e-ISJN: A4372-3114
p-ISJN: A4372-3115

ISSN: 2321-7782 (Online)
ISSN: 2347-1778 (Print)
Impact Factor: 6.047

Volume 5, Issue 5, May 2017

International Journal of Advance Research in Computer Science and Management Studies

Research Article / Survey Paper / Case Study

Available online at: www.ijarcsms.com

A Literature Review on Holistic Marketing

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Abstract: To face the competition in business, many companies try to implement new marketing models that are judged to be current conditions. The concept of holistic marketing is considered one of the most relevant concepts to be applied nowadays. Holistic marketing is the design and implementation of marketing activities, processes, and programs that reflect the breadth and interdependencies of their effects. It recognizes that "everything matters" with marketing customers, employees, other companies, competition, as well as society as a whole and that a broad, integrated perspective is necessary. The scope of this paper is to present the literature on holistic marketing with its relevance and future in the Indian Business world.

I. INTRODUCTION

Surprisingly, marketing has been so uninterested in examining the most fundamental concept that it is supposed to understand and explain—namely, the market (Alderson1965). Venkatesh et al. (2006) observe that "paradoxically the term market is everywhere and nowhere in our literature" (p. 252). Johanson and Vahlne (2011) concurr, stating that "in marketing, market conceptualizations are almost absent" (p. 484). Ellis et al. (2010), seeking to explain this absence, conclude that "marketing scholars have taken for granted the existence of 'the market' as a priori, self-generating reality" (p. 228). Hence, the notion of the market is not discussed, and instead, mainstream marketing's view on markets builds often implicitly—on neoclassical economics (Buzzell 1999; Johanson and Vahlne 2011; Sheth et al. 1988; Weitz and Wensley 2002). In neoclassical economics, markets are viewed as "exchanges between buyers and sellers" (Stigler and Sherwin 1985, p. 555). The legacy of neoclassical economics entails several weaknesses. First, its focus on exchange accentuates the role of the “product” as a central ingredient in all business activities. This is particularly evident in how market actors define their market and their industry, the prevailing view being the use of supply-side characteristics in the definition of product markets, such as the insurance or automotive market. As far back as the 1960s, Levitt (1960) warned that businesses would do better if they focused on meeting customers' needs, rather than on selling products. Two decades later, Day et al. (1979) argued against product markets, claiming they lead to zero-sum games and do not focus on the benefits that the products provide for customers. Nevertheless, most mainstream marketing literature uses a product-category lens. Second, the focus on the exchange of products inevitably leads to a biased view of value creation, because it emphasizes the importance of exchange value (i.e., the value created when selling a product) at the expense of use value (i.e., the value created during the usage of the product) (Vargo and Lusch 2004, 2008). Sheth and Uslay (2007) advise that "the exchange paradigm has been questioned by marketing scholars with respect to its ability to explain the relational engagement of firms (e.g., Grönroos 1990; Sheth et al. 1988; Sheth and Parvatiyar 1995a; Webster 1992)" (p. 303). Additionally, scholars in the fields of industrial marketing and purchasing (IMP) and relationship marketing has suggested interaction (vs. exchange) as an enabler of value creation (Ford et al. 2011; Grönroos 2004; Gummesson and Mele 2010; Parvatiyar and Sheth 2000). Third, the focus on the seller-buyer dyad functions as a blinder, making it difficult to see this dyad not only as part of the value chain but also as part of a larger network of actors who contribute to the creation of value. Success in the dyad may depend on the ability to support the development of a larger network (Håkansson and Snehota 1995). This was initially discussed in the B2B context (Morgan and Hunt 1994) but is becoming pertinent to internet-based business models, such as multi-sided platforms (Chesbrough 2011; Gawer 2011; Hagiu2009), which build on network effects and network externalities (Parker and Van Alstyne 2005). Multi-sided platform markets have different groups that businesses have to secure to succeed (Boudreau and Hagiu 2009; Evans 2003). Fourth, the focus on a stage model to explain market evolution (Levitt 1965) means that development is seen as a set of demand/supply equilibria (Dekimpe and Hanssens 1995). This view, which is restricted to normative assumptions, does not take into account social construction stances to understand organized, as well as spontaneous, patterns in market making and shaping (Aspers 2009). The logic behind the emergence of new billion-strong consumer markets helps to illustrate these shortcomings. Two examples are Amazon.com and Unilever's Lifebuoy soap. Amazon started out as an online store operating in the book market. Today the company defines itself as an online retail company (selling 16 main categories). The Amazon Marketplace (Amazon's fixed-price online marketplace), Amazon Kindle (Amazon's e-reader), and Amazon EC2 (Elastic Compute Cloud, one of Amazon's web-based services) are not new offerings; they are platforms for multi-sided markets that go beyond the traditional buyer–seller dyad. The Amazon Marketplace is envisioned and created by the company but performed by other actors, who activate their value-creating processes. Enlarging the network of actors allows the company to create a market. The Lifebuoy soap case is archetypical of changes in market behavior (Prahalad 2010) occurring in emerging economies (Achrol and Kotler 2012; Burgess and Steenkamp 2006; Karnani 2011; Sheth 2011). Hindustan Lever Limited, the Indian subsidiary of Unilever, developed agreements with non-profit organizations, development agencies, and local governments to communicate that diseases (such as diarrhea) can be prevented by hand washing with soap. Unilever de- fined itself not as being in the soap market (product market focused on exchange value) but in the health market (market defined in terms of use value). This case illustrates that to succeed, Unilever needed to look beyond buyer-seller dyads and related marketing channel issues, to focus on a larger network of actors to create the institutional context wherein the markets could develop, i.e., to create markets (Simanis and Hart 2008). There have been some attempts to put forward new market conceptualizations. Parasuraman and Grewal (2000) suggest that markets consist of two sets of entities, namely producers and customers, and "all possible linkages within and between the two sets" (p. 10, emphasis added). Jaworski et al. (2000) suggest that "market structure refers to a set of players and the roles played by them … [whereas] market behavior refers to the behavior of all players in the industry value chain" (pp. 46–47, emphasis added). These conceptualizations extend the neoclassical view where entities and players expand the notion of "buyers" and "sellers," and where "exchange" is broadened to include all linkages and behavior. In so doing, they provide a greater distinction between two market dimensions: market structure (e.g., entities, players) and market process (e.g., linkages, behaviors, exchange). Building on this duality and the above discussion of the weaknesses of neoclassical economics, we argue that both market structure and market process need to be better understood. With respect to market structure, we consider it is necessary to look at which actors are involved and broaden the scope of players taken into account beyond the buyer-seller dyad (e.g., Crittenden et al. 2011; Johanson and Vahlne 2011). Additionally, more discussion is needed on the diverse ways in which markets are signified (e.g., Rinallo and Golfetto 2006), i.e., how firms frame their own markets beyond the exchanged products. With respect to market process, we argue that to understand how value is created in a market it is necessary to transcend notions relating to the exchange of goods or services for money (e.g., Vargo and Lusch 2011) and analyze what actions are carried out (e.g., Storbacka and Nenonen 2011a) before, after, and sometimes instead of the monetary exchange, when creating use value. Finally, in the current complex market environment we need to ask whether the life-cycle model allows us to fully understand how markets emerge and evolve (e.g., Jaworski et al. 2000). We argue that there is an emergent marketing literature that acknowledges a set of shortcomings related to the neoclassical-based market conceptualization. These gaps highlight that a market conceptualization is well worth further investigation. Scholars looking to understand the above identified gaps often search for answers outside the neo classical economics literature; for instance, in new institutional economics (Coase 1998; North 1990), economic sociology (Granovetter 1992; Swedberg 1994), behavioral economics (Colin and George 2004), evolutionary economics (Dopfer et al. 2004), and science and technology studies (Callon 1998; Cochoy 2007). Though they respond to different research streams, they share the advice to move from the "rationality individualism–equilibrium nexus" to the "institutions–history–social structure nexus" (Davis 2006) when studying markets. Nobel Prize winner Coase (2012) recently advised emphasizing the socially embedded conception of markets "opportunities for economists to study how the market economy gains its resilience in societies with cultural, institutional, and organizational diversities".In marketing, important contributions have been put forward; however, we posit that we still do not have an accurate market conceptualization because current studies "do not present a full picture of the market" (Samli and Bahn 1992, p. 147). Scholars do not take into account market complexity, which consists of many different and connected elements that are not captured by existing conceptualizations. Markets differ not only in size, form, extent, location, and participants but also in the types of goods and services traded. The variety, as well as the variability, of markets—be they physical or virtual, embryonic, or developed—need to be addressed. Holistic marketing has four key dimensions:

- Internal marketing-ensuring everyone in the organization embraces appropriate marketing principles, especially senior management.
- Integrated marketing-ensuring that multiple means of creating, delivering and communicating value are employed and combined in the optimal manner.
- Relationship marketing-having rich, multi-faceted relationships with customers, channel members and other marketing partners.
- Socially responsible marketing understanding the ethical, environmental, legal, and social effects of marketing.

Increasingly, a key goal of marketing is to develop deep, enduring relationships with all people or organizations that could directly or indirectly affect the success of the firm's marketing activities. Relationship marketing has the aim of building mutually satisfying long-term relationships with key parties-customers, suppliers, distributors, and other marketing partners in order to earn and retain their business. Relationship marketing builds strong economic, technical, and social ties among the parties.

The marketer’s task is to devise marketing activities and assemble fully integrated marketing programs to create, communicate, and deliver value for consumers. The marketing program consists of numerous decisions on value-enhancing marketing activities to use. Marketing activities come in all forms. One traditional depiction of marketing activities is in terms of the marketing mix, which has been defined as the set of marketing tools the firm uses to pursue its marketing objectives. McCarthy classified these tools into four broad groups, which he called the four Ps of marketing: product, price, place, and promotion.

Holistic marketing incorporates internal marketing, ensuring that everyone in the organization embraces appropriate marketing principles, especially senior management. Internal marketing is the task of hiring, training, and motivating able employees who want to serve customers well. Smart marketers recognize that marketing activities within the company can be as important as, or even more so than, marketing activities directed outside the company. It makes no sense to promise excellent service before the company’s staff is ready to provide it.

Holistic marketing incorporates social responsibility marketing and understanding broader concerns and the ethical, environmental, legal, and social context of marketing activities and programs. The cause and effects of marketing clearly extend beyond the company and the consumer to society as a whole. Social responsibility also requires that marketers carefully consider the role that they are playing and could play in terms of social welfare (Kotler et al., 2002).

II. Conclusion

On the basis of the basis of this review it can be said that managing a set of processes for creating and managing markets lies at the heart of marketing’s role in the firm (Webster 1992, 2002).This review not only helps return “market” to the heart of the marketing discipline by offering an approach that is pluralistic, holistic, and dialectic, but it also moves the debate on the theoretical basis of marketing beyond an economics perspective to a wider social sciences view. Our ultimate hope is that this new conceptualization may serve to guide the way markets evolve in the future.

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