. Fig 4.5.3 is a combined matrix of BCG and Pareto principle's acceptance and rejection chart. The models in the grid of RA i.e. rejected from BCG but accepted by Pareto needs to be strategized by the organization to cut the costs and to make the models profitable as according to the analysis in BCG these models are generating lower profits in spite of higher market growth and sales figure. After analysing the BCG and Pareto Fig 4.5.4 depicts a PLC graph which shows the phases of each models in the life cycle.

Expedition Ecosport Police interceptor sedan taurus Fiesta	Escape Edge Focus active Mustang
E-series Taurus Explorer Flex C-max Focus GT	Transit F-series Police interceptor suv explorer Transit connect

Fig 4.5.2. BCG Matrix.

AA Escape Transit Edge Focus active F-series Mustang	**AR** Police interceptor suv explorer Transit connect
RA Expedition Ecosport	**RR** E-series ; Flex ; Fiesta ; Focus Taurus ;Police interceptor sedan taurus Explorer ; GT ; C-max

Fig 4.5.3. BCG & Pareto acceptance & rejection chart.

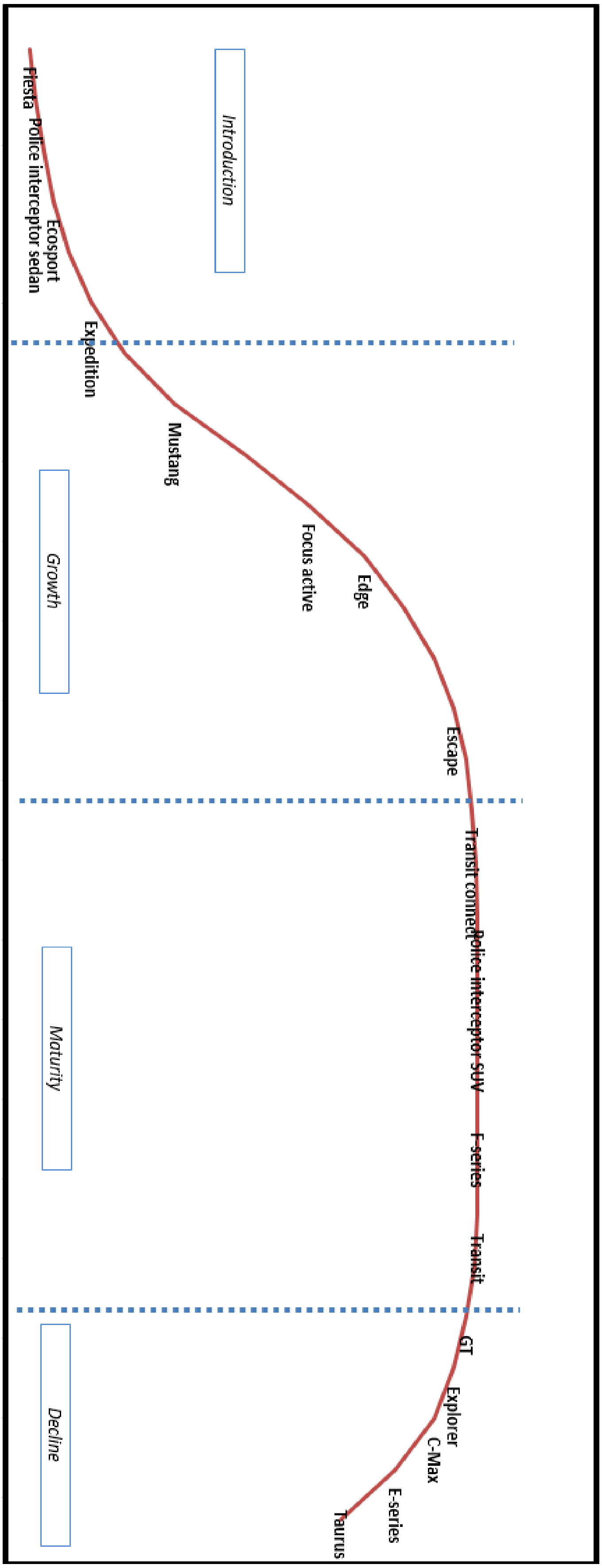

Fig 4.5.4. PLC Graph

Research Findings

Organizations like Borders, Kodak, Tower records failed to sustain the competition and market due to the dynamic change in marketing and its strategies. What if these organizations would had aligned with the time? The story would have been way different. The US automobile sector has also witnessed changing market scenarios and the adaptabilityof the organizations to be in the race. Although, Ford motors failed to sustain in the Indian market but is still the second most popular automobile industry in US. Ford shifted its focus from only manufacturing sedan's and suv's to pickup trucks due to the popularity in the US market. Had Ford not entered this segment? Ford would have been struggling in its own home market.

Fig 4.5.1 i.e. the sales of the cars during the year 2018 in all segment has been provided. Ford is struggling in some of its models in terms of sales. According to the Pareto principle model 76% of the sales is being done till expedition. Eco sport is also close to this figure and therefore lies in the question mark segment in BCG. Ford motors needs to strategize the sales and marketing techniques for Eco sport as this is one of the game changer for Ford in US market. The rest 20% of the models are either downsized due to poor performance of the product or still struggling to convince its consumers. According to BCG matrix 4 models are falling in each Question mark, Cash cow and Star segment. The models falling in question marks needs to be given a second thought regarding the downsizing or positioning in the market. There are models which are still struggling to make an impact where few models have a decent market growth but are lagging behind their competitors. The other 7 models falling in Dog have either been downsized, replaced by other models or struggling to attract customers. Further investments on these models needs to be stopped. Fig 4.5.3 is a BCG and Pareto acceptance chart where the organization needs to focus on the RA segment which has been rejected by the BCG but has been accepted by Pareto principle. Models falling in this segment have a good sales figure but a huge investment has been done on this model. Ford motors needs to focus on these two models to gain a good market share. Fig 4.5.4 i.e. the PLC graph depicts the position of each models in the life cycle. Aligning the BCG with Pareto gives a PLC graph to depict the life cycle of each model. All the models falling in question mark is in the introduction stage while the all the models falling in star is in the growth stage. Models falling in Cash cow is in the maturity stage while the models in the Dog segment is in the decline stage.

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