



Concept of Value - based Marketing:Need for Blending the Occidental and the Oriental Approaches

Navin Mathur*

Department of Business Administration, University of Rajasthan, Jaipur

1. INTRODUCTION

The thinking of marketing luminaries has changed over the years. A legion of changes in the economic, technological and social forces is eliciting a new set of beliefs and practices on their part. They are rethinking their philosophies and concepts. They are now talking about and propagating concepts like value-based marketing, internal marketing, integrated marketing, socially responsible marketing, humanistic marketing and holistic marketing, Pearson Education (Singapore) Pte. Ltd., Delhi, 2006, pp.15-31. Society's welfare has now become a major concern for the Western marketing experts. They have thus developed concepts which aim at making a balance between company profits, consumer wants and society's well-being.

However, there is a difference between the occidental and oriental approaches in relation to these concepts. An attempt has been made in this paper to pinpoint the difference in these two approaches regarding the concept of value-based marketing and further, to highlight the pitfalls in the occidental approach to this concept. Indeed, there is a need of incorporating in the occidental approach spirituality—the master key of the Indian mind and the gist of the oriental philosophy.

2. VALUE-BASED MARKETING: THE OCCIDENTAL APPROACH

In the occidental concept of value-based marketing, value refers to customer's perceived value (CPV), i.e., the difference between the prospective customer's evaluation of all the benefits and all the costs of an offering and the perceived alternatives. CPV is thus based on the difference between what the customer gets and what he gives for different possible choices. Customer value is, therefore, customer's assessment of the overall capacity of a product or service to satisfy his needs. The concept of value - based pricing is based on the philosophy of CPV. Value-based pricing refers to setting the price for a product or service on the basis of the buyer's perception of its value, rather than its cost, Oxford University Press, New Delhi, 2006, p. 544. An advertisement of ORC International, a Korea-based company, says, "Our value-based marketing practices link marketing actions to shareholder value.... through our unique understanding of marketing research, economics and decision making, we are able to link financial and marketing matrix (i.e., customer value) and provide a deep characterization of the value impact of existing and proposed marketing strategies", Opinion Research Corporation, Korea, 2004.

According to the occidental approach, the value of value-based marketing to a business is in gaining significant improvement in customer (retention and loyalty), financial and

* The material presented by the author does not necessarily portray the viewpoint of the editors and the management of the Institute of Business & Technology (BIZTEK) or Department of Business Administration, University of Rajasthan, Jaipur

* Navin Mathur : mathur-navin@uniraj.ernet.in

organizational performance through a synchronized approach to running a business, Centre for Creativity (2005).

Peter Dolye says that value - based financial marketing has three elements: 1) It is a set of beliefs about the objectives of marketing, i.e. , to develop strategies that will maximize shareholder return. 2) It is a set of principles based on estimating the future cash flow associated with a strategy to calculate the shareholder value added. 3) It is a set of process concerning management of the financial value drivers (key ratios having impact on shareholder value), marketing value drivers (customer-oriented plans to improve financial ratios) and organizational value drivers (core capabilities, systems and leadership styles), Peter Dolye (2000).

It is distressing to note that spirituality, the master-key of the Indian mind, is missing in the occidental approach of value-based marketing. Indeed, Western ideas are based on a strong drive towards action, a scientific world-view and a philosophy of enlightened self-interest. Western philosophers and marketing gurus have used practical reason and modern science to provide goods and services people need and want as well as to eliminate from human life discomfort, pain and error. However, they have largely failed to do so because they did not look into the profound facts of man's inner life and spirituality, i.e., the spiritual concept of ultimate happiness. Spirituality is an awakening to the inner reality and the presence of the soul in us which is other than our mind, life and body.

To quote Mangesh Nadkarni: “The West has tried fervently to bring happiness to man, primarily by transforming the outer world. This is the materialistic approach, which seeks to perfect humanity by using outward means the West is now distraught by the failure of its social system and is faced with an ethical vacuum. Hence the widespread interest in wisdom doctrines and Eastern spirituality”, Mangesh Nadkarni (2006).

Based on the oriental concept of value-based management, Western companies are now thinking in terms of values like trust, human welfare and a healthy environment. Mary Royston, a marketing and communication manager of Callahan & Associates, Inc., opines that value-based marketing is a business term describing companies whose core values are tightly aligned with their business strategy. Krafts Food, Inc., a U.S.-based company, has stopped advertising junk food for children. Its CEO, Roger K. Deromedi remarked: “Our relationship with consumers is about trust. If you don't align with society, and you get out of step with that, then you are going to destroy shareholder value”. Investing in people and their communities to create economic equity and a healthy environment is the mission of Shore Bank, a community bank in the Chicago area, Mary Royston (2006).

Kim Brooks says that trust-based marketing on web requires the marketer to ask following questions:

1. Is your language trustworthy?
2. Are your ads trustworthy?
3. Is your site trustworthy?
4. Do you let the customer talk?
5. Are your policies trustworthy?
6. Is your brand trustworthy?
7. Are you actually addressing people's needs?, Kim Brooks (2001).

The recent research by Glen Urban has revealed that majority of consumers are unsure whom to trust. Urban put two and two together and arrived at a revolutionary answer— build your customer base through trust. He contends that “being honest and open is the way to win both trust and customers... give them as much information and advice as they need to make an informed decision, even when it's not necessarily in your company's best interest”. He further says: “my research reveals that trust-based businesses can extract themselves from brutal price wars by proving to customers that they deliver true value.

Trust-based companies have higher customer retention and more stable revenue streams. The prediction is that trust-based businesses will, in the end, have higher sales volume and lower marketing costs than companies that survive on push-based marketing strategies”, Glen Urban, “Trust-Based Marketing”.

3. VALUE-BASED MARKETING: THE ORIENTAL APPROACH

According to the Indian philosophy of value-based marketing, product or service must have four values in the following order:

1. Functional value
2. Aesthetic value
3. Symbolic value
4. Spiritual value

Mahatma Gandhi has pointed out that the emphasis of these four values varies according to the way the product is designed or promoted. The first two values are physical and the next two are non-physical. Among these two values, the non-physical values are more important. Products have symbolic value. They express symbolically customer's personality, taste, status and modern or conservative attitude. The highest value is spiritual—whether the product has nobility or benevolence in its making, or in operating or in its disposal. For instance, if a wrist watch is made by orphans, or it is a memento or gift of an elderly member, or it is made of recyclable or biodegradable material, then it has more spiritual value. Thus, a product the use of which leads to ultimate inner happiness has a high spiritual value, Geeti Sen (2003).

It is worthwhile to note that according to the oriental concept, there are three components of a consumer as under:

1. Physical
2. Mental
3. Spiritual

The mind reacts through body and is the decision maker. The consumer ultimately buys what is decided by his mind. He doesn't buy a product but its utility to satisfy his three primary needs, namely, physical, mental and spiritual. Thus, an impure product may cause health problems, which adversely affect the mind of the consumer. Ultimately, it causes unhappiness. Thus, in marketing the central point should be human being -- human perfection of the human being as a person. Accordingly, marketing ethics are concerned with clarifying what constitutes human welfare and the kind of conduct necessary to promote it. Relationship of marketing goals and techniques to human ends is the crux of marketing ethics.

Through the western philosophy of value-based marketing only physical or mental needs may be satisfied. The spiritual need of eternal peace of the consumer can be satisfied only through application of the Indian philosophy which rests on the following principles:

- 1). The Divine resides in the heart of the person.
- 2). There should be unity between the Divine, individual self and the universe.
- 3). The tangible (our body, senses, etc.) be combined with the intangible (human and ethical values like purity of mind, truth, etc.)
- 4). Nishkam Karma Yoga (Selfless work).
- 5). Co-operation (peaceful co-existence, harmony).
- 6). Internal excellence (spiritual values) be combined with external excellence (knowledge of material science and outside world), G.R. Krishna (1999).

According to the oriental approach, value-based marketing must be based on the holistic vision of life. It must be directed towards a single purpose - the manifestation of the essential divinity in man by working for the good of all human beings. The very first line of Isa Upanishad says: *Isa Vasyam idam Sarvam Yat Kimca Jagatyam Jagat* (whatever exists in the universe - has to be enveloped by God, the all - pervading reality). The same Upanishad suggests: *Tena Tyaktena Bhunjitha Ma Grdhah Kasyasvid Dhanam* (enjoy and strengthen life by sacrificing your selfishness, by not coveting other's wealth), S.Radhakrishnan (1994). The Gita, an epitome of all scriptures, says : "He, who shares the wealth generated only after serving the people, through work done as a sacrifice for them, is freed from all sins; on the contrary, those who earn wealth only for themselves, eat sins that lead to frustration and failure", Jayadaya Goyandka (1984).

Gandhiji's trusteeship concept is also relevant in value-based marketing. Gandhi said : "We must regard ourselves not as owners but as trustees of our wealth, and use it for the service of society, taking for ourselves no more than a fair return for services rendered", T. Hingorani and Ganga A. Hingorani (1985). Thus, value-based marketing, under the oriental approach, calls for a combination of marketing dynamism and acute rationalism of marketing management with the deep rooted respect for the innate divinity of consumers as human beings and the holistic values of life.

4. VALUE-BASED MARKETING IN THE SERVICE SECTOR

The oriental concept of value-based marketing is more relevant in the service sector. There exists a relationship of mutual trust, confidence and goodwill between the service provider and the service recipient. Ethical issues become more relevant in the service sector because the customers generally find it difficult to evaluate services, both pre and post purchase, especially services high in experience attributes (holiday entertainment, restaurants, sporting events, etc.) and high in credence (education, legal services, complex surgery, etc.).

It may be added that as customers find it difficult to evaluate services they become more dependent on marketing communication for information and advice. Thus, there arises a greater need of ethical values in advertising services. Further, customers face difficulty in understanding how much it is going to cost them to use a service. Therefore, value-based marketing requires that pricing of services must be affordable, fair, logical and clear.

In services marketing, people have a vital role to play. People are the visible face of the service providers, thus, the oriental approach to value-based marketing requires that human values like truth, honesty, sincerity, co-operation, respect for human dignity, Chitta-Shuddi (purification of mind), renunciation and detachment from selfish ends must be inculcated in the employees providing services.

5. CONCLUSION

The marketing experts of the West have failed to perceive that the societal needs are guided by the ultimate end of human happiness. The concept of value-based marketing, therefore, requires a rethinking by the marketing gurus of the West who have, incidentally, a great influence on the marketing experts and practitioners in India. Value-based marketing should not confine to customer's perceived value. Marketers must also think in terms of spiritual values of the product or service. There is great relevance of Indian ethos in developing and applying marketing concepts. Indian scriptures contain a vast treasure of knowledge and wisdom which can help marketing men in developing a value-based marketing concept based on human and spiritual values, and in carrying out marketing activities that are socially and ethically justified. Human element must percolate the marketing area of business. The social and human aspects of marketing require application of the Indian philosophy of "the welfare of the human race" instead of the occidental philosophy of "greatest good of the greatest number." Marketing dynamism must be combined with

spirituality. Thus, there is a need of integrating the occidental and the oriental approaches to the concept of value-based marketing. This integration of the two approaches however requires a realization that marketing is a social function and a social problem whose solution lies in social revolution. The social revolution is possible through change in the social conscience.

REFERENCES

- PHILIP KOTLER AND KEVIN LANE KELLER (2006), Marketing Management, 12th edition, Pearson Education (Singapore) Pte. Ltd., Delhi, 2006, pp.15-31.
- A DICTIONARY OF BUSINESS AND MANAGEMENT (2006), Oxford University Press, New Delhi, 2006, p. 544.
- OPINION RESEARCH CORPORATION, Korea, 2004. www.usmarketresearch.com.
- CENTRE FOR CREATIVITY (2005), "Value-based Marketing for Bottom Line Success", 2005. www.bctcreativity.com.
- PETER DOLYE (2000), Value-based Marketing: Marketing Strategies for Corporate Growth and Shareholder Value, John Wiley and Sons, Chichester, England, 2000.
- MANGESH NADKARNI (2006), India's Spiritual Destiny, Sri Aurobindo Society, Pondicherry, 2006, pp. 69-70.
- MARY ROYSTON (2006), "what is Value-based Marketing?", August, 28, 2006. www.creditunions.com.
- KIM BROOKS (2001), "Practicing Trust Based Marketing", March 26, 2001. www.clickz.com.
- GLEN URBAN, "Trust-Based Marketing". www.mitsloan.mit.edu.
- GEETI SEN (2003), India: A National Culture? Sage Publications, New Delhi, 2003, pp. 19-20.
- G.R. KRISHNA (1999), Indian Ethos for Management, UBSPD, New Delhi, 1999.
- S.RADHAKRISHNAN (1994), The Principal Upanishads, Harper Collins Publishers India Pvt. Ltd.,1994,p.567.
- JAYADAYAL GOYANDKA (1984),Srimad Bhadvadgita As It Is, Gita Press, Gorakhpur, 1984, p.54.
- T. HINGORANI AND GANGA A. HINGORANI (1985), The Encyclopaedia of Gandhian Thoughts,AICC, New Delhi, 1985, pp. 249-250.