

THE INTERFACE BETWEEN MARKETING AND PURCHASING:
AN INTEGRATED NORMATIVE MODEL

Dr. J. Kent Pinney, University of Nevada, Las Vegas
Dr. Lawrence Dandurand, University of Nevada, Las Vegas

Purchasing has traditionally been taught in departments of management rather than marketing. Unfortunately, the result is that the subject has been presented in a limited production oriented context. Its profitable interface with marketing has been ignored. The purpose of this paper was to determine the degree of interface that exists and that should exist between marketing and purchasing, and then to present an integrated normative model describing the desired interface.

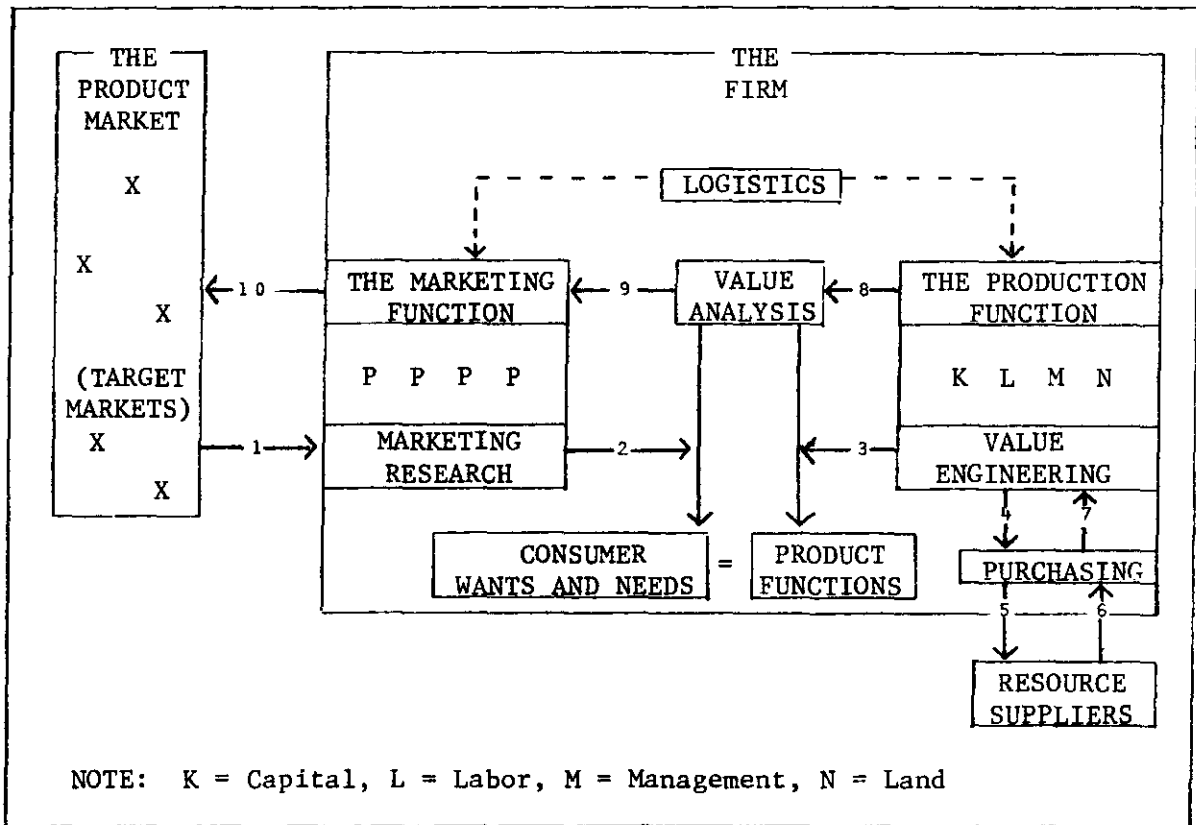
An examination of typical marketing management textbooks (such as Kotler, McCarthy and Stanton) failed to reveal an integrated perspective of marketing and purchasing. The topic of purchasing was not specifically discussed. Where the term purchasing (or its counterparts buying or procurement) was mentioned, it was in the context of marketing to a purchasing agent. For example, one might find the term purchasing discussed under the topic of "industrial buyers are problem solvers," "the basic methods and practices in industrial buying," or "purchasing behavior." In short, the subject was not discussed from the functional, i.e., the purchasing agent's point of view. The interface between a selling firm, its customers, and its purchasing agents was never identified. Consequently, the specific desirable conceptual linkages--such as that between the marketing concept (marketing) and value analysis (purchasing)--was never examined.

Perhaps marketing's failure to develop a "marketing-purchasing linkage" orientation could be traced to the discipline's traditional emphasis on the demand side of the curve--to a narrow expansion of the widely used definition of marketing which defined marketing as all the business activities extant between producer and consumer. However, the seeds of the normative model presented in this paper can be found in disparate sections of a typical marketing text.

For example, in his Basic Marketing (7th Edition), McCarthy presents a model of the U. S. macro-marketing system wherein he indicates that producers, middlemen, and facilitators perform the universal marketing functions of buying, selling, etc., to overcome discrepancies to create utilities for consumers. He later discusses the total system orientation--a way of implementing the marketing concept where a firm still has departments but all are guided by customer wants. He even presents a table of the departments such as accounting and sales where purchasing is specifically listed. Later, in the physical distribution chapter, he states that the firm should merge producing, storing, transportation, and selling into one integrated system--that "a physical distribution manager should work with the marketing manager to integrate production and distribution." All this seems to set the stage--to wet the appetite--but the potential is never developed.

The paper examined several marketing models found in typical marketing managements texts. It also examined models found in typical purchasing, logistics, and channel management texts. In no case were the expectations realized regarding the marketing implications of a "marketing-purchasing linkage" orientation as applied, for example, to distinguishable component parts and consumer orientation-value analysis (optimal matching of benefits sought with features provided). Consequently, an integrated normative model of marketing incorporating the purchasing function was developed as illustrated below:

AN INTEGRATED NORMATIVE MODEL OF MARKETING



We believe this model finally integrates purchasing into its correct position relative to the more traditional marketing models and practices reviewed in this paper and others yet to emerge as a result of case studies currently being written.

The area of target markets proved to be a significant problem-solving experience for the students. They found that management was often not truly clear in their definition of the several distinct target markets they were serving--particularly toward channel members. The students frequently commented on this, and felt that their company's marketing mix was not efficient with reference to the channel members.

In the classroom during the first of the semester, basic industrial marketing theory was presented. Individual students were called upon to relate that theory to their company and comment on it. This became very personal to them, and deep understanding began to occur. Frequently, the student felt his company was wrong in its structure, or was not optimizing, and gave his reasons for this. He then had to defend his comments with the other students in the class.

The second half of the paper--the critique--was due one week before final examinations. The student was to

- a. approve of his company's marketing structure and mix, and give reasons to support the approval, or
- b. restructure the marketing framework and mix, and show why this was better

It was in the area of part b. that the greatest internalization occurred. The students actually applied theory in a meaningful way and gave their reasons for so doing. The fact that this material was personal to "their" company seemed to make the difference. They did not take refuge in generalizations--as so frequently happens in normal term papers. They became specific and actually made business decisions, supporting them with marketing theory. The final examination was written away from the classroom and consisted of relating the concepts shown in each chapter of the book to their particular company. The above two actions caused the students to internalize the theory because it was personal.

Several problems were encountered in connection with use of the term paper as a tool, but none were insurmountable. A quasi-problem arose when several students discovered that their companies made no differentiation between consumer and industrial marketing for the same physical product. The students were confused. However, this resulted in the entire class studying and discussing the benefits to be realized when an industrial marketing structure is used for industrial customers.

The classroom discussions made the students realize that industry is operating at less than perfection. It also caused them to utilize materials learned in other areas of the business school, such as finance and management, in revising the marketing mix.

In summary, use by students of individual companies as real-world cases is an excellent vehicle for teaching industrial marketing.