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Theoretical Concepts. Introductory Elements in Marketing and Marketing Information Systems

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Abstract: *This paper explores fundamental concepts in marketing, tracing its evolution from its early 20th-century origins to its contemporary significance in business strategy. The study outlines key theoretical aspects, including marketing orientations, product classification, product life cycle, pricing strategies, distribution mechanisms, and promotional techniques. Additionally, it highlights the role of Marketing Information Systems (MIS) in modern decision-making. Through a synthesis of expert perspectives (Kotler, 1991; McCarthy, 1960; Vernette, 1992), the study emphasizes marketing's transformation into an integrative function essential for corporate success. The research underscores the necessity of strategic and operational marketing approaches in navigating competitive market environments.*

Keywords: *marketing evolution; product life cycle; pricing strategy; distribution; promotional techniques; marketing information systems.*

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1. Introduction

Marketing, as an academic discipline, first emerged in American university curricula in the early 20th century, initially focusing on product distribution (Kotler, 1991). Over time, marketing has evolved beyond distribution, becoming a central function in business operations, management, and strategic decision-making (McCarthy, 1960). With the restructuring of industries following World War II, marketing gained prominence, influencing corporate policies, consumer engagement, and market positioning (Vernette, 1992).

This paper explores the key theoretical concepts of marketing, including its fundamental orientations, the structure of products, their life cycle, pricing mechanisms, distribution, and promotional techniques. Furthermore, it examines the role of Marketing Information Systems (MIS) in providing actionable insights for business strategy.

2. Theoretical Concepts. Introductory Elements in Marketing

In American university programs at the beginning of the 20th century, the discipline of marketing emerged, initially referring only to the distribution of products. After World War II, with the restructuring of the industry, marketing took a central role in business functions, as well as in the company's management and decision-making structure.

The concept of marketing can be explained in a modern manner as follows:

- From the perspective of the evolution of different business development concepts;
- Analytically, starting from the study of the marketing concept itself.

Edmund Jerome McCarthy (1960) defines marketing as the sum of all efforts of a directed society aimed at satisfying its consumers, attracting loyal customers, and generating profit for the company.

Philip Kotler (1991) provides the following two definitions:

- Marketing is the achievement of a company's objectives by identifying and meeting the needs and desires of its target market.
- Marketing is an economic and social mechanism through which individuals and groups satisfy their needs and desires by creating and exchanging products of value with others.

Eric Vernette (1992) explains marketing as the intersection of four perspectives:

1. Economic Perspective – Marketing represents the combination of all business techniques that direct products and services toward consumers.
2. Consumer Perspective – Marketing identifies consumer needs to develop suitable products.
3. Market Penetration Perspective – Marketing focuses on conquering profitable markets using scientific methods.
4. Mindset Perspective – Marketing is a mindset based on intuition and imagination, employing all necessary means to communicate with consumers.

The following business orientations (new concepts regarding a company's mission) define a company's approach:

- Production Orientation – The company focuses on the product, prioritizing production, increasing production capacity, improving productivity, and reducing costs.
- Sales Orientation – The company directs all efforts toward selling, seeking to attract customers and train its sales force.
- Marketing Orientation – For each product, the company must analyse customer needs and satisfaction, adapting to the market and following a structured marketing approach.
- Strategic Marketing Orientation – As the business environment evolves, companies must integrate strategic marketing alongside operational marketing, positioning themselves for long-term success rather than mere survival.

From various marketing approaches, the following stand out:

- Passive Marketing – When demand exceeds supply.
- Active Marketing – When supply exceeds demand.

Passive Marketing refers to a company structure where marketing is considered a secondary function, subordinate to production, finance, and human resources. The main goal is to sell what is produced, and the second priority is organizing relationships between sellers and customers.

The primary dimension of Active Marketing is modern marketing, which transitions from a secondary function to a central role within the company. Marketing becomes an integrative function that influences and controls all other business functions, emphasizing the satisfaction of consumer needs and expectations.

The following schematic representation distinguishes two key domains within marketing:

- Operational Marketing – The area of action and decision-making, resulting in the marketing mix.
- Strategic Marketing – The domain of reflection and conceptualization, responsible for adapting and developing business strategies, forming the foundation for operational marketing.

The marketing approach is focused on two essential concerns: knowing and acting, which lead to their integration into strategic and operational marketing.

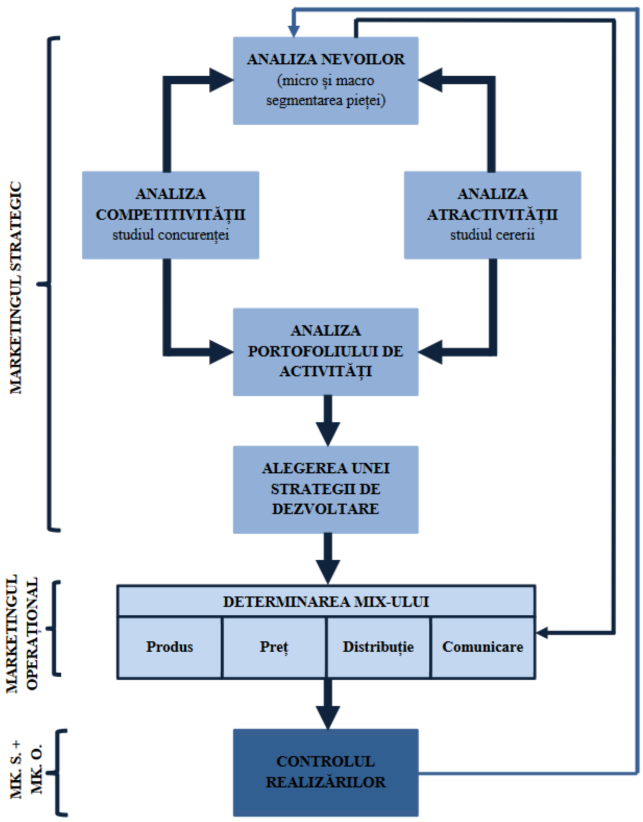

Figure 1. The Marketing Approach

The product encompasses everything that can be offered in the market to be noticed, acquired, or consumed. This includes goods, services, people, places, and organizations. (McCarthy, 1960)

A product is structured into three levels:

- Core Product – Represents the key benefit that the product provides, which motivates the customer to purchase it.
- Tangible Product – The physical product that can be touched, characterized by:
  - Features, style, quality level, brand name, etc.

- Augmented (Global) Product – Includes all additional benefits provided upon purchase, such as:
    - After-sales services like warranties, maintenance, delivery, installation, etc.

A product carries both functional and image-related characteristics:

- Functional Characteristics include dimensions, technical performance, ease of use, and aesthetic or sensory qualities, often depending on additional services (warranties, after-sales support).
- Image-related Characteristics reflect the symbolic value of the product, influencing customer motivations and perceptions.

The product mix refers to the complete set of product lines and items that a company offers for sale.

A product range is a collection of related products and items that target the same type of customers and are distributed through the same sales channels or fall within the same price category.

A brand is a strategic element of a product, significantly increasing its value. Effective brand management is crucial for maintaining and enhancing a product's market position.

The product life cycle consists of different phases in a product's commercial history. Each phase presents unique marketing opportunities and constraints, as product lifespans are finite. Key considerations include:

- Sales evolve through various stages.
- Profitability fluctuates at different points.
- Development strategies must adapt to each phase.

The next figure illustrates the product life cycle, showcasing its evolution over time.

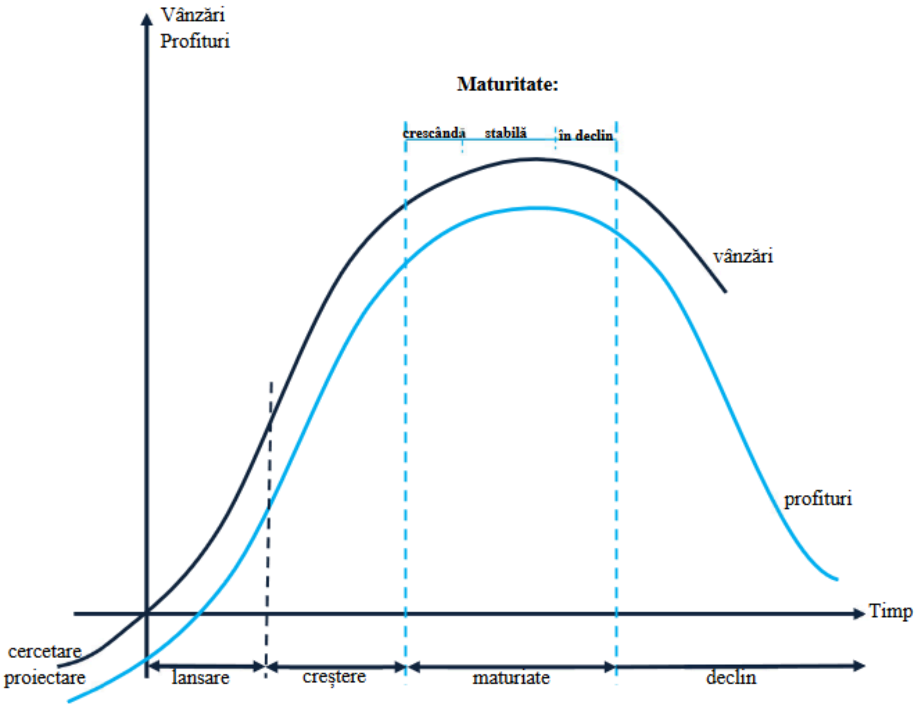

Figure 2. Life cycle

From Figure 2, the following phases of the product life cycle (Kotler, 1991) can be distinguished:

- Introduction – The initial phase, characterized by slow market growth and limited product diffusion.
- Growth – The stage where the product gains market penetration.
- Maturity – Sales growth slows down as the product becomes widely accepted.

- Decline – Sales decrease, and profits drop significantly.

During the introduction phase, profits are low or even negative due to the high costs of product promotion and consumer education. (Vernette, 1992) Competition is limited because only a small number of products are available on the market. Prices remain high due to:

- High production costs resulting from low production volume.
- Technical and technological challenges that require additional investments.
- Increased expenses related to marketing and sales development.

In the growth phase Sales increase rapidly, and the growing customer base leads to an expansion in distribution channels. Product availability improves as the number of sales points rises.

Prices may remain stable or decrease slightly as demand grows. Marketing expenses should be maintained or even increased to counteract competition and reinforce brand superiority. As production capacity expands and the company progresses along the experience curve, costs begin to decline.

The maturity phase is divided into three segments:

1. Growing Maturity – Sales continue to increase but at a slower rate due to market saturation.
2. Stable Maturity – Sales remain constant.
3. Declining Maturity – Sales volume begins to drop as customers shift toward alternative products.

Businesses favour this phase because product-related investments are minimal, while profits are at their highest.

Most products eventually reach the decline phase, which can be either gradual or rapid. As sales decrease, the company’s technical teams must prepare replacement products. Decline is driven by changes in consumer preferences, the introduction of competing products, technological advancements, and price wars.

The key issue is determining the right time to withdraw the product from the market, which depends on:

- The product's usage cycle.
- The completion of a replacement product.

A cost, sales, and revenue analysis is conducted to decide whether to withdraw the product or adjust the marketing strategy. (McCarthy, 1960)

The responsibility for setting prices varies by company size:

- In small and medium-sized enterprises (SMEs), pricing decisions are made by management.
- In large enterprises, pricing is determined by product managers and sector directors, aligning with the company’s overall pricing strategy and objectives.

The main factors influencing new product pricing include:

- Business objectives
- Demand evaluation
- Cost estimation
- Competitor analysis
- Selection of a pricing method
- Final pricing decision

The objectives considered when adjusting prices include:

- Business survival
- Profit maximization
- Sales volume goals
- Market expansion
- Competitive positioning
- Brand image
- Corporate social responsibility

The next figure provides a schematic representation of the pricing strategy process.

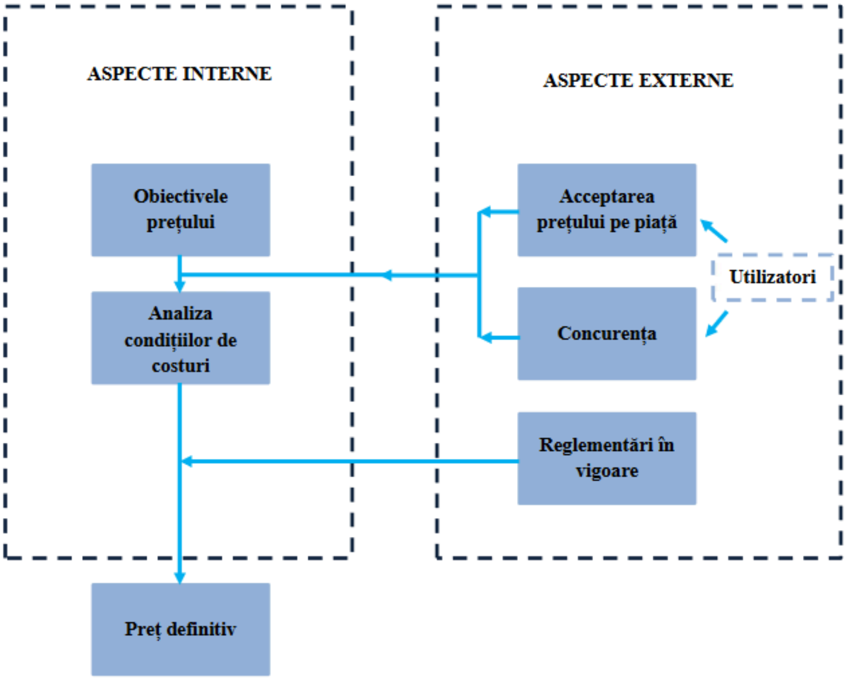

Figure 3. The Pricing Strategy Process

Pricing depends on both internal and external aspects of the company. Once pricing objectives are set, the company must determine the acceptable price range in the market based on user perception and competitor pricing. It then evaluates whether it can remain profitable within that price range while considering cost analysis constraints. The final price must also comply with current legal regulations for specific products. (Kotler, 1991)

Distribution refers to the processes and operations through which a product moves from the production system to the customer at the right time and place. Distribution can be viewed as:

- A set of commercial activities aimed at presenting the product favourably to customers.
- A flow management process that moves products from the production site to their point of use.

Distribution functions are categorized into three main types:

- Spatial Functions – Ensure that products reach consumers in the right places and desired quantities.
- Temporal Functions – Make products available to customers at the exact time they need them.
- Commercial Functions – Include assortment management, customer information, and service provision.

A distribution channel is the path a product takes from producer to consumer. Depending on the number of intermediaries involved, channels can be:

- Ultra-short channels – Direct sales from producer to consumer.
- Short channels – Involving a single intermediary (e.g., retailer).
- Long channels – Including multiple intermediaries (e.g., wholesalers, distributors, and retailers).

A distribution circuit consists of all the channels used by a producer to bring products to customers.

Promotion encompasses all communication tools aimed at increasing sales and shaping public perception of a company, brand, product, or idea.

Advertising is a non-interactive form of communication that uses paid media to convey messages. Advertising objectives can be classified as:

- Commercial Objectives – Directly linked to product sales, with long-term goals aimed at increasing revenue.

- Communication Objectives – Intended to raise awareness and appreciation of a product.

According to P. Laisseg (1983), sales promotion is synonymous with "commercial dynamics," referring to research and activities designed to boost sales. The main goal of promotion is sales growth, either:

- Directly (targeting consumers and distributors).
- Indirectly (influencing opinion leaders who affect other distribution elements).

In addition to traditional promotional techniques, companies also use:

- Event-based promotion – Designed to enhance the impact of pre-planned and well-organized events, depending on the target audience.
- Public Relations (PR) – Aimed at building and maintaining good relationships with key influencers such as opinion leaders, journalists, association representatives, and policymakers. These figures can shape public perception of the company and its products in various ways.

3. Marketing Information Systems

A Marketing Information System (MIS) is a complex network of structured relationships involving people, machines, and procedures. Its purpose is to generate a flow of relevant information that supports marketing decisions based on internal and external data sources.

The next figure provides a schematic representation of the Marketing Information System structure.

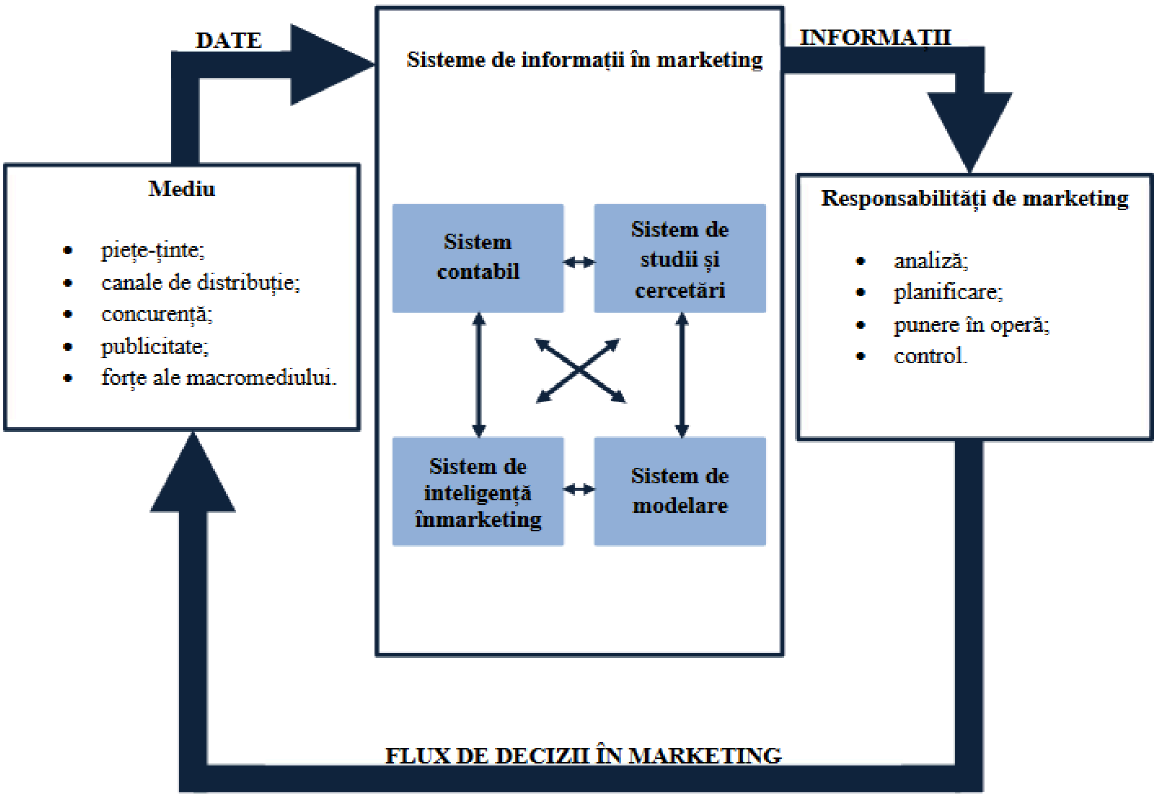

Figure 4. Structure of the Information System

The Marketing Information System consists of the following four subsystems:

1. Accounting System
2. Research and Study System
3. Marketing Intelligence System

4. Modelling System

The Research and Study subsystem provides marketing managers with specialized professional studies, such as:

- Market research
- Product testing
- Sales forecasting
- Advertising testing

A marketing study or research involves the collection, preparation, analysis, and use of data and information related to a specific marketing situation. Market research follows these key steps:

1. Problem Definition
2. Study Plan Development
3. Data Collection
4. Data Analysis
5. Results Presentation

Problem Definition is the most critical step in conducting market research. The problem must be clearly defined and optimally structured. At this stage, it is important to identify:

- The target customer segment for the study.
- The type of questions to be asked.

After defining the problem, a detailed study plan is created, specifying how information will be collected and analysed. A study plan includes:

- Information sources:
  - Secondary information (existing data)
  - Primary information (new data collected through research)
- Data collection methods:
  - Observation
  - Experimentation
  - Focus groups
  - Surveys
- Research tools:
  - Questionnaires
  - Recording devices
- Sampling strategy:
  - Sampling environment
  - Sample size
  - Sampling method
- Contact method:
  - Telephone
  - Email
  - Face-to-face interviews

Data must be collected carefully and systematically by well-trained survey managers using standardized elements.

Even if results are derived from statistical calculations, recordings, or measurements, they must be processed into meaningful relationships and insights rather than raw numbers.

Results are not presented in raw figures, but rather explained through:

- Data interpretation
- Evaluations of the methods used
- Acknowledgment of the limitations imposed by data collection and processing techniques

A successful study must ensure:

- Selection of appropriate scientific research methods
- Creativity in research design
- Alignment of the model with real market data, ensuring interdependence between the model and the collected data

- Optimized survey costs to ensure efficiency and feasibility

4. Conclusion

Marketing has evolved from a distribution-centred discipline to an integrative business function that shapes corporate success. The study highlights marketing's strategic role in business, emphasizing pricing, distribution, and promotional strategies as critical elements in consumer engagement. Furthermore, the adoption of Marketing Information Systems (MIS) is essential for informed decision-making in dynamic market conditions (Kotler, 1991; Vernette, 1992). Future research should explore the impact of digital marketing and artificial intelligence on traditional marketing models.

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