

A REVIEW OF SOCIETAL MARKETING

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Abstract - The term “societal marketing” has become more and more familiar in marketing literature. However, there are still confusions in understanding and using this term in practice because there are also other marketing terms related to the society such as social marketing, socio-cultural marketing, nutri-marketing, or environmental marketing. This misunderstanding may lead to difficulties in doing research on marketing as well as recognizing necessities of each concept. This paper will go more detailed about societal marketing concept in terms of definition, significance, differentiation with social marketing, requirements and its practical expressions. The paper will be a useful reference to clear up existing confusions.

Key words - societal marketing; social marketing; socio-cultural marketing; nutri-marketing; environmental marketing.

1. Introduction

Philip Kotler, “the world's foremost expert on the strategic practice of marketing” according to the hail of Management Centre Europe, gave definition of marketing in the first edition of his textbook in the year of 1967. At that time, marketing was defined as the analyzing, organizing, planning and control of the resources, policies, and activities of the firm in order to satisfy the needs and wants of targeted customer groups (Kotler 1967, p. 12). Then, in 1972 Kotler added the concept of societal marketing that was mentioned on the necessary combination of customer satisfaction and consumer welfare in the long run in marketing.

2. Why is societal marketing important?

The term of marketing was firstly used on a lecture at the University of Michigan in the United States in 1902. Until now, it has become more and more popular all over the world with different renewed definitions by Kotler and other authors. In general, marketing can be defined as a “process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return” (Armstrong et al. 2009, p. 7). Therefore, marketing programs and marketing strategies are designed based on customers’ needs and wants. Marketing has proved that it is not only an indispensable tool to connect businesses and consumers, but also it is appropriate to apply in different types of organizations such as production, commercial and service companies, or profit and nonprofit organizations. However, it also receives a lot of social criticisms due to its negative effects on individual consumers, the whole society and other businesses (Armstrong et al. 2009).

In terms of the benefits of individual consumers, many critics charged that individual consumers have to incur high prices of commodities due to high costs of distribution, high advertising and promotion costs and excessive mark-ups (Armstrong et al. 2009). When companies want to be more competitive, they might spend more on advertising their products; that will boost selling prices. Thus, in 2013, the

National Assembly of Vietnam added to the Enterprise Income Tax Law with a clause related to marketing expenditure. They would only accept marketing expenditures, including costs of advertising, promotion, brokerage commission, and others, that do not exceed 15% of the total deductible expenses of the company in the process of calculating income tax the enterprise should incur. Although until now this clause has been faced by several disagreements of firms, it shows that in some aspects, marketing tool is criticized in the market of Vietnam. In addition, marketing is accused of persuading people to buy products that they do not think they will buy; meanwhile, producers are always in the posture of accepting the obsolescence of their products if there are any changes in consumers’ behaviors. For instance, fashion marketing may convince customers to buy fashionable clothes easily and quickly; in the meantime, it puts pressure on producers to find more new models before their products become obsolescent. Finally, another disadvantage of marketing to individual consumers is that some firms use it as a tool to provide harmful or unhealthy products such as fast food or tobacco to consumers.

Regarding the whole society’s benefits, critics argued that the marketing system creates a trend of materialism in the society. A successful person may be assessed by having a huge number of luxury assets like luxury homes, cars or jewelry although he is poor at spiritual assets such as compassion or kindness to others. Another drawback is that cultural pollution happens through marketing system. Advertisements will appear at any time people surf information on the internet, or in any newspaper and magazines people read. This is gradually changing the way of thinking of citizens about materialism, relationships or status over time (Armstrong et al. 2009).

Additionally, critics also argued in favor of harmful impacts of marketing on other businesses such as acquiring competitors, preventing new firms from penetrating the market or even destroying competitors by cunning (Armstrong et al. 2009). A typical example of acquisition is the situation of Google Company. Google has been acquiring other firms since 2001 and in some periods, acquisitions happened every week. An interesting thing is that Google’s acquired firms can be in various business sectors such as SlickLogin, a company developing sound-based password alternatives, or Nest, a company that produces thermostats and smoke alarms, or Makani Power that manufactures airborne wind turbines (Stunt, 2014). This fact shows that Google Company prefers expanding by acquiring competitors to launching its own new products. From that, competition will be reduced and the risk of young competitors being absorbed in the market will be high.

Responding to above social criticisms of marketing,

there have been appearances of two movements, *consumerism* and *environmentalism* with the former protecting the rights and power of buyers in the relationship with sellers and the latter improving people's living environment. Before the drastic reactions of these two movements, most companies realize that their marketing strategies should not only enhance customer value, but also reinforce customer relationships. In order to achieve this objective, companies may choose the policy of enlightened marketing to follow, that can put in the best long-term performance of the marketing system based on five principles: *consumer-oriented marketing*, *innovative marketing*, *value marketing*, *sense-of-mission marketing* and *societal marketing* (Armstrong et al. 2009, p. 563). Hence, societal marketing is one of five principles that enlightened marketing may be used (Figure 1) so that businesses will be able to establish effective marketing systems.

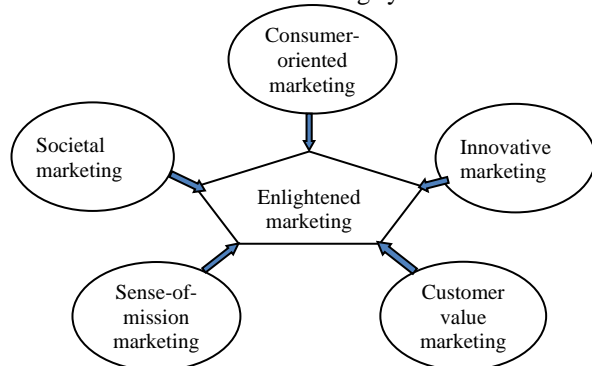


Figure 1. Five principles of enlightened marketing

3. Difference between societal marketing and social marketing

Schwartz (1971), Kotler (1972) and Baker, M. (2003) had arguments on societal marketing in common. All of them agreed that societal marketing requires marketers to find proper ways in setting up marketing strategies and programs so that the impartiality between benefits of customers and of the society as a whole will be guaranteed.

Table 1. Main differences between societal marketing and social marketing

	Societal marketing	Social marketing
1. Scope of term	Narrow	Wide
2. Essence of term	A Principle	A Process
3. Types of products sold	goods and services	desired behaviors
4. Primary beneficiary	corporate shareholders	society
5. Competition	with other organizations offering similar goods and services	with current or preferred behaviors of the target market
6. Who applies societal marketing or does social marketing	Organizations in commercial sector	<ul style="list-style-type: none"> - Public sector agencies (such as World Health Organizations, Department of Health, or Department of Wildlife and Fisheries) - Nonprofit organizations and foundations - Professionals working in a for-profit organization - Organizations engaged in social marketing campaigns

Societal marketing should be distinguished with *social marketing*. The main differences between these two terms

can be summarized in the Table 1.

Firstly, the scope of *social marketing* is much wider than that of *societal marketing* because in essence, while *social marketing* is a process, *societal marketing* is only a principle. Specifically, *social marketing* is **a process** by which organizations influence public behaviors in order to deliver positive benefits for society such as improving health, preventing injuries or protecting the environment (Lee and Kotler 2008, p. 7 - 8). In the meanwhile, *societal marketing* is a **principle** of enlightened marketing strategy that commercial sector marketing should go towards in the process of creating value for customers and building strong customer relationships. This can be illustrated in Figure 2.

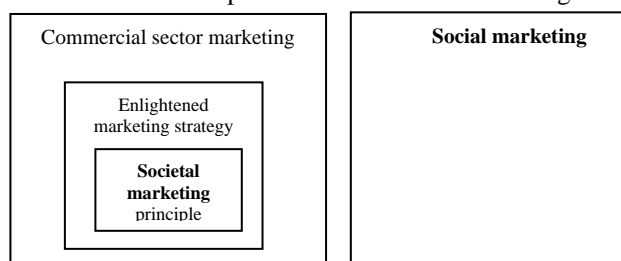


Figure 2. An illustration shows the scope of societal marketing in comparison with the scope of social marketing

Secondly, *desired behaviors* are types of products sold in *social marketing* to bring better *societal gains* than those made by current or preferred behaviors in the market, whereas *societal marketing* is established to sell *goods and services* with the target of *financial gains* for corporate shareholders and competes with other organizations offering similar goods and services.

Furthermore, *social marketing* is a process being gone through by public sector agencies (such as World Health Organizations, Department of Health, or Department of Wildlife and Fisheries), nonprofit organizations and foundations, professionals working in a for-profit organization, and organizations engaged in social marketing campaigns (Lee and Kotler, 2008). On the contrary, *societal marketing* is a principle that is suggested to apply in organizations operating the commercial sector.

4. How to apply societal marketing?

Societal marketing concept holds that it is necessary for companies to balance three factors, including customer needs and wants, profits of the companies and human welfare of the society in designing marketing strategies (Figure 3).

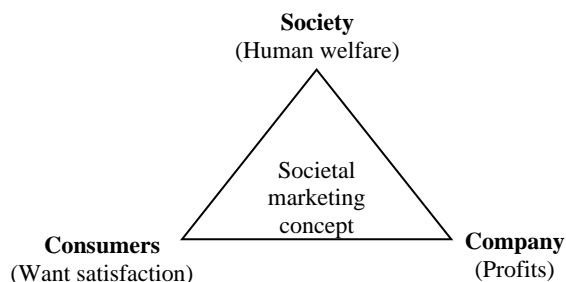


Figure 3. Three considerations underlying the societal marketing concept (Armstrong et al. 2009, p. 15).

In order to apply societal marketing, marketers need to find ways not only to please consumers but also to enhance long-term consumer benefits or the society's welfare. Therefore, the first important thing for societally-oriented marketers is delivering immediate satisfaction for customers. Satisfaction is defined as feelings of pleasure or disappointment a person gets when he compares the product's performance with expectations he held (Kotler 2003, p.61). Nowadays, most companies are raising expectations of customers about their products or services; at the same time, they try to match produced outcomes with those expectations. Companies use different methods to track customer satisfaction such as complaint and suggestion systems, customer satisfaction surveys, ghost shopping and lost customer analysis (Kotler 2003, p.64). For instance, Saxon Business Systems provides *Customer First Program* that guarantees the company to deliver services according to expectations of their customers (Saxon Business Systems, 2014). Then, a comparison of customer satisfaction between of the company and of competitors can be done to create favorable conditions for marketers in setting up more effective strategies in the future.

The second essential requirement for societally-oriented marketers is offering the best long-term well-beings of customers and communities. This requirement leads to the fact that social and ethical considerations must be taken into account into marketing practices (Kotler 2003, p.27). It requires companies to impose stricter requirements when they construct marketing programs through *marketing mix*. In other words, *corporate marketing ethics policies* which "cover distributor relations, advertising standards, customer service, pricing, product development and general ethical standards" (Armstrong et al. 2009, p.566) need to be developed in companies.

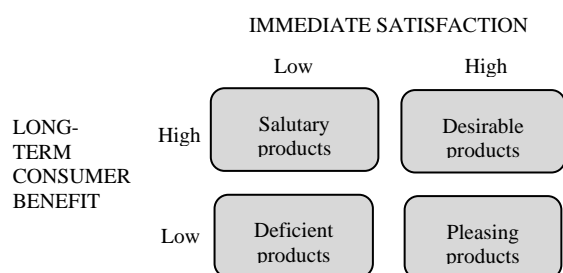


Figure 4. Societal classification of products
(Source: Armstrong et al. 2009, p.565)

Finally, producing *desirable products* is an optimal approach towards societal marketing because Armstrong et al. (2009) suggested that *desirable products* would be the best combination of immediate pleasure and the long-term benefits for consumers in comparison with *deficient products* that are characterized by both low immediate pleasure and long-term benefits, *salutary products* that benefit consumers in the future despite low satisfaction at the beginning, and *pleasing products* that can hurt consumers in the long run but have high appeal when Armstrong et al. (2009, p. 565) classified products into four categories according to the relationship between immediate satisfaction of consumers and the benefits consumers receive in the long term (Figure 4). For

example, washing machines of Miele Company are *desirable products*. The Miele Company has been so proud of this product with the average 20 years of normal use owing to this product's overwhelming advantages in saving energy and natural resources for the society. This might prove that the company has applied societal marketing that has created more competitive advantages for the company.

5. Different expressions of societal marketing

5.1. Nutri-marketing

The first form of societal marketing can be mentioned is nutri-marketing. Szakály and Berke (2004) proposed that nutri-marketing is a type of marketing that tries to communicate nutritional information to target groups of consumers. In their research, from the fact of low life expectation and high death rate in Hungary compared with the average levels of Western European developed countries, they realized that the poor health status was a main reason for this fact, and the structure of the Hungarian food consumption would play an important role in explaining the poor health status in this country. Thus, one of the best ways to improve living conditions would be producing and consuming health-productive foods or foods with high quality to citizens. Then, a quality model of food was built up from the viewpoint of customers. This module includes five factors, namely *safety, usage, enjoyment, nutritional* and *symbolic components*. It can be seen from this model that consumers highly appreciate *nutritional components* when they think about the quality of the product. However, in the research of Szakály and Berke (2004), it was found that Hungarian consumed more traditional foods than organic and functional foods because of difficult availability, high prices and their insufficient knowledge in terms of nutrition foods. From that, Szakály and Berke (2004) supported nutri-marketing in setting marketing strategies of companies.

Nutri-marketing is designed based on customer needs and wants of health-productive foods with nutritional components. Strategic foods involve organic and functional foods that not only receive immediate satisfaction from consumers, but also benefit their health in the long run. Thus, nutri-marketing can be utilized as a tool for companies to build up relationships with customers in the balance between the profits and the whole society's benefits.

5.2. Socio-cultural marketing

Socio-cultural marketing may be also considered as an expression of societal marketing with the application in the tourism industry. In the research of King et al. (2000), they examined the effectiveness of using societal marketing approach to tourism planning in South Pacific Island countries. They insisted on the connection of marketing and socio-cultural issues in the process of planning. In order to create national tourism development, each country should produce *desirable products*, that are called as *community tourism products* based on its' societal and ecological resources. These *community tourism products* will help to connect benefits of consumers, who are visitors, of local residents and of the host community (Figure 5).

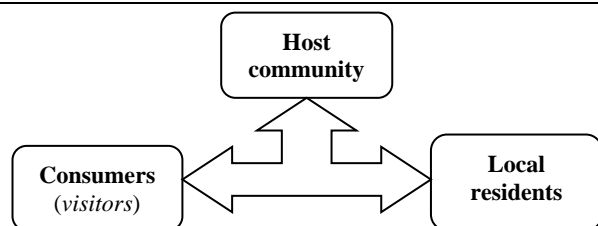


Figure 5. Three considerations underlying the societal marketing concept to national tourism planning

5.3. Environmental marketing or green marketing

In conformity with societal marketing concept, environmental marketing is defined as a process by which companies identify, anticipate and satisfy the requirements of the consumers and society in relationship with profitability they achieve (Peattie, 1995). Kärnä et al. (2003) researched on social responsibility in environmental marketing planning of European companies in forest industry. They classified marketers based on social responsibility values into three types involving *consumption marketers*, *reactive green marketers* and *proactive green ones*. While *consumption marketers* are traditional marketers focusing on providing with customers' satisfactions better than competitors do for the purpose of sales and profits, both *reactive* and *proactive green marketers* put emphasis on sustainability; however, the former emphasizes on reaching sustainability under governmental balancing and the latter reaches sustainability in a free market system.

Finally, they found that the necessity of environmental emphasis in marketing strategies, structures and functions were admitted in most companies in four European countries; however, environmental issues in marketing planning were emphasized more by *proactive green marketers* than by *consumption marketers* or *reactive green marketers*. Hence, they suggested that in order to gain competitive advantage towards sustainable development in business and society, marketers should become more proactive and attempt to deliver *environmentally friendly products* to consumers.

6. Conclusion

In conclusion, this paper analyzed the importance, prerequisites and different forms of *societal marketing*. Nowadays, *societal marketing* is an essential principle that marketers should apply in the process of setting marketing strategies and building marketing programs as the two movements, *consumerism* and *environmentalism*, are growing strongly. *Societal marketing* concept holds that a company needs to reconcile interests of consumers, of the company, and of the whole society. This can be done by producing *desirable products* which are not only pleasing but also beneficial to customers in the long run. This concept is mostly used in commercial sector marketing with the target of selling products and services; so it should be distinguished with the terms of *social marketing* which is a

process related more in public sectors. Finally, this paper mentioned various applications based on societal marketing concept such as *nutri-marketing*, *socio-cultural marketing* and *environmental marketing*. These applications have been made by several companies in the food industry, tourism industry and forest industry respectively, and receiving generous support from the society.

This paper is expected to be a useful reference to clear up most aspects of *societal marketing* consisting of the definition, significance, requirements and its practical expressions, as well as to differentiate between this term and the term of *social marketing*. This is a theoretical paper and it may encourage researchers to conduct empirical research on the extent of applying *societal marketing* in corporations in Viet Nam, a developing country in Asia, in the future.

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