Leszek Żabiński
Department of Market Policy and Marketing
Management
Faculty of Management
University of Economics in Katowice, Poland
leszek.zabinski@ue.katowice.pl

Development or regress of the systems products’ sphere against the megatrends’ background of the second decade of the twenty-first century – reflections, attempts at assessment

Abstract

In countries with a market economy, in particular the highly developed ones, the intensive development of the sphere of innovative systems products (i.e. multi-products, multi-values) takes place. In parallel, new marketing concepts evolve to support this development. However, in the twenty-first century, new challenges (i.e. megatrends), which may seriously undermine the development of these products, combined with the global crisis, are emerging. The article discusses the opportunities and threats for this development stemming from the analysed megatrends.

Keywords: systems products, modern marketing concepts, megatrends of the twenty-first century.

JEL Classification: 031, M31, 010.

Introduction

The twentieth anniversary of undertaking extensive research on marketing management issues (and simultaneously on the marketing theory as its basis) by Katowice scientific community of trade, marketing and consumption of the University of Economics in Katowice gives an opportunity to write this article. The starting point is the 1995 Scientific Conference [See: Żabiński (ed.) 1995], co-organised by the University and the Polish Economic Society in Katowice, along with the policy paper for this conference by Prof. Teodor Kramer [1995, pp. 10-14].
The deceased in 2014 Prof. Kramer [Żabiński 2014, pp. 657-663), the co-founder (together with his wife, Prof. Józefa Kramer) of Wroclaw and Katowice scientific school of trade, marketing and consumption, the many year’s standing head of Marketing Department, and before the director of the Institute of Commodity Turnover of UE in Katowice and the Departmental-University Institute of Trade and Services (and then Marketing) at UE in Wroclaw, the former vice-rector of both universities, made an invaluable contribution to the development and promotion of the scientific discipline of trade and marketing in Poland [See: Kramer (ed.) 1971; Kramer 1989, 1996]. He also initiated the internationalization process of the University of Economics in Katowice [Kramer 1989, p. 201].

1. Contemporary world of systems products

1. In our work to date on this subject the systems products, also called multi-products or multi-values, were defined as such composite products which satisfy a particular set of needs and expectations of buyers, from different levels of needs, not a single need, or expectations (as classical, single products, mono-products, mono-values). They simultaneously solve few (many) problems of a buyer/consumer, not only one problem. They contain, in a physical and three-dimensional sense, not only one but a few (or even several) products. They incorporate not one core of a product, or a basic function for a target buyer (according to the language used in a traditional marketing), but a few or several basic values for a consumer (according to the terminology of contemporary marketing). It is a multi-product, multi-value, multi-benefit, for which jointly such a product is purchased by a consumer. It is also designed, and, moreover, customized with the support/participation of a consumer [Żabiński (ed.) 2009, pp. 16-22; Żabiński 2011, p. 31].

2. In these as, well as other our works, we characterized the attributes/main characteristics of systems products emphasizing their, most often, high degree of technological advancement (in particular in the field of information/telecommunication technologies), as well as new, sophisticated technologies of their design. However, many systems products, particularly services (e.g. the so-called package tourist offers, e.g. comprehensively organized foreign trip) often also show high level of organization.

We also emphasised the network attribute of systems products – their creation, promotion, distribution and consumption in networks of business entities, including consumption [Szymura-Tyc 2005, pp. 140-141]. The ‘research intensity’ of today’s systems products was stressed. It was reminded
that these products were created and are created as a result of the business orientation of enterprises, most often network organizations, which create them, and this orientation is not only at a customer, their developed needs and ever increasing sophisticated expectations. But it is also a result of an enterprise focusing on technological/professional knowledge on a consumer as well as on the knowledge of a consumer-user, but also a co-designer of systems products. For this, and not only this reason, they are also innovative products, both of the ‘conservative’ type, continued innovation as well as of breakthrough innovation type. Thus, according to the rules of creating categories of new products, they have to be branded products. Most often they are also global and/or glocal products [Zabiński (ed.) 2012, pp. 21-26].

3. In this article, and by assumption at this conference, we will mainly deal with systems products of:
   − professional services, retailing of consumer goods;
   − tourism economy;
   − ICT products and selectable durable consumer goods (e.g. automotive, household appliances, etc.).

These sectors/industries and markets of contemporary Polish economy/and comparatively on an international scale were and are most often the subject of our research (this empirical scope embraces the so-called compulsory/promotional papers written in the Department of Market Policy and Management [See: Rupik 2013; Matysiewicz 2014; Bilińska-Reformat 2015]. These contemporary fields of management are most often used as illustrations or fields of research for the needs of Bachelors’ and Masters’ dissertations at degree courses (and their majors) conducted in our university environment1. It does not close the possibilities of research and analyses in other sectors of the economy, and even in social activities, in which systems products occur.

Contemporary systems products, as in their majority they are global and/or glocal products, and they are mostly found in globalized market economies/knowledge economies, hence they are an effect of advanced globalization processes (and they co-create them), considerably shaping the development of contemporary marketing concept or concepts. They are also shaped by these

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1 It refers to such areas of study as, chronologically presenting: Management with majors in Marketing management in professional services, tourism and media, Management in culture, art and cultural tourism, and International and Domestic Marketing; International Economic Relations, major International Business and a branch of study Travel and Tourism Economy (at the Faculty of Management, UE in Katowice). Moreover, at other degree courses, such as: Economics (major Distribution and Sales in Domestic and International Markets) or marketing specialisation at Journalism and Social Communication major, respectively at the Faculty of Economics and the Faculty of Informatics and Communication of this university.
contemporary, modern or profoundly modified marketing concepts². The most obvious example, in our opinion, illustrating this thesis is the logical relationships/dependencies between concepts of systems products, and promoted by Kotler-Keller the holistic marketing concept and the definition of AMA marketing dated of 2007³.

The need for broad cooperation of stakeholders, most often in network systems in marketing processes comes both from the AMA marketing definition regarding it as a set of institutions and marketing processes creating, communicating and offering a value/values for customers, partners and society, as well as the concept of holistic marketing itself⁴. Collaboration/cooperation seems to limit natural rivalry between them (for the size of the share in the created value – based on the win-win principle, but which one wins most/least?) also in order to… more efficiently compete with other organizations/network systems.

Other contemporary marketing concepts, important for the creation and development of systems products, are Marketing 3.0 concept by Ph. Kotler and collaborators [2012], raising the significance of spiritual values/benefits, apart from tangible/functional and emotional/aesthetic values in the structure of contemporary marketing products, and also new service paradigm of contemporary marketing, focusing on service products [Vargo and Lusch 2004], rendered by the means of material products as instruments, not independent objects of exchange. This concept is synthetically and critically discussed in our monograph, from its creation it has been the subject of inspirational discussions [Grönroos 2004; Zabiński (ed.) 2012, pp. 32-33].

² There is a need to oppose strongly against, unfortunately, quite often successful attempts, either in the sphere of science or in the scope of university education/teaching, as well as many practical activities (approaches), including the media – distinguishing ('picking out') the sphere of a product from the scope of marketing activities. For example: the specialist fields of research or education, such as: ‘Project Management’, ‘Brand Management’. Any possible objection of the product concept to other marketing activities, mainly promotional and often in a pejorative sense (it is, e.g., after all, ‘only’ a marketing gimmick) is another exemplification of this trend. Such an approach leads to ‘dismantling’ the ‘ex natura’ systemic and synergistic concept of marketing, misidentification of the trading and marketing concept (confusing market orientation with promotion) and so on.

³ ‘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’ [Rupik 2013, p. 91].

⁴ Concept/orientation of holistic marketing includes the following components/pillars, tied together and interacting, namely:
- internal marketing (management, marketing department, other departments);
- integrated marketing (goods and services/products, communication channels);
- relationship marketing (customers, partners, channels/relationships);
- performance marketing (revenues from sales, brand and customer equity, ethics, the environment, law and community). See: [Kotler and Keller 2012, p. 20].
However, contemporary, globalized market/knowledge economies with an increasing share in the creation/production, sales and consumption of systems products are probably facing the biggest challenges for this economy to date, i.e. for capitalism and consumption society. The way of selecting a path/paths of further development and behaviour may determine the further existence or disappearance of this socio-economic system. What causes these challenges?

These challenges result from the need, well or poorly realized by governments and societies of countries and their communities, of working out development scenarios with at least a two-decade time horizon, i.e. until the year 2020 and until the year 2040. As the strategic vision in the first horizon seems to be quite conceivable and relatively easy to be tangibly expressed, that it is certainly much more difficult to predict in the next horizon (see Table 1). Other, but coupled source of challenges is, inter alia, the global economic and financial crisis (still not overcome), its not fully removed underlying causes and deepening consequences (e.g. in the form of increasing disparities of citizens’ income and wealth in all possible spatial scales).

These factors, which can seriously threaten further development of the systems products, although not all of them, are identified below in the form of, the so-called, megatrends of two decades of the twenty-first century.

Table 1. Scenario for Poland of the year 2040

<table>
<thead>
<tr>
<th>According to a Polish-American economist and publicist Andrzej Lubowski, Poland of the year 2040 would roughly look like this:</th>
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<td>• “(...) we will have a reliable infrastructure: well-maintained motorways and roads, and the route from Kraków to Zakopane will take less than an hour. Our railways will match German railway standards – and so from Kraków to Vienna ‘for Viennese opera’ (...) it will be possible to get in a few hours, like a hundred years ago, in days of Franz Joseph”</td>
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<tr>
<td>• “(...) although we will not be the Silicon Valley of Europe (...) but we will become an important centre of manufacturing software and solutions, in which the software will be a key element (...)”</td>
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<td>• “(...) we will earn good money on the production of organic food (...) and for the domestic market and export we will produce buses (...)”</td>
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<td>• “(...) we will become a large player on the European tourism market (...) our tourism will become a health tourism (...) we will begin to compete with the Baden-Baden and (...) Italian Padua region (...) which although have hundreds of hotels with medicinal waters, but in July and August with the heat waves (...) there is not much to do (...) we will also take planes from Oslo, Stockholm, Amsterdam and Brussels at the airport in Bydgoszcz, and the Germans will arrive by car (...) to visit Białowieża, Mazury and Suwałki region (...)”</td>
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According to the document “Europe 2020-strategy for smart, sustainable and inclusive growth”, the countries of the European Union declare to work together to exit of the crisis, ensure the characterised growth, namely:

- smart growth based on knowledge, education, innovation and digitization;
- sustainable growth characteristic of the newly transformed, competitive economy, resource-efficient and better cares about the environment;
- social inclusion growth, which is based on the development of the economy, increasing employment and encouraging the development of new skills and competencies.
Table 1 cont.

- “When it comes to (...) public television (...) then the state (...) will finally (...) be able to offer a citizen information from the country and the world, and a bit of culture with a capital ‘C’. The Television Theatre will return on a permanent basis. By contrast a great actor (...) would not have earn extra money by advertising an overseas bank or trading in wine (...) though none of this brings discredit (...)”
- “We will not channel the Vistula and Oder Rivers to the end, but will strengthen the banks so that they fit into urban planning and walks along them will be matching strolls along the Seine and the Rhine (...)”
- “In the global rankings in terms of Gross Global Product maintaining today's position (No. 22, according to the World Bank) will not be a misery (...) because (...) some countries in Asia and Africa are strongly pushed ahead by demographic dynamics (...). In terms of GDP per capita we will overtake Greece and Portugal, Spain and Italy will be within our reach (...) we will be pretty close to France and the UK, although we will still remain behind the Nordic countries, Benelux, Switzerland and Germany (...)”
- “To implement this very optimistic scenario, GDP growth of 3.5% on a year-on-year basis was assumed for us, and 2% per year for the rest (...) Let us remember, that (...) we were the beneficiaries of great help too (...) on which we will not rely after 2020. Moreover, efficient institutions and less bureaucracy will be required, different research policy, (...) more financial resources on R&D, and above all a change of attitudes (...) orientation for the future (...) and not the history (which does not mean a lack of respect for tradition and heritage (...)”

Source: Based on: [Lubowski 2013, pp. 231-233].


These megatrends are discussed by the Kotler brothers in their work, Prof. Philip Kotler and his brother Milton, president of Kotler Marketing Group USA, based in Washington, DC and twin consulting firm of the same name in Beijing, and hence the marketing practitioner, devoted to recommended marketing strategies for overcoming the crisis period (recovery from recession), and perhaps afterwards [Kotler and Kotler 2013, pp. 13-33]. The list of these nine megatrends that will, according to the cited authors, affect the opportunities for growth and business opportunities during the 2013-2023 decade goes as follows [Kotler and Kotler 2013, p. 15]:
1. Global redistribution of wealth and economic strength.
2. Strategic shift of interests: global to regional, from regional to local.
3. Progressive urbanization and increasing infrastructural needs.
4. Increasing number of business opportunities coming from the field of science and technology.
5. Acceleration of green global economy.
6. Rapidly changing social values.
7. Increasingly tight cooperation between a private and public sector.
8. Empowerment of customers and IT revolution.
9. Hypercompetition and breakthrough innovativeness.
Many of these megatrends, as they have been existing for some time now, have been already mentioned and even discussed in other works [See, eg.: Kotler and Casilione 2009, pp. 23-27; Żabiński 2009, p. 124; 2012, pp. 133-153]. Therefore, brief comments with regard to some of them are included below – in the context of anticipated opportunities or threats that these megatrends can cause for the development and operation of systems products, particularly those from industries and sectors of the economy of some interest to us.

In fact, all these megatrends, as it can be expected, based on multiple observations, will be linked with development and improvement of systems products, both those positively evaluated, as they contribute to meeting needs in a better, fuller manner, especially final buyer expectations (e.g. smart homes/apartments, health service offer better adapted to the expectations in the well-known health resorts) and systems products for which supplier/vendor may gain more, but it does not have to be the case, e.g. some financial products (e.g. linking pension product with life assurance, some versions, the so-called reverse mortgage, etc.) This happens despite the fact that, thanks to the permanent revolution that facilitates the empowerment of customers and increase in their activism “the level of knowledge among buyers and vendors is now more symmetric than asymmetric” [Kotler and Kotler 2013, p. 21].

And so the growing disparity of income and wealth, generally very negatively evaluated, as it could lead itself to outbreaks of economic and financial crises, and even social explosions/revolutions [Sadowski 2013, p. 117], causes a very dynamic and large-scale systems products development. They are, on the one hand, often innovative (speculative) financial products for customers from the up-market (e.g. shares with increased risk), as well as products that are a type of sensations and experiences products for these customers (e.g. a trip into space or Mount Everest), as well products – events, events for this and medium market. The so-called new luxury products (some of them are systems products, others can be branded, mono-products, e.g. branded vodka) were and are widely available for the customers of the latter market.

This megatrend is also ‘responsible’ for the development of economy products for buyers from the down/low prices market in many industries, e.g. offers in discount trading, budget hotel tourism, motels, budget transport lines (air, bus, rail), places in economy class on cruise ships, low-cost versions of cars (e.g. Indian producer of Tata), etc. Products of this economy are not inherently systems products, but they can be purchased and composed independently by the purchaser/customer, of course, for an appropriate payment [Sadowski 2013, p. 117].

Today, there also occurred new possibilities for creating similar products for a low-income/price-conscious customer within the framework of the so-called
solutions economy, when there is a close relationship (cooperation) between social enterprises designing and manufacturing these products (usually these are workplaces for people with disabilities and/or people who are economically disadvantaged), and major private corporations, which also recognized their own-interest (e.g. extending the sales market into the down market) for their or co-created products/services [Eggers and Macmillan 2014, p. 279].

The other of the mentioned megatrends also mostly impact on systems products development, although it may refer to their various kinds and types. For example, the megatrend of shifting the strategic interests/values from global to regional, and the latter to local, which may be expressed by providing a service to increasingly geographically smaller, but valuable sales markets (i.e. the smaller towns, not only agglomerations). It can bear fruit in subsequent offers of supermarket sales, but with a greater share of local products (the so-called glo-cal products/offers), which undoubtedly leads to fierce competition from the local trade. Similarly, the development of local hotels and restaurants follows, with smaller occupancy rate in Poland than in Western Europe. This may also lead to a ‘re-birth’ of tradition of regional/local products, food trade, agritourism, local restaurants, etc. A similar effect may have a trend of accelerating global green economy, as well as the emergence of systems eco-products/services in almost all sectors of the economy (hybrid, electric and hydrogen-powered cars of the Japanese Toyota, natural cosmetic products, functional foods, etc.).

The progressing megatrend of urbanisation and the related necessary technical and social infrastructure, in the form of an increasing number of new cities is closely related to new products of territorial marketing (e.g. residential, commercial, educational, tourist-recreational, etc.), which are a response to the demand of potential (and current) investors, tourists, residents, students, employees (outside their place of residence) and the like. In these cities (and it is well visible, among others, by the example of the Katowice/Silesian agglomeration) there are developing business-related products/services for counterparties from Poland and the whole world [See: Sektor nowoczesnych usług... 2014, p. 35], the products of culture and cultural, urban, business tourism, etc. [Business Tourism... 2014]. In business-related services, the largest Polish cities, which are also strong academic centres (Cracow, Warsaw, Poznan, Wroclaw, Gdansk, Katowice/Silesian agglomeration), start competing heavily with the biggest service factory in the world, i.e. India.

Other, ‘carrier’ megatrends for the development of new products, including systems products, are the trend of spreading business opportunities coming from the field of science and technology and the trend of rapidly changing social values.
The first of these trends stems, according to the Kotler brothers, not only from many unsolvable world’s problems (e.g. poverty, lack of drinking water, global warming), but also from many still unsatisfied needs and expectations of consumers and enterprises/institutions, including emotional, spiritual, practical, etc.\(^6\). It also results from both the enormous progress and increasingly more significant, sometimes sudden importance of new branches of knowledge (e.g. personalised medicine, nanotechnology) as well as continued expansion of different technology companies thriving on global scales (e.g. Google, Facebook, Apple, Amazon) [Isaacson 2011]. As a result of the impact of this trend there can be developed innovative mono-products and multi-values/systems products. The latter include those that alongside classic marketing values also have spiritual values, enabling reaching the state/need for self-realization/self-fulfilment (e.g. a fascinating extreme tourism products, of which one is co-creator and co-consumer).

Even more intriguing in terms of generating new systems products can be the megatrend referring to the rapidly changing social values, but not exclusively under the influence of the Internet and its tools (Google search engine, Skype, Facebook, etc.). These changes can occur under the influence of cultural changes, including the negation of traditional values or social groups, e.g. the classic family. The Kotler brothers [2013, p. 19] relying on two specialist publications on the subject identify the tribalism phenomenon, characteristic of modern societies, departing from the dominant pattern of ‘homogeneous society’ which was only recently prevailing in the era of globalisation. Distinguishing 75 social micro-groups they assign them specific needs and expectations, which may be a business opportunity for the development of products, including systems products\(^7\).

The megatrends of customer empowerment and their activism, thanks to a permanently present information revolution and also the hypercompetitiveness and breakthrough innovation, probably cause the biggest dynamic growth in terms of emergence and dissemination of innovative systems products. Unfortunately, the global economic and financial crisis has shown that these products can cause both positive effects (e.g. raising the standard of living of consumers of these products, economic growth/development) as well as negative effects (inability to repay recklessly taken credits, loss of debtor’s assets, economic recession, etc.). An in-depth characteristics of these phenomena is included in the quoted article. It also refers to the proposals made by Ph. Kotler and J. Casilione and H. Simon

\(^6\) See: Proposals of Ph. Kotler and his collaborators in: [Kotler (ed.), 2014].

\(^7\) Of the 75 social micro-groups the Kotlers cite five examples of specific target markets (market cells), e.g. one-person women households; women marrying young men; working retired; people teleworking (in) from the house; persons having an affair at work; Hispanic Protestants; commuters from distant places [see: Kotler, Kotler 2013, p. 19].
for far-reaching changes in the tactical-operational concept and marketing programs that can be generally assessed as intentional simplifications of the product structure and other marketing activities that restrict product richness/complexity (e.g. the resignation from emotional values for the benefit of creating and promoting the functional/tangible values only) – which can be interpreted as a setback for the existing solutions for these products [Zabiński 2012, p. 133].

However, a far-reaching question arises. Do the articulated views and proposals at least slow down, if not completely stop, at least some of the megatrends mentioned above, as the referred disparity of income and wealth, such as the concept of ‘the economy of moderation’ by G.W. Kołodko [2014, p. 626], or a much earlier concept by J.K. Galbraith [1999, p. 32] of the so-called ‘desirable society’, or do they need to entail the assumption of abandonment or at least limiting the number of and the dynamics of the development of innovative systems products?

There is still, at the present stage of research and discussion, unambiguous answer to this question. If, however, we succeeded on an international scale, as well as on smaller scales, to get closer to the noble objectives of both these proposals, then the high likelihood of such a further course of economic history cannot be excluded. Nonetheless, this is a subject to separate, essential prospective studies.

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