

6.1: What is Marketing?

Learning Objectives

Understand what the main goal of marketing is (to create value), and how the changing ecosystem is transforming the ways we have to achieve this goal.

In this chapter, we discuss how digitalization is changing the ecosystem in which we conduct marketing activities. We start by defining what marketing is, what value is, and how value is created. We then explore how the media ecosystem and digital channels are transforming the logic through which we create value, moving away from representing the company to representing the customer. We conclude by briefly discussing the consumer journey to set up the next chapter.

What is Marketing?

According to the American Marketing Association—marketing’s top association—**marketing** is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (American Marketing Association, 2013).

From this definition, of importance for our reconceptualization of the ecosystem in which consumers and firms operate and to better understand transformation in the consumer experience and why it is necessary to adopt a drastically different perspective on how to perform marketing online, we concentrate on the following elements of this definition: *processes for creating, communicating, delivering, and exchanging offerings that have value.*

In other words, the role of marketing is *to create value* for a broad range of stakeholders. In this textbook, we concentrate on value creation for consumers. We concentrate on value creation because consumers “do not buy products or services, they buy offerings which ... create value” in their lives (Gummesson & Foramitti, 1997). Hence, we will focus on understanding how firms can create value in consumers’ lives and how they can do so online.

Firms create value for consumers in many different ways. If we rewind a few decades, our understanding of value creation was tainted by the work of economists, and value was mostly thought of as based on products’ utility. **Utilitarian value**, therefore, denotes the value that a customer receives based on task-related and rational consumption behavior (Babin et al., 1994). Since then, our understanding of value has vastly broadened to other types of value, such as **hedonic value**—value based on the subject experience of fun and playfulness (Babin et al., 1994) or **linking value**—value based on the creation of interpersonal links between consumers (Cova, 1997). This is important for digital marketers because it means that there are numerous avenues to contribute to consumers’ lives through value creation that expand beyond the use of a product by a consumer to achieve a specific task.

Another important transformation that happened in the last decade in our understanding of value creation has been the idea that *value is always co-created* (Vargo & Lusch, 2004). Value is co-created through the meeting of consumers, with their own resources, such as skills, expertise, and existing sets of stuff they possess, with that of firms and their resources, such as brand campaigns, service delivery models, and the products they sell.

Let’s see these notions concretized through an example: Before, we would have conceptualized a consumer buying a car because they wanted to extract the utilitarian value associated with this product (i.e., moving from point A to point B). Value resided in the car and was transferred to a consumer when they used that product. Nowadays, we understand the purchase of a car as conceptually very different. First, consumers can buy a car for reasons different from going from point A to point B. Maybe they want to belong to a community of other consumers, or what is referred to as a **consumption community**, and buying this car allows them to do so. This *community-oriented strategy* is employed by iconic brands such as Harley-Davidson (Muniz et al., 2021). Maybe they see the car as a recreational object, where the end is not important (i.e., where they are going), but how they get there is. This has led to many ads emphasizing the pleasure of driving, rather than more utilitarian characteristics such as fuel economy. Moreover, we now understand the value created by a car as emerging from the interaction of a consumer and the car. For example, creating value by consuming a sports car can be limited by the driver’s skills. The car has a set of characteristics from which consumers can create value, but they can only maximize value co-creation if they possess the expertise to do so. Similarly, a consumer can co-create value when buying a Harley Davidson while riding it, but they might leave undeveloped value when they do not participate in the worldwide community of Harley Davidson drivers worldwide.

To sum up, value exists in many different ways, and it is always the result of the interaction between a consumer and a firm (and its products and services). This has important implications for digital marketing, one of them being the creation of content. Many

firms participate in creating value in consumers' lives by offering free content. This content can have hedonic value, such as a humorous YouTube video. It can also help consumers improve their skills and knowledge through, for example, online tutorials. By bettering consumers' expertise, firms allow consumers to expand their resources, which can lead them to create more value when consuming products. We will come back to this idea at this chapter's conclusion.

How do firms create value? For the last 30 years, the dominant paradigm to understand how firms create value for consumers has been market orientation. **Market orientation** refers to “the organization-wide generation of market intelligence, dissemination of the intelligence across departments and organization-wide responsiveness to it” (Wikipedia, 2024a; Kohli & Jaworski, 1990). By this, we mean that organizations create value by generating information and disseminating it throughout the firm to respond to it properly. This is done by generating and responding to information about *customers*, or what is referred to as **customer orientation**, and generating and responding to information about *competitors*, or what is referred to as **competitor orientation**. For this reason, marketing academics and practitioners typically aim to identify and respond to customer needs and examine and respond to their competitors' efforts. Being market-oriented has been found to be a necessary firm characteristic in order to compete in markets effectively (Kumar et al., 2011). For this reason, we will cover both customers and competitors in the first few chapters, and the strategic framework offered in this textbook is centered around answering customers' needs, goals, and desires, ideally more effectively than the competition.

Now that we have defined the basis of marketing, we turn our attention to changes brought about by the Internet and their transformation of how firms create value for consumers.

Creating Value in the Digital Age

Canadian media scholar Marshall McLuhan famously wrote that “the medium is the message” (McLuhan, 1964). By this, he meant to emphasize that the characteristics of a medium (e.g., TV vs. print vs. Internet) played an important role in communications, in addition to the message. We conclude this chapter by showing how the Internet, as a medium, has had a transformative role in shaping the message, and what this means for marketing.

The ways messages are diffused to consumers have vastly been transformed since the 1950s. In reviewing word-of-mouth (WOM) models, Kozinets et al. (2010) identified three periods useful for conceptualizing how the diffusion of messages from firms to consumers has evolved.

6.1: What is Marketing? is shared under a [CC BY 4.0](#) license and was authored, remixed, and/or curated by LibreTexts.