"BROADENING THE CONCEPT OF MARKETING" AS THE THEORETICAL SOURCE OF TERITORIAL MARKETING

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Abstract: *Territorial marketing (the marketing of places) is currently one of the more popular marketing concepts. Almost every territorial entity has a department or person responsible for the attraction of investors, image creation and assistance to the development department. However, the considerable popularity of territorial marketing does not go hand-in-hand with extended knowledge of its theoretical sources. This article analyses the broadening of the concept of marketing of P. Kotler and S.J. Levy, considered as one of the main theoretical sources on territorial marketing. It presents its principles, from a discussion on the concept and consequences resulting from it to the present understanding and tasks facing territorial marketing.*

Key Words: *territorial marketing, theoretical sources, broadening of the concept of marketing*

JEL Classification: *M30, M31*

1. INTRODUCTION

The article attempts to search for the theoretical sources of one of the recently most popular marketing concepts, which is territorial marketing (place marketing). For this purpose, it contains an analysis of the P. Kotler and S.J. Levy article entitled "Broadening the Concept of Marketing" [7], which forms a proposal for broadening marketing into non-business entities. It also contains analyses of the main arguments of the discussion initiated in association with the publication of this article, the meaning of its theses for the development of academic marketing and the consequences for the theory and practice of territorial marketing.

2. THE PRINCIPLES OF THE MARKETING-BROADENING CONCEPT

Despite numerous examples of interest in "place" as a subject of marketing exchange, it is commonly assumed that the appearance of territorial marketing is a consequence of the realisation of the marketing-broadening concept [6; 11]. According to this viewpoint, territorial marketing is considered as the effect of transfering marketing techniques used by enterprises onto territories. The concept, which has had a particularly significant influence on this belief, is the study authored by P. Kotler and S.J. Levy entitled "Broadening the Concept of Marketing", which was published in the January 1969 issue of Journal of Marketing. Its authors emphasise the significance of marketing to non-business entities.

2.1 The genesis of the broadening concept

The sources of the broadening concept lie in the transformations made in academic marketing at the turn of the 1950's and 1960's. They were based on the departure from three descriptive approaches - product, institutional and functional - governing academic marketing from its beginnings, i.e. since its separation from the economics at the beginning of the 20th Century and the conferring on it of a managerial nature [6]. Due to the criticism of academic marketing from business communities, it began to employ a more practical approach, defined as marketing management, which in time became the dominant school of the marketing thought. The main accent of marketing management was placed on the issues of managerial decisions and application of such marketing instruments as product, price placement and promotion (4p) by managers. A characteristic feature of marketing management as a school of marketing thought was the fact that it also began to be treated as a function of organisation [3].

2.2 The main theses of the concept

The assumption that marketing is a function of organisation constituted the starting point of the broadening concept. In the opinion of Kotler and Levy, this function appears in all organisations - not only enterprises, but also non-business organisations. The latter fulfil an increasing social role by performing functions similar to the functions fulfilled by enterprises. "As a society moves beyond the stage where shortages of food, clothing, and shelter are the major problem, it begins to organize to meet other social needs that formerly had been put aside"- states the article by P. Kotler and S.J. Levy. "Business enterprises remain a dominant type of organization, but other types of organizations gain conspicuousness and in influence. Many of these organizations become enormous and require the same rarefied management skills as traditional business organizations" [7, p. 10].

During the analysis of the operations of non-business organisations, P. Kotler and S.J. Levy noted that they are founded to serve the interests of specific groups: hospitals serve the sick, schools serve students, Governments serve citizens, Churches serve their followers, unions serve their members [7, p. 15]. By fulfilling their function, they offer specific "products" to their clients. "Every organisation creates at least one type of product," state P. Kotler and S.J. Levy. It can be a tangible product, such as food, clothing, services (insurance, consulting), a person (politician, Hollywood star), organisation (university, medical union) or an idea (prevention of the greenhouse effect, birth control) [7, p. 12]. By offering specific products, organisations are carrying out marketing operations.

On the basis of the above observation, the authors formed the conclusion that marketing is an expanding social activeness, significantly exceeding the sales of material products such as toothpaste, soap and steel, equally referring to enterprises and non-business organisations, applicable in many areas of life, such as safety, politics, defence, culture, etc.

This observation became the foundation for a more detailed analysis of such marketing functions as product improvement, pricing, distribution and communication, implemented in relation to non-business entities.

3. CRITICISM OF THE MARKETING-BROADENING CONCEPT

The concept of broadening marketing encountered criticism from part of the academic marketing community. Shortly after the publication of the P. Kotler and S.J. Levy article, D.J. Luck presented several critical comments towards it, which were included in his "Broadening the Concept of Marketing – Too Far" in Journal of Marketing issue 3 [9].

According to D.J. Luck, in presenting their concept, P. Kotler and S.J. Levy were setting up premises which could lead to confusion as to the fundamental essence of marketing.

D.J. Luck asserted that the authors of the marketing-broadening concept demanded a redefinition of marketing without presenting its definition. Instead, they use the term "concept of marketing". D.J. Luck also observed that P. Kotler and S.J. Levy's call for the redefinition of marketing failed to indicate a potential new definition of marketing and the way to change the existing one in order to satisfy their expectations. Instead, they stated that marketing covers numerous "concepts" and "rules" capable of implementation in relation to the general sphere of human behaviour, including such areas as political disputes, police administration, employee recruitment, social-assistance agencies, hospital services, education, unions, international relations, and organised religion. This indicated that if the Hart Fund were conducting a campaign to obtain resources, it would involve itself in marketing. A similar issue is the case of a clergyman drawing plans for church services for parishioners - he, according to P. Kotler and S.J. Levy, is a marketer too [9, p. 53].

The main complaint towards the broadening concept is the absence of the limitation of the marketing sphere by both the types of entities applying marketing and the viewpoint of the objectives of their activeness.

Recounting the reaction to the marketing-broadening concept years later, P. Kotler stated, "As we advanced these arguments, some marketing scholars felt distinctly uncomfortable. They believed that the broadening movement would dilute the substance of marketing" [5, p. 114]. D. J. Luck, who was heading the opposition, warned that broadening would be harmful to marketing in the long-term perspective.

Despite the fact that Luck's reservations had a substantial meaning, they were not used in broader discussion on the matter. Instead, P. Kotler and S.J. Levy opted to ask marketing lecturers if they considered the broadening concept interesting. Since most respondents considered the presented proposal as interesting, the discussion on expansion was ended [5].

The end of the discussion on the broadening concept did not mean that this issue was not returned to later. P. Kotler was one of the first authors to present an opinion on the issue. In 1972, he presented the article entitled "A Generic Concept of Marketing", which referred to Luck's objection towards the lack of a definition of marketing in a situation pertaining to the need for its redefinition [4]. This inconspicuous, rather short, text is considered by Kotler as the most important accomplishment of his several dozen years of scientific work.

Replying to the criticisms, P. Kotler focussed on the explanation of the essence of marketing, defining marketing on the basis of the generic-exchange concept, defining it as any human behaviour oriented towards the exchange of values among parties [4].

Kotler's depiction comprises a definitive departure from Luck's postulate that "a manageable, intelligible and logical definition of marketing can be fashioned when its scope is bounded within those processes or activities whose ultimate result is a *market transaction*" [9, p. 54]. This produced a problem for the marketing thought. Marketing was definitely deprived of limits by the shortage of definitions of the form of human behaviour, motive for actions or values included in a given type of exchange.

This stance clearly contrasts with the tradition of economic theory, which gave birth to marketing, particularly the definitions made by the creators of the discipline on the foundation of institutional economics [1]. They assume an essential distinction among the various types of exchange. It can assume the form of *reciprocative exchange*, which covers involuntary agreements under indefinite conditions, *redistributive exchange*, which covers involuntary agreements under definite conditions, and *market exchange* covering both voluntary agreements and definite conditions. In the case of the *reciprocative exchange* and *redistributive exchange* role, the values and motives are decisively different from the motives observed on the market. Politicians promising low taxes to citizens in exchange for votes, priests promising forgiveness for the obedience of religious regulations, sports coaches promising players victory or mothers promising their children new toys for good behaviour, even if they take part in the exchange covering behaviour similar to marketing, they are conducting a different type of exchange from that between a seller and buyer during a market transaction. Despite surface similarities among all the aforementioned forms of exchange (mainly concerning the aspect of giving and receiving), the differences in the relation to the roles, values and motives of social, political and economic exchange are obvious [10].

Despite subjecting the concept of broadening to quite fundamental criticism, Kotler's position seems unchanged. He treats the broadening as one of the greatest scientific accomplishments in the field of academic marketing, which has significantly influenced the development of marketing practice and ideas. In the article entitled "The Role Played by the Broadening of marketing Movement in the History of Marketing Thought", published in Journal of Public Policy & Marketing, he took a critical stance of the Wilkie and Moore (2003) study, which contained a review of the accomplish-

ments of the hundred-year development of the marketing concept. In Kotler's opinion, it did not provide sufficient coverage of the broadening concept, while the studies produced on the basis of the broadening concept constituted a separate trend in the marketing thought [5].

4. THE SIGNIFICANCE OF THE BROADENING CONCEPT IN TODAY'S FORM OF ACADEMIC MARKETING

The discussion on the essence and meaning of the marketing-broadening concept is being conducted to this day. Having the ability to evaluate the significance of the concept from the perspective of several years, contemporary commentators point out that the objectives set for the concept by its authors have not been achieved. The intention of P. Kotler and S.J. Levy to provide marketing with more attention and recognition by the broadening did not come to pass. The treatment of a considerable part of social reality in categories of merchandise did not attract as planned, but rather repelled young people from marketing. Its excessive dispersion brought a result opposite to the intended one, contributing to the identity crisis of academic marketing.

The concept of broadening influenced a closer relationship between academic marketing and the area of management sciences, as well as the isolation of marketing from its economic foundations. The conclusions of the creators of the concept on the need of for expansion resulted from their analysis of organisational operations. The marketing accent of interest was shifted from the issue of systemic effectiveness to effectiveness in the organisational context. The main purpose of marketing laid out by the creators of the science at its beginning, which was the solution of social problems associated with the exchange and relocation of goods, was lost.

By standing in favour of the existence of various "types of marketing", P. Kotler and S.J. Levy [8, p. 56] effected the dispersal of marketing knowledge.

The concept also had a significant impact on the mode of the development of marketing knowledge. Since the publication of the P. Kotler and S.J. Levy article, it is governed by marketing's occupation of new areas of interest and entry into new fields.

5. CONCLUSIONS FOR TERRITORIAL MARKETING

Despite the evident theoretical shortcomings of the marketing-broadening concept, today no one disputes that the managers of territorial entities conduct operations within the sphere of marketing. The P. Kotler and S.J. Levy concept allowed the definition of their scope. According to the concept, the definition covers the following: development of the product, prices, distribution and communication and thus is interpreted by most authors [11; 12; 2]. However, it is not limited by the type of entities or from the viewpoint of the objectives of their operations. The entities involved in the application of territorial marketing include communes, districts, district groups (regions), voivodeships, voivodeship groups (territories), regions, States, and State groups, as well as territorial entities with special social, political, economic, environmental and touristic significance, such as: border zones, special economic zones, technological parks, Euroregions, national and landscape parks, nature reserves, etc. Furthermore, the concept fails to provide guidelines for the objectives fulfilled by the aforementioned entities.

The correct application of territorial marketing is associated with the need to be aware of the fact that despite the use of various marketing techniques, similar to those employed by enterprises, territorial marketing is clearly a different type of marketing from that used by enterprises. When applied in relation to territories, it is visibly specific and cannot be treated as a simple extension of the rules used in relation to enterprises. The application of territorial marketing is associated with the realisation of specific social objectives in relation to diverse target groups: residents, investors, tourists. This awareness should be held by the representatives of local authorities and consultants participating in the creation of the marketing strategies of territorial entities.

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