

# A NEW CONCEPT: THE MARKETING OF CONSUMER GOODS DISPOSAL IN RETAIL COMPANIES

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**Abstract:** *This paper will consider, par excellence, the need for adopting the conception of marketing in all its aspects, in the process of consumer goods disposal in the retail company, meaning in an essential point of the distribution flow.*

**Key words:** *consumer goods disposal, retail commerce, marketing of consumer goods disposal.*

## 1. Introduction

In modern economies, commerce has the main role of adjusting the market mechanisms, by organizing the harmonization process of supply and demand, and ensuring the realization of that harmonization in the acts of selling and buying. In this process the great and complex mass of economic agents are involved [14].

This is compounded by the fact that, according to the concept of sustainable development of society, the commerce sector is the area of strategic significance because of the balanced evolution of economic and social systems from any country. [17]

It is necessary to mention from the beginning that this paper brings into discussion and analyzes a conceptual interface: retail disposal versus commercial marketing. Both concepts will be extended.

## 2. Issues about consumer goods distribution

From the multiple approaches of the distribution concept, we bring forward the

perspective of the following authors: AL. Ristea, Th. Tudose Purcarea and C. Tudose. [16]

In their view, the conceptual definition of distribution should be made from two perspectives: the overall economy perspective and the company's perspective.

From the perspective of overall economy, the concept of distribution includes all activities that allow the transfer of some material and immaterial goods from the producer to the other economic agents (users) or to the final consumers.

From the business perspective, *the distribution process includes special marketing activities related to the transfer of goods.* An adequate conceptualization of distribution is based on inter-conditioned relations between the four components of the marketing mix, the central element of the marketing policies and strategies that integrate all the techniques, methods and means entailed by the enterprise operation on the market.

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The same coordinates of the conceptualization of consumer goods distribution are also revealed in the contributions of prestigious authors, both foreign and Romanian, such as: Philip Kotler [9], Ph. Dubois and A. Jolibert, Armand Dayan, William D. Perreault, Jr. and E. Jerome McCarthy [15], John L. Gattorna [8], Sunil Chopra and Peter Meindl [6], C. Florescu et al [7], V. Balaure et al [1], Dumitru Patriche, Carmen Costea [5], Carmen Bălan [2].

### **3. The connections between consumer goods distribution and marketing**

The appearance and development of the marketing conception has its origins in the consumer goods area and especially of commodities.[4] Then, the concept of marketing has practically entered all activity fields.

As for any other field, the idea of a marketing conception specific to the goods disposal field inevitably imposes a series of boundaries of marketing. These consider distinctive aspects, each highlighting certain differences that are based on the nature of the objectives pursued by customizing techniques for investigating and acting on the market.

In terms of its theoretical foundation, there are some elements which advocate the creation of the new concept. We appeal to Philip Kotler's vision that started from the idea that, by its nature, the essence of marketing is the exchange of values between two parties; thus it is possible to analyze it in terms of how transactions are created, encouraged, facilitated and valued. [9]

Such an approach leads to an expansion of the term marketing, expansion which can be translated in the creation of new concepts in the industry's structure – consumer goods marketing, industrial marketing, social marketing, services marketing, tourism marketing etc. – or at the level of the approach - macromarketing

and micromarketing etc. In terms of its evolution, there are attempts at timing the systems of marketing conceptualization, starting from the so-called "discovery" of marketing, located in the first decade of the last century, passing through the conceptualization (the '20s) "integration" (the '30s), "development" (the '40s), "review" (the '50s - '70s) and "reconceptualization" (the last quarter of the last century), a period that largely preserves both its character and actuality.[13]

Note that even the view itself - marketing philosophy appears as a result of a process marked by successive developments. In this vision, the passage from "traditional" marketing to "modern" marketing appears as a process that involved evolution from production orientation to sales orientation and then the orientation on the consumer and on the market, which is the essence of the modern marketing concept. The societal marketing orientation adds to these evolutions, and takes into account the general interests of society and human and social responsibility assumed by companies.[10]

Among the specialized works of foreign literature, which address the issue of the marketing concept applied in consumer goods distribution or in the trade companies, we mention as reference: Jallais, J., Orson, J., Fady, A., *Le Marketing dans le commerce du detail*, Paris, 1994, Bloch, A., Macquin, A., (eds.), *"Encyclopedie et VENTE DISTRIBUTION"*, Paris, 2001; Chetochine, G., *"Marketing the distribution strategique"* 1992; Chinardet, C., *"Le trade marketing"*, 1994, Partick M. Dune., Robert F Lusch., David A. Griffith., *"Retailing"* 2002, Berman, B., Evans, J., *"Retail Management. A Strategic Approach"* Pearson-Prentice Hall, USA, 2007; Zentes Joachim, Dirk and Hanna Schramm-Klein Morschett., *"Strategic*

Retail Management", Gabler Publishing, 2007.

In the Romanian literature, the distribution marketing concept was initially approached by Professor Ph.D. Dumitru Patriche.[12]

Prof. Dumitru Patriche is the author who brings the most relevant arguments in favour of the distribution marketing approach as an independent marketing specialization. Extremely important is the indication given by the author, who underlines that distribution marketing can be conceived only as marketing at the level of each link involved in the complex process of distribution. Starting from this point of view, we can develop the concept of marketing in the retail company focused on the disposal coordinates of the individual consumer goods.

#### **4. Marketing policies in the distribution area**

In the marketing distribution, as well as in others fields, the axis of marketing policy consists of strategy, inside which the entire set of actions is focused considering the management of commerce company activity. This strategy has a twofold role: the role of general orientation of the trade company activity and the role of achieving the objectives of each stage considering their ability to adapt the activity to the market dynamics. According to this double role, the strategy will consist of two essential components: knowing the market in which the company aims to operate and the elaboration of the marketing mix.

**With respect to the cognition of the market** - marketing thinking, using all the concepts, methods and specific techniques they offer traders the opportunity to determine the size and market area or areas in which they can act according to their objectives, purpose and chances.

**Regarding the marketing mix** (which is a combination of the company resources - human, material and financial - in programs which aim at the achievement of objectives in the market), specific elements are highly outlined, underlining the concept of distribution marketing more strongly. In this respect:

*Product policy* as a component of the marketing mix in the distribution field assumes that under specific and issues, the supply of commercial goods and services is shaped by combining them a well-defined product policy through what it has to provide to consumers. In that sense, it is envisaged, on the one hand, that a dealer has links with several manufacturers, which makes the supply be substantially different from the assortment delivered by each provider, and on the other hand, that retailer faces a very different audience from one area to another, which makes the offer larger or smaller, deeper or less deep, depending on the area and clientele. The two aspects lead to a need to **formulate a policy assortment of each situation**, a policy worthy of the population specific needs and of the business objectives related to profit. In the same context of specific product policy, vendors must define the mode of action in terms of commercial services.

*The pricing policy* of distribution companies has the most complex structure, the heterogeneity of the strategies being given by the wide range of prices that can act in the market (price strategy fixed in line with demand, price strategies from their correlation with the commercial life cycle of the product, competition-oriented strategy etc.). Consequently, because of the specific problems faced by commercial firms, the conceptualization of the pricing policy in distribution marketing must consider: the objectives pursued by retailers (sales, Profit, returns etc.), the chosen strategy (winning a market,

consumer loyalty, defeating the competition etc.), the regulations for the market areas in which they act.

The *distribution policy* considers a complex system of relationships that give support to this sector. The area interposed between producers and consumers is a field of action for numerous intermediaries, who always ensure the transfer of goods, information and property titles under various names. Given this diversity, the distribution policy should outline the specific systems of relationships that give content to the economic circuits or distribution channels, continuing to explore and establish effective systems for handling goods, transport, storage, presentation and sale, and logistics support for those processes.

The *promotional policy* in distribution marketing presents a specific element, because it should be structured in two directions: one concerns the communications strategy and another considers merchandising. In relation to the first direction, the strategy focuses on two objectives: the first has to ensure the image of selling points, in an extended horizon; the second is related to a limited horizon, referring to the immediate priorities, which seek particularly a substantial and immediate increase in customer flow. To achieve the first objective, we use institutional advertising, public relations, increasing the stores' personality and increasing the delivery capacity to consumers. The accomplishment of the second objective requires the use of rapid advertising systems, point of sale advertising, persuasive action and animated advertising sales (presentations and demonstration actions, fashion parades etc.). In connection with the merchandising actions, we mention firstly that they strictly belong to the distribution sector and, secondly, that it is about that part of distribution marketing which includes the

product presentation techniques to the point of sale, calling to everything that can be more attractive, such as conditioning and presentation, split, packaging, exhibition and display of goods in a space reserved for a particular type of sales.

## 5. Marketing of consumer goods disposal

Based on the two approaches considered - consumer-goods distribution and marketing of consumer goods distribution - we can analyze a new marketing concept: the marketing of consumer goods disposal in the retail business.

Starting from what has been written in this field we can state the following theoretical explanations:

- a) if we approach consumer goods distribution as a complex process that takes place between the producer and the final consumer, then we call **disposal** each sequence of distribution that occurs between the participants in a distribution channel;
- b) there are specific disposal processes between producers and between intermediate and final consumers. In the context of this approach, our investigation will consider, in particular, the specific process of disposal that takes place between the retail intermediate [17] and the final consumer. We believe that this specific process of selling can be approached from the perspective of the marketing conception as a philosophy of business activity at this level; this type of activity is extremely complex, as it represents the linkage between the retailer and final consumer.

The specification which needs to be made is that, in practice, most commercial businesses do not act on an authentic marketing thinking, but use more or less, some specific marketing tools to achieve

targets that are not related to the essence of marketing.

The Explanatory Dictionary of Marketing states that *commercial marketing* can be interpreted differently:

- a) in a narrow sense, marketing refers to activities that support purchase and disposal, like market research, advertising and stimulation sales.
- b) in the practice-oriented tradition, marketing involves all the activities which can configure a company's relations with the existing and potential clients. It is about planning all the specific instruments of disposal policy that are available for a commerce company, in order to influence customer behaviour.
- c) from a competition-oriented perspective, the competition policy is taken into account, and this is a basic element of a marketing policy.

All mentioned alternatives are characterized by the fact that emphasis is put on those issues that arise from **the interaction of the commercial company with its customers**.

The Explanatory Dictionary of Marketing synthesizes the issues mentioned above, so *the marketing of commercial enterprises* is defined as *the analysis, planning, implementation and monitoring of those measures by which companies develop their business relationships with current and prospective customers; customer satisfaction must flow in a more efficient way than is done by other bidders, including suppliers and manufacturers*.

The importance of commercial marketing results from the recognition of the fact that the way of disposing goods is the critical point in defining any business policy. Because of this, disposal has an utmost importance.

## 6. Conclusions

Starting from this conceptual clarification, in this paper we aimed to address in a more comprehensive manner a very complex issue of uniform selling of goods to final consumers by retail companies. We believe that at the level of this link of the distribution chain, everything that defines the general conception of marketing - both in terms of strategic marketing and operational marketing - is found in specific ways and forms and presents distinct features, so it can be materialized in the marketing concept of disposal in the retail company.

The concept of disposal goods marketing in the retail business relates to the two levels on which marketing policies, strategies and actions are built and developed: strategic marketing and operational marketing.

The concept of strategic commercial marketing is embraced today by an important number of commercial enterprises, especially large and very large ones. For example, the option for one type or another of unit is part of *the strategic decisions of commercial marketing*. But this does not mean that in the medium and small commercial businesses there can not be management decisions related to strategic marketing component. For example, small and medium sized companies can set policies of market segmentation, positioning in the market or adopt a series of long-term strategies aiming at achieving a strategic advantage in the competitive market.

The *operational marketing component* in the retail company refers primarily to the specific instruments of the disposal policy.

The instruments are those measures that a company can develop inside the marketing policy and through which consumer behaviour can be influenced.

In our opinion, the specific instruments of disposal policy in the retail enterprises in terms of marketing oriented perspective have a more complex character and are customized according to the necessity for use.

Given these conditions, we consider that, from the strategic marketing perspective, but also from the operational one, such specific tools which can also affect the dissolution process in the retail business can be: the image of the retailer store, its environment, store location, all commercial techniques found in merchandising. [3]

In conclusion, we can say that the marketing of consumer goods disposal in the retail business is that business philosophy that focuses on the coordinates of selling consumer goods that require an organizational mode and management designed to ensure at a higher level the consumers' or end users' satisfaction, while complying with the general interests of society.

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