

A historical perspective on the relationship between firm and the market – on the threshold of a new paradigm?

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Abstract

Purpose

The paper aims to consider the different ways the firm-marketplace relationship has gone through over time in order, on one hand, to develop some interpretive reasoning and, on the other hand, to introduce some questions able to direct future research.

Methodology/Approach

A conceptual approach is taken, trying to provide an understanding of the long-term changings that took place in the firm-marketplace relationship in its first part, and to raise some relevant issues about the evolution to come in its second part.

Findings

In the firm-marketplace relationship evolution five significant stages are to be found: product and selling orientation, marketing orientation, total quality management, one-to-one/relationship marketing, experience economy.

So, if one looks retrospectively and on the whole at the evolution occurred in the above mentioned relationship through the different stages, it's quite easy to realize that a shift took place from:

- mass to individual as supply's addressee
- unsatisfied needs to sensations to be felt as customer's end
- goods and things to services and experiences as transaction's core

in a context of ever growing supply's quantity, variety, quality and accessibility.

From an interpretive point of view, it seems that business firm and capitalistic system got to highest degree of development and of exploitation of their potential, at least if no change of paradigm is assumed.

As a matter of fact, it seems really hard to imagine for almost any product a more plentiful marketplace, a greater choice among alternative offers, a superior technical performance, an easier purchase availability, a higher customization, a stronger perceived utility and satisfaction.

As long as such analysis proves right, it's quite logical to conclude that the ongoing paradigm has reached its possible maximum outcome. If so, it becomes reasonable to hypothesize the rising of a new paradigm in the firm-marketplace relationship, considerably different from the actual one.

(Not) to conclude, some insightful questions for discussion and future research could be:

- how much frequent is a product shortage situation?
- what can be products' quality level?
- is it harder to choose because of too many alternatives or too little ones?
- what can be there beyond a brand able to provide even love?
- how come business ethics and corporate social responsibility are so popular topics of discussion today both among academics and practitioners?
- how come consumption-wellbeing relationship, happiness or, better, happiness paradox are getting more and more attention nowadays?

- how can simplicity-oriented lifestyle choices and growing number of anti-business movements be explained?
- are there any weak signals of innovative firm behaviour detectable?
- what is the direction such changings are pointing to?

Limitation/implication

As the paper provides a personal interpretation of what happened and is going on from the firm-marketplace perspective, anyone could object or at least non completely agree with such an interpretation.

Originality/Value

The paper tries to take in and to relate to the managerial field some broad issues often discussed in civil, social and economic realm. While firms are deeply involved in the actual state of capitalism and society at large, it seems no equivalent contribution has been made by management scholars in order to find a more suitable role for the firm.

Keywords

Firm-marketplace relationship, evolution, paradigm shift, new firm models.

Paper type

Conceptual paper

1. Notes on the purpose and nature of historical reconstruction

In a world in which the past is increasingly rapidly entirely overtaken by current developments, it may seem that time spent studying the evolution of the markets or other phenomena of previous periods is something of an indulgence. The reality is that it can be a useful exercise and one that is capable of yielding quite unexpected and pertinent results.

The utility lies in the opportunity afforded to take a focused look on past facts and events, filtering out the most essential aspects and discarding less important ones, and in the identification of the source of current phenomena through an understanding of the mechanisms connecting the evolutionary steps.

In short, history allows us to better understand the present which, trite though this truth may seem, has its origins and explanations in the past.

Looking at history also provides us with material to help us forecast future events, not so much through direct extrapolation to the future from past events, but in providing an overview of long term trends.

The future, though yet to be written and subject to many and ever more difficult to predict contingencies, does not emerge ex nihil and has its roots firmly embedded in the past.

The present is none other than a fragile fleeting moment between what has been and what is to come and so on its own can tell us very little about what will happen in the future.

Knowing the past, on the other hand, at least enables us to retrace the ways things have moved over a long period and thus come to a better understanding of the present and the way events are likely to unfold in the future.

For the sake of simplicity, historical reconstruction is usually conducted by identifying a series of successive phases in a process unfolding along a timeline.

It is clear that the separation of a period in the past into phases is an artifice, an expedient that is applied both from the outside and a posteriori. Reality flows seamlessly through time and generally speaking without distinct steps from one phase to another, at least

excepting periods of true “revolution” where many hugely influential changes are concentrated over a short period.

Despite these exceptions, of themselves not undermining the more general thesis, the usefulness of the process should not be in doubt, helping us as it does to simplify and describe a reality that would otherwise be difficult to decipher.

A second point that needs to be made, perhaps less evident but equally important, relates to the relationship between one phase and the next phase.

We may be inadvertently led to think that a successive phase entirely takes the place of its previous phase, where the logic of the concept of phases gives the sensation of a radical shift in the characteristics of one period to those of another.

The fact is that these evolutions really take place in a layered fashion such that it is accurate to see one stage as being *added* to that preceding it. Certainly it will have different characteristics but within a logic of addition and modification rather than replacement.

Rarely does the phase that follows reduce to *tabula rasa* the characteristics of the previous phase, as with a total revolution. It is far more likely that previous features will have been altered and new ones will have appeared that coexist in a greater or lesser degree of harmony with their those that characterised the preceding phase.

To take the area of personal communication as an example, the telegram did not take the place of the mail service, just as the telephone has not eliminated either the telegraph or the mail. Finally, email has now taken over as carrier of much of the pre-existing communications traffic but has added to the possibilities of communication rather ousting more traditional forms.

Another example, from the world of music this time, it is easy to see that today quite different musical genres coexist, from medieval, to classical, to jazz, soul, blues, rock and others, each with a greater or lesser range of variants of its own. To further complicate the picture there is the problem of how to attach the most appropriate label to any given piece, often no easy task and in any case an approximate science, given the possibility of cross-contamination between genres.

A reading of this kind can also be applied to the fields of ideas, preferences and fashion, with the coining of the word and concept ‘meme’ a result. A ‘meme’ is a sort culture gene, a unit of information or communication contract, whether verbal, musical or visual, that can be conveyed from one mind to another through different formats and carriers (Goleman, 2006).

It can be said that in any area or context the present is but the composite and variegated result of a succession of elements and factors whose origins lie in more or less distant historic periods. Each of these carves out its own niche and possesses its own vital charge, though it may not remain unaltered for the whole of its life cycle.

Often importance is unwittingly and erroneously attributed almost exclusively to what is new or at least to that which attention is focused on (the so-called *focusing illusion* (Schkade, Kahneman, 1998) or the tendency to take a one-dimensional view of the world (the so-called *magnetism of monomania* (Balmer, Geyser, 2003)).

Providing that taking a historical perspective in any analysis of the present is not a mere pretext for arousing sterile regret or mere exercise in nostalgia, it can be fundamentally relevant to a proper understanding of current facts, events and situations. Such analysis leads in principle to better reasoned action based on a clear perspective on the present.

In this paper it will first be necessary to seek to reconstruct the story of the relationships between enterprise and the market, and then to suggest an interpretation of the evolution of these relationships, after having introduced some functional questions into the line of reasoning. A final paragraph will apply thought to future scenarios as regards the relationship between enterprise and the market.

2. A reconstruction of the evolution of the relationship between firm and the market

The relationship between firm and the market, the gradually changing approach towards current and potential customers and company 'orientation', to use a marketing phrase, have all naturally changed over time.

Not altogether surprisingly, there is no unanimity among analysts with regard to the identification of the various phases in the evolution of this enterprise orientation, especially as regards more recent times.

The further back we go we find greater unanimity where the longer perspective makes for a clearer picture. The more distant periods have also been subject to a sort of codification that has been 'handed down' in a generally accepted form, also because there is less reason for fierce debate on what is long gone and where theoretical models that apply are somewhat different from those applicable now.

The phases are often moreover referred to on the basis of a tacit consensus that has been formed in the literature, a sort of accepted truth, rather than by consultation of original source material and the background preceding these phases.

The phases closer to our own time are made up of still living material and have been experienced first hand by many of those called upon to interpret them. The situation is thus a degree more dynamic and subject involvement plays a much greater part, with a resulting lesser level of consensus. Recent periods are therefore more susceptible to varied interpretations.

Another significant characteristic of the evolutionary phase in the relationship between the company and the market is the duration of the phase, with a tendency of the phases themselves to be shorter in more recent times. The closer we get to the present, the greater the proliferation of new approaches to the market. There has, in short, been a speeding up in the emergence of previously unseen types of marketing, leaving aside the thorny question of analysing how truly new these may or may not be.

This situation is not peculiar to this area of life, in the sense that the acceleration in the speed of change has been a typical feature of a great many areas of the modern world in general. Even so, this does very much apply to the world of marketing with which we are dealing here, and it is particularly noticeable in this area, partly because marketing is by its nature at the frontier of change.

This acceleration, in combination with the previously mentioned logic of stratification, leads to a situation, such as we have now, where there is a proliferation of approaches and general marketing fragmentation (Wilkie, Moore, 2003; Cova, Badot & Bucci, 2006).

Bearing in mind the above, it is suggested that the succession of orientations followed by companies has been the following:

- production orientation
- product orientation
- sales orientation
- marketing orientation
- consumer orientation (in the direction of quality)
- relational marketing / one-to-one marketing
- experiential marketing

The selection of the above orientations list, particularly as regards those of more recent times, is necessarily subjective. That it is to say, it is the result of personal evaluations based on a system of weighting and relevance considerations when deciding which from the numerous types of marketing in existence are those which may be deemed most important.

It is quite likely that others may find this list either incomplete or excessively long, while still others may disagree with the order.

Each of the approaches to the market, as well as ideas and competition strategies, seeks to be regarded as truly new, though at times by emphasising differences that are in reality non-existent, that are only apparent or are merely marginal and such more likely than not only cause confusion.

The error induced by the need and desire to present an approach that is different from those that are current (the *self differentiating trap*) is always, in other words, lying in wait. This is also compounded by the increase in the number of approaches that have been given 'the seal of approval' (Balmer, Greyser, 2003).

It is, moreover, objectively easier to carve out one's own area by being the first to use a name or word (Rullani, 2005), in relation to which you have an almost exclusive right to speak, than to subject oneself to honest comparison in a conceptual terrain already populated by others.

Though subjective, the above choice can hardly be described as arbitrary, if only for the reason that the orientations considered are all well-known and enjoy a certain currency both in the academic world and in the business community.

It is not the intention of the author to carry out here a systematic analysis of the approaches in question, but rather to consider only certain functional elements of these, specifically:

- the target of the company's actions
- the customer's aim in the transaction, that is to say what he seeks to get from the purchase
- the company's aim in the transaction, that is to say what it seeks to get from the sale
- the subject matter of the transaction, i.e. what is sold and purchased
- the performance indicator, the main measurable result
- the customer's role, the degree of customer involvement in the relationship with the company
- the key-word, that which best expresses the characteristics of a certain phase
- the symbol-product, that which is most emblematic of a given phase
- the context, the background to the particular phase.

Since the first four of the above orientations are universally familiar (i.e. production, product, sales and marketing), there is no need to describe them here. It is sufficient to refer the reader to some of the best known literature on marketing such as Stanton, Varaldo, 1986; Kotler, Scott, 1993 and Collesi, 2006. Less generally well-known, and more interesting in terms of their greater topicality, is the consideration of subsequent orientations, about which it is worth making a few observations.

In the orientation referred to as *consumer orientation (towards quality)*, the target of the company's action is no longer the mass market, nor even segments of it, but it is the consumer, the client, and the guiding light for the enterprise's decisions and conduct is full customer satisfaction.

The quality of life in the individualistic and narcissistic context of the post-modern world (Siri, 2001; Fuat Firat, Dholakia, Venkatesh, 1995) is the customer's central focus, while the company's aim is to satisfy the customer and hence obtain his loyalty and the resulting financial benefits this brings with it.

Goods and services, used to best meet needs, are the subject matter of the transaction and the *customer satisfaction index* is the performance indicator. The customer plays what can still be regarded as an essentially passive role. There is a shift in that the point of view of evaluating quality is his, but he is still at the end of the process as target of the commercial offer.

The key-words are "I can want", indicating the chance finally given to the customer to ask for virtually anything, "di tutto, di più" (everything, anything) as one large Italian company slogan has it. The opportunity easily then spills over into the putting into practice

(“want”), and within the whole orientation the customer is pictured as demanding, selective and fickle, indeed as a sort of monster (Galvano, 1990).

Japanese cars (Toyota standing for them all) – with their almost impossible to rival price-quality ratio, with guarantees offered that were up to that time almost unthinkable, and as models in a range renewed at previously unseen rates – are the product symbol of this phase, lasting from the second half of the seventies through to the first half of the nineties.

The background context was that of markets that left much room for companies to be able to solve the apparently impossible equation of offering products that really were better at prices that really were more affordable.

The *relational marketing* phase follows, in which the target is the customer, but as far as possible seen as an individual (it is no coincidence that we speak of *segments of one* and micronization of the market) (Gummesson, 1987; Grönroos, 1994; Sheth, Parvatiyar, 1995).

The quality of life is still essentially the aim of transaction as far as the customer is concerned. The quality of life in question is however obtained through ever more customised products, or in any case through ranges that are so extensive as to permit each individual to find a product variant almost *ad hoc* that coincides with their personal wishes. For the enterprise, the aim of the transaction is to establish a long term relationship with the customer, his *share of the wallet*, and it is on this basis that the performance indicators are measured.

The customer has an active role, he can and must make his knowledge and experience accumulated through his use of the product available to the company itself (Prandelli, von Krogh, 2000). He also makes known his *desiderata*, thus also participating in the planning and design of the product (von Hippel, 1982, 1986). The emphasis in this phase is not, as in the previous phase, to make the product objectively better, but to make it according to the needs and desires of the individual customer.

The verbal expression that would best sum up the situation would therefore be “I can” or “I want to be able”, in the sense that at this point the customer has the concrete ability to determine in first person how the product should be made, and such power is naturally something the customer would be reluctant to easily give up.

The product-symbol would be the Swatch watch, where the customisation is in a sense brought forward by the company itself by giving the customer the opportunity to choose from a very large number of alternatives, as well as compounding the choice by bringing out new collections from season to season. In some ways the same can be said of the automobile, where the extension of the range, and the logic of optionals as adopted by all car manufacturers, means everyone can buy a car tailored almost uniquely to their individual profile.

The premise for this situation is the higher level of competition existing between companies, itself due to advancing technology and the opening of markets in the nineties that forced manufacturers to explore all possible ways of acquiring new customers and, still more, keeping their customers by establishing a long term relationship with them.

In the *experiential marketing* the target continues to be the single individual, whose aim is now to seek out sensations, experiences and special meanings (Schmitt, 1999; Pine, Gilmore, 2000). From the point of view of the enterprise, the aim is to home in on the aesthetic, emotional, affective and internal life of the customer by providing goods and services that will generate such sensations, experiences and meaning.

Customer equity is the performance indicator that reflects the company’s capacity to establish a long term relationship based on the provision of an experience. Also in this case the customer is active in the relationship, a protagonist for the “scene setting” created by the enterprise, as well as acting as *product designer* as in the previous phases.

The key-word becomes a three-fold utterance as feeling, experiencing and learning. The goods and services are no longer tools for the satisfaction of needs, but rather supports, packages, contexts and situations for the experiencing of pleasurable times and of enjoying memorable sensations or acquiring knowledge or awareness.

The symbolic product of this phase could be Starbucks' coffee, where the consumption of the high quality and wide-ranging drinks and food offered, is experienced above all as the occasion for spending time in a pleasant atmosphere, feeling part of a world with which the customer wishes to be identified, and also becoming (at least in his or her imagination) in some way an expert in the 'art of coffee'.

The premise, or at least the principal condition, that from the end of the nineties to the present has defined the new ethos is partly the near saturation of material needs satisfaction, i.e. sophisticated needs as well as basic needs. There has been, on the other hand, the emergence of a need for people as consumers to find something more, something more profound, something with further layers of meaning.

3. A new look at the relationship between the enterprise and the market

If a retrospective and all-embracing gaze is directed at the evolution of the content and manner of the relationship between enterprise and market, it can be seen that certain changes have occurred:

FROM	TO
- mass	- individual as interlocutor with the company and recipient of the offer
- needs to be satisfied	- sensations to be experienced as the final aim of the transaction for the customer
- goods and objects	- emotion and meaning as the subject matter of the transaction
- passiveness	- pro-active role of customer
- needs and wants	- feeling-experiencing-becoming as key-words.

all of which unfolding in a scenario of increased quantities, varieties, quality and novelty in what enterprise offers in the respective markets.

To illustrate this shift from the mass approach to a dialogue between the company and the individual and to the single consumer as target, we need look no further than the terminology adopted, e.g. market, segment, consumer-client and finally person. The term market refers to a generalised, non-differentiated, uniform and impersonal entity; segment refers to a part thereof, a portion of the market with specific characteristics; consumer-client reflects a focus on a still smaller entity, possibly the individual, though seen reductively as user of goods and finally 'person', unequivocally referring to the individual as complete subjective entity with its own qualitative profile. The 'arrival' at the individual person is entirely in line with a more general post modern ethos in the west, according to which the wellbeing of the individual is the start the end and the measure of any subjective behaviour. Certainly the change in the definition or terminology used does not actually mean that the companies today entertain personal relations with each of its customers, even though in some cases the trend is indeed in this direction, thanks largely to new technologies that make this ever more feasible. Nevertheless, even the simple change in the terminology employed is itself indicative of a change in attitude, if for no other reason than the undoubted power that words have to actually construct reality.

As regards the ultimate aim of the purchase, it can be said that originally there were true needs to be satisfied. There was a widespread lack of goods and things to meet the various needs of existence, both due to actual scarcity of supply and to the inaccessibility of part of the demand. The same consumers later set about seeking to improve their quality of life, delegating to others less enjoyable tasks and directly procuring 'wellbeing' by engaging in enjoyable activities. This phase was finally followed by that of the pursuance of fulfilling

wants and desires (Fabris, 2003), not to mention whims and caprice (Bauman, 2002), as well in some cases simply seeking out new thrills and sensations. Having gone beyond having to satisfy simple needs, while leaving aside the old chestnut of what constitutes a 'need', the doors open to a situation in which each has the right or even a perceived duty to pursue happiness as best he thinks fit – and there is no doubt that buying things is one of the easiest, effective and genuinely most gratifying ways of doing so. To possess something does not require great or excessive individual effort; it is not like learning to play a musical instrument, it is easy to compare oneself with others in terms of the levels or type of purchases (who hopefully have less), and the pleasure of making something one's own and to make the use of it you will is almost unequalled (Belk, 1988).

Alongside the goods and services, there has been a steadily development of emotions, values and meaning as the subject matter of the transactions themselves. It is still true that the subject matter of the sale today is, and what people continue to wish to pay for, are goods and services, but these are above all vehicles, tools and occasions for obtaining sensations, for broadcasting ideas and for re-establishing meaning. Certain types of products have always played a role that goes well beyond their function, the motor car and articles of clothing are obvious examples. The significance lies in what they communicate about us or even the extent to which they help build the identity of the owner or wearer. The point is that this tendency has intensified as regards the types of products concerned, being extended to other areas that were previously excluded from such value attribution. Goods have thus been enriched by the addition of new experiences (for example many car manufacturers now offer their customers specialist driving courses or trials on race tracks), while services have accentuated their communication content (where for example tourist destinations are offered according to an "interpretive" approach which furnishes the client with meaning to be drawn from visiting the location). What were personal occupations and experiences have been "packaged" and sold "off the peg" (for example children's parties are sold that have been planned in minute detail by catering companies that provide the location, the food, the entertainment and the gadgets and so on and so forth).

Taking the product communication choices as a starting point, and moving through the planning for the reasons that lead to its acquisition, we end up with a situation in which the nature of the goods themselves have been subtly changed. Take certain food products, for example, such as the ready-to-eat soups "That's Amore" from Findus and "Make love with the taste" by Müller, or household electrical goods such as the Margherita washing machine from Indesit, sold with the message "We Work, You Play". Such products are sometimes experienced not so much for what they are, i.e. food or a machine for washing clothes, but as a way of taking care of oneself or as a form of self-gratification. Given that our reality is largely a construct of communication, the product name, image and the words associated with in the advertisements, together with the associations generally associated or subliminally created, result in a product that has passed from being something that is solid, tangible and massive, to being something that is as emotional, intangible and ethereal as the spirit of the time. The material and physical object is transformed into the subjective, incorporeal status of perception.

As regards the role of the customer, this was entirely irrelevant and beyond management's horizon when the company's task was to establish a production process, both for quantity and for quality. It was only later that the consumer became the object (albeit passive) of investigation, analysis and awareness on the part of the enterprise, with the explosion of market research methods. More recently the customer has assumed an ever more significant and pro-active role in relation to the company, exchanging product testing information, and now taking part in what is referred to as *collaborative innovation* (Prandelli, Verona, 2006). In this type of co-operative venture, the mediation of the digital infrastructure makes it ever easier to ever more effectively incorporate the knowledge and the desires of the consumer into the company's processes and, moreover, to engender exchange between the

final users themselves as regards information, knowledge and preferences in relation to this or that product.

Looking at the key words, the series of words identified with the various phases – need satisfaction – having - wanting (being able to want) – being able to (wanting to be able) – feeling, experiencing, becoming – unequivocally point to the psychological condition of the purchaser. Where the starting point can be described as that of objective weakness, the customer goes on to become a significant force and authority in the relationship with the enterprise, obtains the objective of attaining pleasure in every day life and chores and finally satisfies his or her existential aspirations.

Such an interpretation of the historical process enables us to appreciate the extent of the changes that have taken place, and above all over a short time, with regard to the relationship between the company and the market. In each of the examples considered above, it can be seen that truly momentous, if not total change has taken place. A person with no historical memory, aware only of the present, would be quite unable to imagine how and to what extent the target offer, the aims of the purchaser and the subject matter of the transaction, and so on, were different from what they are today.

4. Exercises in reflection

To help us begin to move towards some conclusions it would be helpful to reflect on a number of questions.

The aim of the questions is to focus on certain market situation background factors that might at first sight appear obvious but which are for that very reason easy to pass over without consideration. These factors are in reality most relevant, especially in relation to this type of macro analysis.

These are items deriving from diachronic observations on aspects relating to the quantity, variety, quality and newness of what is offered to the market.

Since these background elements tend to stand out little and to escape careful attention, it would serve the observer well to change perspective and focus from time to time so see what may be before our eyes but fail normally to be objects of perception.

Historical analysis once again in this sense proves to be a useful instrument, revealing certain basic details of the relationship between enterprise and the market that really should not be overlooked.

Far from being rhetorical or simply irritating questions, they aim to elicit an honest response from the reader, requiring also a view point that is different from what otherwise may have been taken. Only by comparing opinions with those of others is real progress likely to be made in our understanding.

The questions are useful in evaluating the accuracy of, or at least the extent of any consensus regarding, any interpretation of the proposed enterprise-market orientations, and are the issues on which the conclusions in the final paragraph essentially hinge.

If the responses elicited are not consistent with those of the author then there will be a need to review the interpretation put forward in relation to the evolution in question and, if necessary, consider abandoning or adjusting the line of thought that has been followed.

If on the other hand the responses coincide wholly or in part with those of the author then a certain consensus will be in the process of formation around that idea that the current phase is close to its conclusion and that a new evolutionary leap is inevitable, both in theoretical and in practical terms, towards a new relationship between enterprise and the market.

The question should include the following:

- How often is there product scarcity?
- Is it harder to choose because there are too many or too few alternatives?

- What would the general evaluation be of the quality level of the products?
- How do the products on offer measure up to the requirement of newness?
- What is more able to kindle a passion than a brand?

How often is there product scarcity?

Anyone living in an economically developed country, leaving aside any periods of recession and their seriousness or otherwise, finds that the number of products available for the satisfaction of material needs, desires and even whims and caprice is indeed very high. This is also increasingly true for anyone living in the often highly populated and ever more numerous developing or recently industrialised countries.

Whether we are talking about commodities, tangible goods, services or experiences, in each case the simple fact is that supply is abundant.

Apart from those particular products whose great success has resulted in the formation of waiting lists, the lack of products is certainly not a problem today. Indeed, mass production technologies and more recently information technology introduced in the manufacturing sectors have made possible increases in the volume of production to virtually any desired levels. Any problems are more likely to be in the area of distribution and availability in the time and places required.

Just consider how difficult it is to think of any examples of time when a product was simply unavailable.

Is it harder to choose because there are too many or too few alternatives?

The alternatives for the consumer to choose from, as regards brand, type, form, colour, size, functions, characteristics, accessories, price and all other possible relevant from case to case are extremely numerous at this time.

If any product is taken as an example, whether it be a car, a television, a garment of clothing or just a ball-point pen, and the number of variants on the market is considered, it would hardly be an exaggeration to say that such a number is astonishing.

There is no doubt, therefore, that the problem is not one of quantities, or of finding a variant that meets the need, quite the contrary.

If anything, the problem today is the breadth of choice available to consumers. Despite the fact that greater choice is always seen as a good thing, when it goes beyond a certain point it may take away the pleasure of shopping because of the psychological effort required of the purchaser and the fear of making a less than ideal choice (Schwartz, 2005).

What would the general evaluation be of the quality level of the products?

The quality levels of products taken can be regarded as undoubtedly high in terms of the real and/or symbolic capacity to respond to the various needs, as well as in terms of technical and manufacturing precision, ease of use and duration.

While it is certainly not easy to give an absolute evaluation, it is equally true that what really matters is comparative assessment, and it is undoubtedly the case that products are generally qualitatively better than those of similar sectors from the past, leaving aside those wholly new products for which there is no such historical yardstick.

The considerable impetus provided by *Total Quality Management* and the connected spread of the *kaizen* principle (continuous improvement) have had an effect in terms of market entry for a whole generation of products. Without examining specific product areas here, it is clear that frequently the perceived value against price ratio is extremely high.

Though the steady introduction of digital technology in the production of many products means that it often has more sense to replace a broken down product than have it repaired, it remains true that products are now more reliable and longer lasting than in the

past. There has also been great progress in the area of convenience of use of products through innovations to the products themselves or to their packaging.

Take, once again, almost any area of goods and try to think of situations where products have not been improved as regards their technical performance, reliability and ease of use. Of course, quality is determined by price and it is clear that really inexpensive products cannot offer the same level of quality as their more costly alternatives. The point is however that in general what manufacturers and service industries offer has reached quite noteworthy quality levels.

Apart from such possible exceptions as the field of air transport where flight cancellations, overbooking and lost luggage are perhaps more widespread and frequent than in the past, the failings of goods and services in terms of fitness for purpose and duration are rare, with the purchaser's needs more often than not being fully satisfied.

The requisites of *must be quality* as they are referred to today, are minimum requirements that are given as read by the customer, but it should not be forgotten that they in reality reflect production standards that are in fact very high, incomparably higher than those expected only a relatively short time ago.

Paradoxical as it may seem, the main problem today is if anything the excess of features and the long life of a great many of the products. This excess risks the loss of the pleasure of the purchase due in some cases to having to replace goods that have not yet reached the end of their lives.

How do the products on offer measure up to the requirement of newness?

Not only is supply abundant, with extremely wide-ranging variety and quality levels capable of satisfying the highest expectations, but it is also characterised by being highly up to speed with latest developments and quite new in nature. Also in this case the *Total Quality Management* approach has had notable effects, with the speed of introduction of new models, renewal of ranges and the modernity of products all at the highest levels.

In some cases, or for certain categories of consumers, this may simply be excessive in the sense that there is often a widespread perception that the new product is already 'old', with the conviction that a competitor or the company itself will shortly be launching a new version on the market.

This is typically true of IT products and consumer electronics, but may also be felt in such less rapidly changing areas as that of motor manufacturing, which is rapidly aligning itself with this trend. Another emblematic area is that of clothing, where the speed of introduction of completely new lines may reduce the life cycle to a matter of weeks, incidentally a factor at the heart of the success of some of today's best known fashion brands.

Irrespective of the unease this may cause some consumers to feel, what interests us here is how supply is today clearly capable of fully satisfying the demand for new products.

What can more ably kindle love or passion than a brand?

It is authoritatively argued that the best companies are able to kindle real passion in their customers who love their brand and their products. The company sets out to establish a relationship based not only on performance and respect but even based on something akin to love (Roberts, 2004, 2007).

Many examples are frequently cited and even though maintaining this positioning at the higher levels of the respect-love matrix may be difficult over time, there are always new companies that succeed in becoming a *lovemark* in the hearts and minds of their customers.

There is no doubt that when the company works on its competitive strategy, it often seeks to construct a brand that will cause its customers to lose their heads and give their loyalty to the company on a basis that that is not rational but emotional, while such a winning process may not be immediately realised.

On a wider front, going beyond the legitimate objectives of the individual enterprise, the question takes on a different valence. From a broader perspective the problem becomes, where do we go from here? What is the next step after the limit has been reached of satisfying what is important for the person and gives meaning to the individual's existence?

From the moment that companies no longer offer simply instruments (goods) or utility and solutions (services), but seek through a brand or label to establish themselves as the embodiment of a personality that the customer can relate to emotionally, it would seem that we have reached an apparent end point from which it becomes difficult to progress further. What further competitive edge can be obtained, once human feeling, occupying by definition a central place in the experience of what it is to be human, is the target?

5. On the threshold of a new paradigm?

Based on the above historical reconstruction and interpretation, the effect of the stratification of company orientations has made unparalleled quantity, variety, quality and product renewal available to consumers compared with the past. It would however also seem that such progress would be very difficult to continue further. The individual consumer, on the other hand, ever seeking full satisfaction of his or her needs, emotions and sensations has become a pro-active target of the companies and the ultimate protagonist at the heart of the market.

From the point of view of the individual sector and/or the individual enterprise, there are still forward steps that can be taken, improvements that can be made in this or that area. It may nevertheless be argued that, all things considered, within the current paradigm the market economy has got very close to complete exploitation and it would be a very complicated matter to go any further along this road.

Taking a general overview, it would seem impossible to improve current forms and means of responding to needs, to desires and even to whims and caprice, or even the needs for customisation, perceived value, fine tuning of needs, abundance, technical and manufacturing perfection and the provision of choice.

Once the consumer orientation, relational and experiential marketing phases have achieved their aims, it is hard to envisage the next step while remaining within the current paradigm. All possibilities would seem to have been exhausted or at least to be in the process of being exhausted.

Proceeding on an incremental basis, there would seem nowhere to go in terms of further quantity, variety or novelty, in the effort to significantly increase either market demand or levels of consumer satisfaction.

Despite great efforts and in the areas both of theory and of practice, the search for new competitive strategies and notable creativity in terms of new forms of marketing, the fact remains that the scheme is embedded in an unchanged framework.

Leaving aside certain particular businesses that have been guided by unconventional principles, the general relationship between the enterprise and the market is still characterised by opposing factions, conquest and the search for ever more sophisticated ways of winning the customer's preference.

Such routes no longer seem capable of yielding the desired results, given that the consumers now have access to supply whose overall characteristics are already sufficient for requirements, not to say over in excess as regards the satisfaction of virtually any nuance of any possible need.

The usefulness of historical reconstruction emerges in its ability to reveal in overall terms the factors along the path that have given rise to the succession of individual steps that, when considered one at a time, fail to reveal to the observer either the total distance covered or the direction of movement.

The point of view posited here decidedly highlights only certain particular facets of the relationship between enterprise and the market, bringing with it the risk of producing a starkly drawn picture of reality, and one that could be excessively pessimistic. It is not therefore the intention here to disavow the fact that it is always possible to find specific situations in which there is room for effective action and for necessary improvement.

Without claiming the absoluteness of this truth, the fact is that there is increasingly restricted room to manoeuvre in this area. It may however be that the level of competition in the markets in general will lead to high-risk strategies from some entrepreneurs, also where ethical standards may not be universally high, as they try literally anything to ensure the survival of and hopefully further growth for their companies

In short, the current paradigm is close to the end of its life cycle in the author's view, with this phase having achieved what it can achieve and ripe to be usurped by another phase which will necessarily be quite different. In other words, the evolution of the relation between firm and the market is likely to encounter discontinuity in its path.

Predicting such discontinuities, the so-called "black swans", is ex hypothesi impossible (Nassim, 2008). Great changes are inevitably accompanied by fear and apprehension, making it all the more difficult to be lucid when trying to understand what could be about to happen.

On careful examination, there are however some weak signs of theoretical approaches and also of some practical action, that may help to open the lock to the future.

On the theory side, there are now numerous international articles by respected authors reviewing the role of the company and the way it interacts with the market. There is no space here to analyse, even briefly, this very interesting and significant area. A much-reduced list of articles of interest can however be given here, limited as it is to some of the most recent of these, in an area where criticism of the capitalist system goes back a long way.

This list of colourfully-named recent titles is primarily meant to stimulate the reader's curiosity. *Good business. Economic success and ethical conduct* (Csikszentmihaly, 2007), *Saving capitalism from capitalists* (Rajan, Zingales, 2004), *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits* (Prahalad, 2007), *The support economy: why corporations are failing individuals and the next episode of capitalism* (Zuboff, Maxmin, 2002), *Brief tractatus on serene degrowth* (Latouche, 2008). In the field of marketing in particular, orientations have come into being such as *Quality-of-Life Marketing* (Lee, Sirgy, 2004) and *Consumer Well-Being Marketing* (Sirgy, Lee, 2008). Most recently a situation has even been reached in which any reference to the market is abandoned, with the coining of the new term *societing* (Cova, Badot & Bucci, 2006; Fabris, 2008).

In company consulting too, an area by its nature closer the operational sphere, a somewhat negative perspective can be discerned as regards market approaches lacking wider sensibility. The two important organisations of the Aspen Institute and McKinsey, for example, have in recent times repeatedly publicly stressed the need for the company to widen the demands to be taken into consideration in its decision-making processes.

There is no question that it is more difficult to adequately test the ground as regards the demand side. The steadily increasing intensity of competitive comparison, together with frequent shareholder pressure to rapidly achieve ever better financial returns, seems to hold sway over the implementation of innovative orientations as regards market behaviour formulations and the production and organisation of companies.

That said, there are individual examples of "virtuous" companies that in some way escape the prevailing unfettered pursuit of the production of wealth. Such examples may be highly significant in providing practical demonstrations of the application of a possible alternative *modus operandi*. Apart from the particular cases, that it could be argued are not substantially represented in the market, there is the more structured experience of companies that coming within the so-called Economy of Communion, based on giving. In this model, economic activity is not an end in itself but is part of a process of supporting humanity and

society. Entrepreneurs who join this process, while remaining within the market economy, are particularly conscious of the human ramifications of their actions. They are willing to give a third of their returns to help people in difficulties, a third towards promoting the “culture of giving” that is specific to that approach, and a third to the development of the company itself.

There is, on the demand side, a surprising sentiment manifest in the economically most developed countries. This has taken a couple of different forms, which have as might be expected have resulted in the use of the term “paradox”, due to many observers’ difficulties in comprehending the phenomenon according to “normal” reasoning. The first is the paradox of happiness, or the negative correlation between wealth and individual happiness (Easterlin, 1974). The second is the progress paradox, i.e. where even though human living conditions are infinitely better than those of previous times, people feel worse (Easterbrook, 2004).

There has, secondly, been a rise in the spread of attitudes, conduct and movements which, with varying degrees of intensity and involving varying degrees of collective engagement, would scale down the weight of the economy and of goods both in the life of the individual and in that of society as a whole. These movements are those associated with ‘slow living’ and ‘voluntary simplicity’ or the adhere to the ‘less is more’ slogan of groups who make their primary needs purchases together (Social Buying Groups), rather than to those groups that variously oppose interference in the economic sphere, such as Commercial Alert, New American Dream, Institute for Local Self Reliance and rather also than to ideologically motivated groups such as the so-called No Global groups as variously manifested politically and geographically.

Irrespective of the degree of activism and public impact in terms of consumer behaviour, there is a growing awareness, or at very least an unuttered feeling that consumption of itself is not enough to bring happiness or wellbeing (Scitovsky, 2007). Indeed, the somewhat bitter realisation that wealth and consumption are not enough is beginning to sweep over increasing strata of the population, and perhaps even that they might be more of a hindrance than a help in the fulfilment of their aspirations.

These weak signs of stirrings are perhaps allow us to glimpse a dissatisfaction that presages change. The number and the intensity of the signals picked up in relation both to supply and to demand, as well as the cogency of arguments put forward in the literature, suggest that we are on the brink of a decisive renewal of the relationship between enterprise and the market.

The point is, however, that neither the academic theory nor pilot experience seem thus far to have actually changed the way of thinking or working of the majority of companies. Those business following a different logic are few and very much the exception, and are not entirely unreasonably viewed as being mere ‘one-off’ blips.

It is moreover impossible to say to what extent the current ‘system’ is able to resist the forces of change. The effects of the process of inclusion of very large areas of the world in the market economy system are even less easy to predict. The result is that it is an extremely difficult task to forecast what form the next phase in this evolution will take.

Apart from the question of the extent to which the weak signs referred to above will actually produce real transformation, it is the aim of the author here to suggest that the need for change in the relationship between enterprise and the market should not just be a matter of external pressure on the business world and on entrepreneurs, (Baccarani, Giaretta, 2000), but also an internal, natural process aiming at the survival of the business itself and at positive developments in the company’s relationship with the market.

In the wake of an understandable demand for profound reforms in the field of marketing (Sheth, Sisodia, 2005) and the plea for a commitment to and focus on real problems rather than looking for “precise answers to wrong, well-defined, narrow problems” (Raju, 2005), the aim of this paper has been to illustrate the impossibility, or at least growing difficulty, of continuing with the relationship that has been pursued up to now. The strong suggestion is that companies should start to independently support new ways of organising

the relationship between production and consumption before such changes is forced upon them by circumstances outside their control.

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