

## Marketing Develops New Concepts or repeats Itself: An Appraisal of Akhism Philosophy

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### Abstract

*Developing production and communication technologies, logistics facilities and global relations, prepared a ground for positive and social sciences for the emergence of new theories and concepts. All components of social life was affected by these changes partially or entirely. Especially changes in consumer attitudes and behavior generated new approaches in the field of marketing. Well, are those really original approaches and concepts or marketing repeating itself around similar concepts? At this point, reviewing and benchmarking of marketing related issues belong to different periods and cultures with today's marketing environment and concepts will be beneficial. In this study, Akhism approach of which origins date back to 13<sup>th</sup> century and based on The Seljuk and The Ottoman cultures was examined. Marketing related practices of the Akhism organization has been investigated and compared with the actual marketing applications and approaches.*

**JEL:** M31, M14, N30

**Key Words:** Marketing, Akhism, Conceptual Development

### 1. Introduction

Long before the existence of the marketing with its known theoretical name, there were many of marketing related issues in the agenda of human being. Following the conspicuous consumption of 15<sup>th</sup> century, exploitation of East's wealth created capital accumulation and the Industrial Revolution have changed the all production and consumption patterns. By the early 20<sup>th</sup> century major marketing applications were conceptualized.

There many of different marketing definition in the literature. The American Marketing Association has five different definitions of marketing between 1935 and 2007, and it has needed to change the definitions twice in three years period (2004-2007). Marketing definitions of AMA listed below:

“Marketing is the performance of business activities that direct the flow of goods and services from producers to consumers” (1935)

“Marketing is the performance of business activities that direct the flow of goods and services from producers to consumers or user” (1948)

“Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives” (1985)

“Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders” (2004)

“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” (2007)

Similarly, marketing academicians failed to establish a common platform for marketing definition, until the general acceptance of “marketing mix” as called 4P.

“Marketing consists of those efforts which effect transfers in the ownership of goods, and care for their physical distribution.” (Clark, 1922, p. 1).

“Marketing covers all activities necessary to effect transfers in the ownership of goods and to provide for their physical distribution.” (Maynard, Weidler and Beckman, 1927, p.1).

“Marketing in a broad sense covers those business activities which have to do with the creation of place and time utilities.” (Converse, 1930, p.3).

“Marketing is the performance of business activities that direct the flow of goods and services from producer to consumer or user in order to best satisfy consumers and accomplish the firm’s objectives.” (McCarthy, 1960, p.33).

“Marketing is the analyzing, organizing, planning, and controlling of the firm’s customer-impinging resources, policies, and activities with a view to satisfying the needs and wants of chosen customer groups at a profit.” (Kotler, 1967, p.12).

“Marketing is the set of human activities directed at facilitating and consummating exchanges” (Kotler, 1972, p.12).

“Marketing is human activity directed at satisfying needs and wants through exchange processes” (Kotler, 1976, p.5).

“We define marketing as individual and organizational activities aimed at facilitating and expediting exchanges within a set of dynamic environmental forces.” (Pride and Ferrell, 1977, p.9).

“Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others” (Kotler, 1988, p.11).

“Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others” (Kotler, 2003, p.9).

“Marketing is the process of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate satisfying exchange relationships with customers in a dynamic environment.” (Pride and Ferrell, 2003, p.4).

Re-deriving or polishing of existing marketing concepts, or combining different concepts and presenting them such as new approaches cause discussions on marketing and created a negative image as marketing duplicating itself. Also, some applications and concepts of the today’s marketing generates some dilemmas and it is not easy to achieve presence of these contradictions.

- Can customer orientation be achieved by shortening the product life cycle?
- Could production of tailor-made (specialized) goods and services be achieved through the mass production and without existence of sectoral specialization of small businesses?
- More affordable prices without compromising the quality level could be achieved?
- Do consumers suffer from confusing price ranges for same or similar products/services?
- Which variables should be taken into account by consumers when they intend to evaluate different products based on their prices?
- Do manufacturers-retailers have to provide economies of scale? Is self-sufficiency no longer possible with the state of small scale?
- Is it possible to provide sustainability by accelerating the consumption?
- Is social responsibility a tool of promotion or an approach that focuses one quality of opportunity?

In this study, in order to seek answers to these questions, Akhi organization has been investigated with its similar applications with today's marketing practices.

## **2. Philosophy of Akhism**

Akhi means "brother" in Arabic and it is supposed that the word derived from Turkish word "Akı" that means bravery, heroism and generosity (Bayram, 1991). Akhism, is a trade based organization that emerged after the transition of Turks from nomadic to settled culture (Göktürk, 2004). Akhism can be regarded as a philosophy that synthesis of Turkish traditions and customs with Islamic beliefs by the 13th century, from the last periods of Seljuk Empire until the last years of the Ottoman Empire (Ekinçi, 1989).

In Akhism, owing to its “human-centered” approach, an individual or party not subject to a preferential treatment or discrimination. Both working life and social life were dominated by a “win-win” perception. Akhism system was taking into account the welfare of both producers and consumers.

The mechanism as a whole was built on the harmony of each component and also not individual benefit but common mind and welfare. There are many distinctive characteristics of the Akhism than the system approach that occurred right after The Industrial Revolution.

When compared the master-apprentice relationships of Akhism with boss-employee relationship of the Europe (after the Industrial Revolution) it is realized that Akhism could be summarized as “horizontal solidarity” where Europe could be regarded as “vertical conflict”. Probably “win-win” perception and sense of solidarity in Akhism prevented a conflict of interests in society for centuries.

The Akhism has some basic attitudes and behaviors those based on affection and respect. Some of these can be summarized as; honesty at work, integrity, tolerance, altruism, flawless goods and services, a certain and moderate amount of gain, accuracy, generosity, respect to people, hospitality, truthfulness, sense of shame, auto-control, frugality, not to stock (focus on the quality of production rather than accumulation of capital), division of labor, the will to work, sweat of brow (elbow grease), solidarity and cooperation. All of these attitudes and behaviors were built a quality control system, a fair competitive environment, quality and standardization, control on market and thus protection of consumers assured. Unplanned and disproportionate growth of businesses was not allowed in Akhism. Volume of production was being formed in accordance with demand, enrichment by hoarding (a hidden fund or supply stored for future use), unfair competition, unjust enrichment were prevented situations. The key element was considered the quality rather than the volume of production. Thus, the consumers were being protected as well as honest and contented craftsmen/artisans were supported. Competition phenomenon of Akhism was founded on offering more qualified goods and services instead of producing more (Ülger and Ülger, 2005).

In the Akhism, similar goods or services, craftsmen or artisans operated in the same bazaar. Through this method, an auto-control mechanism provided between producers and traders and competition has tuned the level of standardization and quality. Thus consumers had the opportunity to receive better quality and cheaper products and goods in shorter time by comparing alternatives.

Akhism has traditionally attached enormous importance to craftsmanship skills and product quality. And this approach has been resulted in increased consumer orientation. Customer accepted as “velinimet” (do-gooder/benefactor). Each stage of production in Akhism was regulated by certain rules and methods (Çağatay, 1981, p.111). Specified quality and quantity of raw materials was used, manufacturing was realized by specific production techniques (Burak and Özçelik, 2004, p.203).

Production was based on planning of needs. Type and volume of products will be produced was determined by needs of customers. In accordance with Akhism’s own principles, production was limited during low demand and accelerated during the increased demand (Ekinçi, 1991, p.105). The purpose of these restrictions in production was to provide flexibility to respond to changes in demand and also protect producers and consumers from supply-demand fluctuations (Şimşek, 2002, p.180-181).

By price determination function, Akhism prevented high and speculative profits and ensured more affordable prices for customers. In other words, neither cheap nor expensive prices were used by tradesmen, single price was performed for the same quality of product. And so unfair competition prevented, intermediaries did not existed between producers and consumers, and balance between demand-supply provided by consistent price ranges.

There were different market places for each craftsmen which was called by its name of craft. Bedestan, arastas or uzun çarşı was common name of these market places and similar professions were operated in the same market (Şimşek 2002, p.27). It is possible to refer them as specialized market places. To operate in the same place brought about some opportunities for consumer like price and quality comparisons and more affordable products and services due to competition (Köksal, 2006, p.106). After mentioning the general principles and basic characteristics of Akhism, marketing related sides of the issue will be examined in titles listed below.

### **3. Akhism and Consumer Orientation**

Most of the products and services were marketed directly from producer to consumer in Akhism system. It is no easy to talk about existence of intermediaries. When taking into account the form of competition (on quality and specialization basis), it was easy for consumers to find needed products or services in affordable prices because of physical collection of similar goods in same market place (Demir, 2001, p.81-82).

Punishing system of the Akhism which was not written but was adopted and tried to be implemented by the society. Contradictory behaviors to business ethics as bribery, corruption, poor quality of products, excessive profit and etc. were punished with condemnation, shame, loneliness to being abandoned.

Also audit mechanism is a noteworthy feature of the Akhism that provides an environment where consumer buys flawless goods and services. In this control system Akhi leaders were visiting market places, examining the quality and price of products, checking standards and deciding whether consumer rights were providing or not. Controls were including both domestic and imported products by their longevity, quality and suitability for use. Also by these controls demand-supply balance of the market was being examined and after all these observations was being discussed by different parties. All previous decisions were updating according to new requirements of the society (Köksal, 2007, p.38-39). Shortly, businesses has been subjected to external audit by Akhism on behalf of consumers.

Akhism organization was serving as an consumer protection agency. Consumer was asking for new product on conditions of bribery, defected product or earlier obsolescence. It was one of the consumer rights to apply Akhism organization to complain and protect his rights. Consumer satisfaction oriented approach of Akhism can be accepted as a result of consumer perception of the system (as “do-gooder”).

#### **4. Akhism and importance of Quality and Standards**

Manufacturers of variety of durable consumer goods were using a unique symbol (logo) on their products to warranty the quality and longevity of the products. This sign was identity of the product and was defining that manufacturer and business was confirming the quality and proudly standing behind their product.

To ensure the quality of products in Akhism, standards of production defined for products and services (who have the right of manufacturing? What level of quality? How manufacturing will occur? Who will buy the products and what will be the price?) (Şimşek, 2002, p.205-206) This standardization of manufacturing is an example from past to today’s “geographical indication” approach.

The standardization system of production for the first time in history implemented in Ottoman by Akhism. (Akgündüz, 1999). “Kanunname-i İktisab-ı Bursa” (prepared between 1502 -1507 and consist of more than 100 clauses) regarded as the first consumer protection law, first law of standards, the first environmental legislations and the first food legislation (Erdem, 2004, p.63-68).By these regulations necessarily standards of producing goods and services for different sectors has been specified to support consumer protection (Demir, 2001, p.82).

Akhi organization has ensured unique reputation on some different product groups by obtaining high quality standards and auto-control mechanism. For example, finished leather sector was exporting its goods to Europe despite of protectionist practices of customs. Until the 15<sup>th</sup> century foreign demand for these products was too high so that export restrictions or even prohibitions applied (Bayraktar, 1984, p.130).

During production process not following the defined standards by using different ways was described as unforgivable mistake. People who do not ensure a certain quality standard were being announced as “abusive” in society. Declared to be abusive, is a heavy and disgraceful crime for a tradesman and abusive ones would not supply raw materials and able to sell. Penalties such as prohibiting from trading, closure of business were implemented in Akhism and moreover cut off contact with the person in social life in other words a social isolation would executed in some cases (Köksal, 2006, p.104-105). The idiom, “To throw the shoe on the roof”, used by the Turkish is known by all. This idiom was derived from an Akhi application. Akhi Evran, the founder of Akhism and the master of the artisans and the craftsmen, used to analyze the standards of shoes made by shoemakers while passing through their market and used to cut the shoes he saw and realized that were trickish and threw them to the roof of manufacturer. When such a thing happened, the news spread quickly in society and it was said that “Master so-and-so’s shoe is thrown to the roof”. As a result of The master whose shoe was thrown to the roof could’t go out in the public, and tried his best to be forgiven. (İstesob, 2012).

In Akhism also human rights, labor rights and innovation were accepted as important values. Attached importance to industrial property rights can be understood by the example of Nişo. Nişo was a non-Muslim citizen in Ottoman who had the trademark of severe cut style of sajjada (prayer rug for Muslims) weaving (Tesob, 2006).

#### **5. Akhism and Sustainability**

Today's marketing understanding requests increase of consumption in continuous manner. Whereas Akhism consuming as much as needed and sharing the remaining with others is essential. So production considered as a function of need.

Akhism was against all types of wastage and was limiting the production volume whenever necessary (Ekinci, 1989, p.68). When comparing with up-to-date marketing applications, Akhism could be accepted as more human and nature oriented for sustainability of global resources and cultures.

External audit system of Akhism was controlling each craftsmen and tradesmen for the quality and compatibility with standards of products they served. And standard of the product was basic determiner of the price. So that a customer would know the longevity of the product according to money he paid. If product wear out early he would go to seller to ask for return his money. (Ekinci, 1991, p.70). It is obvious that Akhism was encouraging the sustainability by caring on longevity and durability of products.

## 6. *Akhism and Social Responsibility*

It was a serious crime in Akhism to denigrate products of others, to imitate products of others, to interfere customers of others (Ekinci, 1989, p.64). Frugality and altruism were most basic life values in Akhism. In this culture it is not easy to find individuals who use "I" or "me" words. So that in Akhism, a craftsman or artisan could redirect his customer to his neighbor counterparts with the reason of his colleague has not done first sale of the day. (Gölpinarlı, 1950, p.90). This fair competition and frugality in business life has effected social life of Akhism. Fund of the members (craftsmen, artisans, tradesmen) provided not only financing the members but also fair distribution income and social equilibrium achieved. Social responsibility was a essential value and sense for Akhism. Focusing on common welfare and supporting the indigent people were some necessities of ethic perception of Akhism.

Numerous of Akhi foundations were established (some of them still exists). By *Dowry Foundation*, orphan or poor girls who were at the age of marriage has supported for their marriage needs and expenses. *Ash Foundation* has provided services like breaking ice fringes and melting ice by using ash to prevent especially elderly people and children from falling. *Harik-Zegedan Foundation* supplied temporary shelter and services for people who left homeless after fire or any other reason. In *Guraba Hospitals*, medical examination, treatment and medicine needs of orphan or poor people were met.

## 7. *End of Akhism*

Akhism Organization, which almost survived 630 years, has been affective in the Anatolia. Organization have begun to lose its effectiveness due to many relevant events. Some of these are;

- Demoralization of social and business ethics,
- Weakening of the central authority.
- New uncontrolled and noncompliant tradesmen and craftsmen who were not eligible.
- The capitulations which provided extraterritorial privileges to foreign merchants.
- Akhism philosophy that not supports mass and uncontrolled production and also hoarding
- The Ottoman-British Free Trade Agreement signed in 1838 that turned the country to an open market of Europe.

According to facts mentioned above, capitalist system has damaged Akhism with its different instruments. Actually basic principles of capitalism were contrary to Akhism. Akhism could not stand out against the reality of concepts as "economies of scale", "mass production", "accumulation of capital". In other words destructive impact on Akhism was spirit of capitalism that encourages more and faster production, more consumption (by creating artificial demand) and capital accumulation.

## 8. *Discussions*

It is possible to accept that some of major marketing concepts and approaches which presented as new facts after the industrial revolution or even after the new millennium were the poor duplications of previous cultures. Some concepts as *direct marketing*, *personalized products*, *social responsibility*, *consumer orientation*, *increased producer responsibility*, *customer relationship management*, *integrated marketing communication*, *event marketing*, *green marketing*, *sustainability* could be exemplified by many of different applications of Akhism.

In most cases we can see Akhism applications were closer to real philosophy of these concepts even those were not named. Standardization system, product longevity, stable price ranges, external audit system, fair competition, consumer rights, social responsibility, social punishment mechanism and more features and principles of Akhism were serving an environment where consumer oriented, direct marketing and sustainability were dominated elements.

Analysis of the reasons for the collapse Ahi organization, effective existence of the elements of capitalism will be the same as the basic principles. Today's marketing is based on the concepts of capitalism, directly or implicitly taken into account the appreciation of the past, the Ahi system is clearly understood that the present practices do not overlap at all.

Major reason of losing the efficiency of Akhism as an organization could be summarized as aggressive essence of capitalism (reason for existence of capitalism). It is also possible to find direct or indirect organic relations between capitalism and marketing applications, it is very clear that most of the concepts and practices of marketing based on capitalist philosophy. It is understood that the philosophy and practices of Akhism do not overlap with marketing's. However word meaning of the most concepts of marketing looks compatible with Akhism, practices and results indicate contrasts. In this context; is there paradigm shift or ethical shift? Is it possible to accept the existence of a loop for same concepts in historical perspective?

Most of the modern or new concepts of marketing were real cases and applications in the past. So that features and qualifications of these cases were beyond the meaning of today's concepts. At this point, marketing needs a holistic view on conceptual framework to answer whether is marketing renewing itself continuously or repeating itself in a loop? For this purpose historical analysis of different cultures and benchmarking of marketing related applications will be useful.

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