

What do we mean by ‘market’ in industrial marketing and purchasing?

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Abstract

One of the most basic concepts in any field of business management is undoubtedly the concept of *market*, especially within the field of industrial marketing and purchasing. However, the content and definition of market as a concept has received only scant attention in the research within marketing discipline. The purpose of this paper is to take one step towards a more specified conceptualisation of the market especially in the industrial marketing and purchasing context. Moreover, the aim is to give some preliminary views on what kind of conceptualisation would enable the industrial marketing and purchasing research to understand the phenomenon in a most fruitful way. The paper identifies the conceptualisations of market existing in the marketing literature. In addition to this, as a conclusion, the paper puts forward a suggestion that the conceptualisation of the market as a process would provide the most fruitful way of defining the concept for the specific context of industrial marketing and purchasing. The paper is a theoretical paper.

Introduction

The concept of market is one of the most basic concepts in any field of business management, especially so in marketing. In their search for the proper domain of marketing discipline, Sheth, Gardner and Garrett (1988 p. 191) argue that the market behavior includes the behavior of buyers, sellers, intermediaries, and regulators in exchange relationships and that all of these should constitute the focus of marketing. In this view, a market can be seen to exist wherever there is some potential for exchange to take place. Thus, the term market should be seen as an essential part of any industrial marketing and purchasing activities, as it entails interactions and exchanges taking place between sellers and buyers.

Researchers in marketing have applied a variety of different perspectives to the market concept, ranging from, for example, regarding the market as a group of customers, as a place, or as a type of exchange mechanism. Due to the wide use of the concept within the marketing discipline, the market concept can be seen to possess different meanings depending on the textual and disciplinary context. The diversity in the use of the concept may be seen as a shortcoming in the industrial marketing research. The purpose of this paper is to take one step towards a more specified

conceptualisation of market. Moreover, the aim is to give some preliminary views on what kind of conceptualisation would enable the industrial marketing and purchasing research to understand the phenomenon in a most fruitful way.

The clarification of the use of the market concept is also essential from a managerial perspective. If we consider the current pace of development in different industries, e.g. in high technology industries, the changes taking place in markets can be seen to represent many types of challenges for companies, both for buyers and sellers. For example, as new markets emerge, companies, both buyers and sellers need to understand the characteristics and dynamics of these in order to operate successfully. Also, companies may need to find ways to influence on how the new markets develop. Although the development of industries and markets does not represent any new issue in management literature, in fact rather little knowledge can be found in terms of influencing on the development of e.g. competitive supply market (Ulkuniemi 2003). Therefore, opening up the meaning of market needs to be done in order to understand to what and by which means we need to influence on, when we want to develop the markets.

In order to achieve the aim of the paper, the different conceptualisations of market are identified from the existing marketing literature, including both scientific articles and textbooks. The identification of these conceptualisations enable us to achieve a more organised view of how the market concept is used in the literature. Thereafter, the specific features of the industrial marketing and purchasing context as opposed to consumer marketing context are discussed. The purpose is to analyse the identified market conceptualisations in the context of industrial marketing and purchasing in order to suggest which of them could provide a fruitful conceptualisation for this specific context.

Review of existing conceptualisations of market

The term ‘market’ is a basic concept often used when discussing business management, whether from a practically oriented or a theoretical point of view. ‘Consumer markets’, ‘business-to-business markets’, ‘target markets’, ‘supply markets’, ‘competitive markets’ or ‘market shares’, for example, are typical concepts in business management. If we take a look of the dictionary definition for the term market, for example the oxford dictionary in 37 different meanings for the concept (www.oxfordreference.com). One of the most distinctive issues when considering the term ‘market’ is its use from a linguistic perspective, either as a noun (*a market*) or as a verb (*to market*) (Barnhill and Lawson, 1980). By referring to the verb-use of the term, we come close to discussing the term ‘marketing’. In other words, it is easy to understand that ‘to market certain products’ is close to the notion of ‘marketing’. The essence of marketing has no doubt gained interest in the marketing literature quite extensively, as definitions of marketing have been presented in textbooks and articles in different streams of literature. Thus, in this paper the focus is on understanding the noun perspective of the term.

In this paper the different conceptualisations of market as a noun are identified especially from the marketing literature, including text books as well as scientific articles. However, in the following, we first need to take a look at the way market has been conceptualised in the traditional economic perspective because these theories, e.g. the theory of perfect market, forms the basis also for some of the conceptualisations used in marketing research. In addition to these, we will also discuss shortly the way the market concept has been defined in the more sociological streams of literature before going into identifying the conceptualisations from the marketing literature.

The term market has been extensively discussed in the field of economics, and a lot of effort has been devoted to developing theories of market. In microeconomics a market has been defined, for example, as a group of firms or individuals that are in touch with each other in order to buy or sell some goods (Varian 1996, Frank, 1997). One of the most famous theoretisations of the market phenomena in the economic perspective is no doubt the perfect market theory. The theory of perfect competition suggests a market situation in which several competitors are providing similar products or services. Buyers are perfectly aware of the product characteristics and the prices are determined by the classical demand curve. Exchanges in the market are seen as isolated events, with no connections to previous exchanges or between the exchange participants. The sellers and buyers are seen as entering and leaving the single exchange situation as strangers. Moreover, an essential assumption in this kind of conceptualisation of market has been that the actors are seen as rational decision makers; economic value and costs are the main determinants of buyers' and sellers' decision in the exchanges. (Varian 1996, Frank 1997).

However, the theory of perfect market has for long been rejected as a description of real-life market phenomena. Economists have identified a variety of different factors that restrict the formation of perfect markets. Both factors from external forces, such as government interventions and factors within the market, such as buyer concentration, product differentiation, etc. have been studied as market imperfections. Thus, also other types of market structures have been identified in addition to the perfect market. Alternative explanations to the markets include oligopoly and monopoly (McCarthy & Perreault 1987). *Oligopoly* is a market situation in which only a small number of usually rather large firms supply either similar products or services (pure oligopoly) or partially differentiated (differentiated oligopoly) products. Supplier firms in oligopolistic competition strive for differential advantage in relation to, for example, customer service, brand image, logistics excellence or the like. Any attempt on the part of sellers to increase prices may result in drastic

decreases in sales volume. *Monopoly* is a market situation in which suppliers are able to differentiate their offers in whole or in part. Each seller brings some unique competence to the markets and offers distinctively valued services and products. Customers, however, may regard the products offered by the suppliers as more or less tolerable substitutes. In a pure monopoly, only one supplier exists and provides a unique product or service. This situation may result from, for example, excellence of the company, regulatory edict, patent, licence or scale economies.

Although it has been argued that theories of monopoly and oligopoly describe more realistic conceptualisations of the market phenomena, the understanding of the basic attribute of market still remains. In other words, there is the assumption of impersonal and single exchanges. However, the theory of perfect competition and other alternative market structures has a profound influence on the way marketing and purchasing literature has conceptualised market. The equilibrium of supply and demand as well as the pricing mechanism has been the basic aspects of the market. In the economic theory, especially the so-called Austrian school (e.g. von Mises 1949) has emphasised the market as a process which is actuated by the interplay of the actions of various individuals co-operating under the division of labour.

The notion of market has also been rather extensively studied from more sociological perspectives. Studies of this kind have concentrated on market as human behaviour. Moreover, the purpose has been to understand the market as behaviour of human beings as members of social groups. This perspective provides us with some insight into the role of actors in a market. Callon (1998) provides an interesting sociologically emphasised discussion on the notion of market.

According to Callon (1998), the distinction between the two meanings of the market term also describes the difference between economics as a discipline and economy as a thing. It also

highlights the difference between the theoretical and practical side of the market concept. Callon (1998) presents Guesnerie's (1996) general definition of market, stating that market is a co-ordination device in which the agents pursue their own interests through calculating, maximising, optimising etc. Furthermore, according to this definition, agents have differing interests that lead them to conflicts solved through transactions with defined prices. This definition illustrates the agents as entering and leaving the transaction situations as strangers, being non-anonymous only during the short period of the actual exchange.

Conceptualisations of market in the marketing literature

The market is a state of being that is a fundamental element from any perspective of business management. Issues related to marketing and more generally to business management are based on the functioning of markets. Well-known marketing themes such as pricing, consumer behaviour, promotion, products, distribution channels, etc. are all based on the functioning of market and in fact, the notion of market can even be regarded as the precondition for the existence of marketing and business management (Barnhill & Lawson 1980 p. 50). Thus, the market also forms the basis for marketing theories, and it can be seen that the theory of market rests on the ontology of markets (Halinen & Törnroos 1995 p. 501). Despite the understanding of the markets as a basic underlying issue for the marketing and business management phenomena, different meanings still exist for the concept of market in the marketing literature.

Although the market is such an essential issue for marketing and business management, the concept has not been very thoroughly elaborated as a phenomenon in the literature. Market as an exchange mechanism or as a group of customers, however, has gained much more interest in the marketing literature. In the 1960s the in-depth content and definition of market was discussed to some extent in marketing theory textbooks (e.g. Bartels 1962, Cox *et al.* 1964), but towards the turn of the

century the theme no longer attracted very much interest. The active elaboration and definition of the market term may be seen as fading away to the background in the current marketing literature. It is a concept very often used in marketing theories, but without much thought given to the deeper understanding of the issue. Furthermore, as mentioned, a variety of different meanings for the word have emerged in the marketing literature. In the marketing theories, the term market has been used in many meanings. In the following, I will discuss some of the most important meanings of the market concept that I have found in the existing marketing literature, namely, markets as a place, as a segment, as an exchange mechanism and, finally, market as a process (see Table 1).

Table 1. Different conceptualisations of markets in the marketing literature.

	Market as a place	Market as a segment	Market as an exchange mechanism	Market as process
Disposition of market	A place where supply and demand meet; a marketplace. Physical or abstract location where suppliers and buyers can meet for the purpose of exchange	A group of potential customers, segments. Individuals or organisations with similar needs	Market is an exchange mechanism determined by price and quality and in which anonymous actors conduct transactions.	An active and self-organising process involving the exchange interactions of buyers and sellers and the actions of other bodies that facilitate such transactions, e.g., stock exchanges, promoters, agents, shippers, etc.
Main components of market	Market includes/provides means to facilitate exchanges between buyers and sellers	Market consists of actors (buyers and/or sellers) with similar needs of a certain product	Market provides an exchange mechanism through which transactions can be conducted	Market is a phenomenon consisting of various kinds of exchanges and exchange mechanisms
Representative marketing research	Early conception of market, e.g. literature on historical development of economical activities describes this, e.g. Cox <i>et al.</i> (1964) Electronic commerce and e-marketplaces, e.g. Benjamin & Wigand (1995), Baratt & Rosdahl (2002), Knudsen (2003).	Marketing management approach, e.g. Sissors (1966), Evans & Berman (1988), Husted <i>et al.</i> (1989), Pride & Ferwell (1993), Assael (1993), Skinner (1990), Kotler (1997).	Business relationship research, network perspective, e.g. Möller (1994); Möller & Wilson (1995).	Not a distinctive area in the literature, some mentioning e.g. McInnes (1964) Arndt (1979), Barnhill & Lawson (1980).

Market as a place. One of the most simples and in fact also the earliest conceptions of the market is to regard it as a place. One could talk about a *marketplace*, which is more or less a physical place,

or even a geographical location where demand and supply meet and exchanges occur, or in a similar vein, a place where people and/or goods are assembled for the purpose of exchange. This conception of markets can be related to the earliest conceptions of the term, if we consider the historical development of economical activities (Cox *et al.* 1964 p. 53, Arndt 1979 p. 69, Barnhill & Lawson 1980 p. 51, Callon 1998 p. 2). In marketing research and practice, the market as a place perspective has been used also very recently. Especially in the marketing literature focusing on information technology and the Internet, the marketplace concept has been used to refer to e.g. a www portal as a virtual marketplace (see e.g. Benjamin & Wigand 1995, Baratt & Rosdahl 2002, Knodsen 2003).

Market as a segment. In addition to understanding market as a place, another, more often used conception of markets in the marketing literature is that of markets as a group of people or organisational customers. Sissors (1966) examines some ways of defining markets, and comes to the conclusion that markets are people, different kinds of people. The article also presents different ways of grouping people in the markets, i.e. alternative segmentation strategies. By using different variables markets may be divided into different kinds of segments. A typical way of defining a certain market from this perspective is to divide the markets on the basis of products sold. This conception of markets has been very much prevalent in the marketing literature (see for example Evans & Berman 1988, Husted *et al.* 1989, Skinner, 1990, Pride & Ferrell 1993 p. 106, Assael 1993 p. 70).

According to Halinen and Törnroos (1995 p. 502), the understanding of the markets as a group of more or less anonymous people is closely connected to the marketing mix approach. The marketing mix approach has emphasised the role and practice of marketing through mixing the elements of product, promotion, distribution and price in an optimal way for each marketing situation. For

example, Kotler (1997 p. 13) has described markets simply as all those potential customers that a company may aim at attracting. Essential to this perspective is to see the people or the organisations of which the market is composed as anonymous actors who react to the actions of the sellers. The marketing mix approach has had its influence on the use of the market concept as a group of potential customers in the marketing literature, and thus this meaning of market is still very widely used in marketing theory.

It can also be seen that the view of market as a group of potential customers is fairly close to the marketplace perspective, i.e. understanding that all potential exchange partners exist somewhere, and that this is defined as the markets. In other words, these two meanings of the market concept may be seen as partly overlapping.

Market as an exchange mechanism. Especially in the current business-to-business marketing literature, the meaning of market has also been related to different types of exchange mechanisms seen through the different exchange mechanisms used. This has been a particularly important theme in the business-to-business marketing literature. There has been an understanding that different kinds of ways exist in which companies organise their economic exchanges with external parties (e.g. Webster 1992). In other words, it has been understood that there are different types of exchange mechanisms, and that these also form the basic differences between different types of markets. Moreover, it is very typical that the actual term ‘market’ or ‘market exchange’ has been used to describe a situation in which competitive market forces determine the terms of trade between the buyer and seller, such as proposed in the traditional perfect market theory. Other types of situations or ways of conducting economic exchange would be more relational exchanges, in which more long-term reciprocity and interdependencies have developed between the buyer and the seller (Dwyer *et al.* 1987). In other words, it has been understood that ‘market’ is a situation close to

perfect market theory, one where exchanges between the buyers and sellers occur as a discrete event, whereas another type of situation is referred to as business relationships and networks composed of business relationships. Thus, the concentration of different exchange mechanisms has emphasised that 'market' is described by exchanges similar to those described in traditional economic theories.

The more relational exchanges, on the other hand, are described as occurring in business networks, which are seen as exchange relationships between firms. According to Möller and Wilson (1995 p. 9), another meaning for network, however, is an industrial or commercial system in which the firms and other relevant organisations are assumed to be related thorough a web of exchange relationships. This latter definition of a network indicates the markets as networks. The network perspective has been seen as providing an alternative conceptualisation of the traditional models markets. So in this view, markets are seen as a system of economic exchange.

Market as a process. A fourth type of meaning for the concept of market understands market as a process³. From this perspective, markets have been described as the process in which supply and demand are cleared by orderly, decentralised exchange processes (Arndt 1979 p. 70). Thus the process perspective can also be seen as suggesting that market is an incentive or information system or even a co-ordination mechanism (Arndt 1979). According to Barnhill and Lawson (1980 p. 51), seeing market as a process provides us with a more encompassing perspective of the issue, especially if we consider it for the purposes of marketing. According to their definition, the market is 'an active process involving the exchange transactions of buyers and sellers and the actions of

³ The market process perspective has been studied quite extensively in the field of economics for several decades. Emphasis has been given to a variety of different issues; market participants as entrepreneurs, knowledge, social behaviour of market participants, etc., of course in addition to price equilibrium. In this connection, however, we will concentrate on the application of the market process presented in marketing theories. The notion of markets as a process involving exchanges between the market participants, buyers, sellers and different kinds of mediators has also been used to some extent in the marketing literature; similarly as has been suggested by economic theories (e.g. von Mises 1949)

other bodies that facilitate such transactions'. In other words, understanding markets as a process provides us with a wider range of elements than does the marketplace or market as a segment perspective.

Markets are composed of the numerous exchanges taking place between the participants; some of them identified as sellers or intermediaries and some as buyers. This kind of concentration of the exchanges between the actors in the market has been emphasised in the marketing literature by researchers of the so-called interaction perspective that has emerged in the field of industrial marketing (Håkansson & Snehota 1995, Möller & Wilson 1995, Ford *et al.* 1998). The perspective concentrates on business relationships and on the interactions that the buyers and sellers have in the relationships. The approach has looked at markets from the perspective of continuous and changing exchange processes, especially between firms. The business actors and their activities from both selling and buying firms are seen as the core of the market. The essence of understanding the market from the interaction perspective is to focus on the relationship between a buyer and a seller. Thus this perspective focuses on the key element of the market process: the exchange between the market actors. The interaction perspective, however, is more interested in the specific relationships that exist between the counterparts; the research focus has been on understanding the essence, dynamics and the development of long-term relationships between buyers and sellers.

The network perspective views markets as networks of relationships between different organisations (Håkansson 1987, Axelsson & Easton 1992, Håkansson & Snehota 1995, Ford 1997). Thus, the point of view in this approach is to look at the markets as being composed of actors, activities and resources. Actors perform activities and control resources. Activities occur when one or several actors combine, develop, exchange or create resources (Håkansson & Johansson 1992). In the so-called ARA-model, actors are supposed to have direct or indirect control over certain

resources. Direct control is related to traditional ownership of certain goods, for example, whereas indirect control over resources refers to relationships with other actors. It is thus assumed that actors have control over a variety of different resources through their networks of relationships. This makes the understanding of market exchanges even more complicated.

Research focusing on project marketing has suggested the concept of 'milieu' to describe market (Cova *et al.* 1996). According to this view, milieu is a socio-spatial configuration that can be characterised by four elements. These are (1) a territory, (2) a network of heterogeneous actors related to each other within this territory, (3) a representation of constructed and shared by these actors and (4) a set of rules and norms regulating the interactions between these actors. (Cova *et al.* 1996 p.654.)

The contribution of the marketing theory to the understanding of the market process can be crystallised to the connectedness of the exchanges, and moreover, of the exchanges between different participants in the market process. Although the exchange is the essence of the market process, it cannot therefore be merely analysed as an independent issue, but rather as a piece of a larger puzzle. The networks are often regarded as 'stable but not static' (Axelsson & Easton 1992) and by this researchers refer to the fact that many business relationships, especially those between industrial firms, are very long-term, making also the networks correspondingly rather stable. In other words, the networks, i.e. the markets, do not change overnight, but rather, they change slowly.

Thus, the conceptualisations of market concept identified from the marketing research include the market a place, as a segment, as an exchange mechanism and as a process. In order to explore the conceptualisations especially in the industrial marketing and purchasing context, we need to next take a look at the characteristics of that context.

Characteristics of industrial marketing context

The industrial marketing context represents a complex and multi-faceted area. The most distinctive difference between the consumer and business markets involves the customer base. In organisational markets, the customer is an organisation that buys products and services for a variety of purposes. Industrial customers can buy products for several different uses: for incorporation, consumption, use or resale. The nature of the buyer organisations can also vary from industrial customers of different sizes, to governmental agencies and not-for-profit institutions. (Kotler 1997, Hutt & Speh 1994, Dwyer & Tanner 1999.)

It is also argued that the characteristics of demand are different in the two types of markets. In business markets, the demand is derived in the sense that it is dependent on the development of demand in the end-user markets. The demand in business markets is also joint demand. This refers to a situation in which products and services are used together and are therefore demanded together. In business markets, the demand is also inelastic; a change in prices does not influence demand as strongly as in consumer markets. (Kotler 1997, Hutt & Speh 1994, Dwyer & Tanner 1999.)

An important distinguishing feature of business markets is also buying decision-making. In consumer markets, the decision is made by an individual customer or a group of persons in a particular household. In business markets, organisational decision-making is argued to be much more complex. Several people in different roles and with varying responsibilities take part in the decision-making, and the arguments used in the process are seen as being more thorough and rational than those used in consumer decision-making. In addition to individual buyer's personal factors, also different kinds of social and group dynamics influence the purchasing process. The buyer in industrial markets is usually a professional buyer using sophisticated and effective

purchasing tools and instruments. This makes the market exchange more complex to understand. (Kotler 1997, Hutt & Speh 1994, Dwyer & Tanner 1999.)

In business markets, the exchange mechanisms used vary a lot. In today's world of commercial trading, the traditional view of transactional exchange has proved to be rather limited and ineffective. This may be due to several reasons, for example the increasing technical complexity of products and exacting buyer standards and a variety of dependencies between buyers and sellers. The price and competition based view of market transactions is not therefore always an applicable method of co-ordination. Companies have developed different kinds of co-operative ways of conducting market transactions. (Dwyer & Tanner 1999)

If we consider this kind of analysis of the differences between these two types of markets it is clear that the markets are seen as entailing a lot more than merely a group of customers, such as demand, characteristics of buyers, decision-making, exchange mechanisms, etc. Thus, the identification of the market conceptualisation that would enable the industrial marketing and purchasing research to understand the phenomenon in a most fruitful way, needs to take this into account.

Towards a conceptualisation of market for the industrial marketing context

Next our aim is to give some preliminary views on what kind of conceptualisation would enable the industrial marketing and purchasing research to understand the phenomenon in a most fruitful way. In other words, we aim to present a preliminary suggestion on the most applicable conceptualisation for the industrial marketing context.

As it was discussed in the previous section of the paper, the industrial marketing and purchasing context provides a very complex and multi-faceted phenomenon. The conceptualisation that would

in a most fruitful way capture this complexity is argued in this paper to be the market process perspective. As we can see from the Table 1, the market process perspective incorporate the place, segment and the exchange mechanisms all into the market phenomenon. In the following, we will present the arguments for choosing the market process perspective to understand the market phenomenon for the purpose of this study.

The definition of market as a process can be defined as follows: *The market is a process in which market participants and products⁴ are involved in exchange. The market process is active and self-organising and it involves exchange interactions of buyers, sellers, and intermediaries.* This definition is based on the definition of market presented by Barnhill and Lawson (1980 p. 51). The arguments of choosing the market process perspective for the purposes of industrial marketing context are discussed next.

The market process view enables to examine various elements of the phenomenon under study. Barnhill & Lawson (1980 p. 51) have presented that the market process perspective provides a more comprehensive view to the market phenomenon. The market process perspective can be seen to include the place, groups of buyers or sellers and the exchange mechanism dimensions. If we concentrated on the market as a segment perspective, for example, we would be focusing our attention on understanding the definition and the behaviour of a certain group of sellers. On the other hand, if we were to adopt the market as an exchange mechanism, our focus would be on certain types of exchanges while other types of exchanges might be left out. The market process view enables to take all of the different elements of the market phenomenon into consideration. Thus, it enables us to understand market from a broader perspective than the alternative perspectives.

The process view is suitable especially in studying markets in an industrial context. Especially in an industrial marketing setting the market process perspective can be seen to work well in helping to understand the market phenomenon. Typically in a industrial context, there only exists a rather limited number of suppliers and customers compared to a mass market or a consumer market setting (e.g. Hutt & Speh 1994 pp. 5-16, Kotler 1997 pp. 204-206, Dwyer & Tanner 1999 pp. 6-25). Industrial buyers are usually large and their purchase volumes are much bigger than those that an individual consumer can buy. Business markets differ from consumer markets also in the sense that closer relationships often exist between the buyers and sellers compared to the consumer markets (e.g. Ford *et al.* 1997, Håkansson & Snehota 1995 p. 59, Ford *et al.* 1998 p. 4). On the other hand, in industrial contexts, there are also situations in which more transactional interfaces (e.g. Araujo *et al.* 1999) exist between the counterparts. The market process perspective enables us to take also these variations into consideration. If we were to adopt merely the segment perspective to understand the market, it would have been more difficult to take into account these important characteristics of the market in an industrial market context. Similarly, using only the market as an exchange mechanism perspective, would have implied that the different kinds of exchange mechanisms could not have been taken into account in the analysis. Rather, we would have needed to concentrate on transactional relationships between the counterparts.

Industrial marketing and purchasing setting is often also characterised by variations in the way the exchanged product is defined (e.g. Ford *et al.* 1998 p. 156, Araujo *et al.* 1999). Products exchanged in business markets are often characterised by a high level of customisation, and the service component is seen as essential part of the object exchanged between industrial buyer and seller. Thus, also the object of exchange represents a more complex issue than is typically the case in consumer context. The market process perspective enables us to take also this complexity more into account than the other perspectives would have done. For example, by using the market as segment

⁴ By 'product' we will also refer to intangible objects of exchange, such as services.

perspective, the defining of the group of actors that we are studying represents an essential issue. In the case of a market where the object of exchange is complex, the precise definition of the boundaries of the group under study would represent difficulties. Yet the definition of these boundaries would represent an essential part of the analysis. The market process perspective does not merely rely on analysing characteristics and behaviour of a specific group of actors, but also other elements of the market phenomenon are analysed. Thus the market process perspective represents a more applicable perspective for the industrial marketing context.

Dynamism is included in the process view. The market process perspective enables the examination of the dynamic aspects of the market phenomenon. The changes taking place in the market have been suggested of being important characteristics of market as well (e.g. Barnhill & Lawson 1980). If the alternative perspectives to market, such as the segment perspective, for example, had been used, it would have been more difficult to capture the dynamic aspect of the market phenomenon. Thus the dynamism of the market is an important characteristic that the perspective used to understand the market phenomenon needs to encapsulate. Also in more general terms, the market cannot be regarded merely as a static phenomenon.

Discussion and implications for research

In this theoretical paper, an attempt to clarify the diverse meanings that have been given to the market concept in the literature has been made. Moreover, the purpose has been to elaborate the different conceptualisations of the market concept and to put forward the conceptualisation that would provide a most fruitful way of understanding the phenomenon especially in industrial marketing context.

In this study, the four identified conceptualisations of market were market as a place, as a segment, as an exchange mechanism and market as a process. The identification of the different market conceptualisations from the marketing literature can be seen to be one attempt towards clarifying the diversified use of the context. Thus, the four conceptualisations can be seen to provide interesting theoretical contributions as such.

The identified conceptualisations derive from different streams of marketing research and thus each of them probably represent the most applicable conceptualisation for the respective streams. For example, in the consumer marketing context, the use of market concept as referring to the prospective customers may be the most applicable, as it enables to clearly set the boundaries of the market where the marketing's focus is on. However, as we see it, the clarification of the conceptualisation is useful especially in the industrial marketing and purchasing context where the market as an exchange mechanism has been one of the most prevalent conceptualisation. To regard market merely as an alternative exchange mechanism to the more co-operative arrangements is rather narrow use of the term, if we take into account the complexities of industrial markets. For example, in order for a company to understand the possible changes in its environment, e.g. in terms of emergence of competitive markets (supply or customer market), it is not enough to regard the issue merely as an exchange mechanism with specific features. Rather, the whole complexity of industrial market context needs to be considered.

Therefore, in addition to clarifying the diverse conceptualisations of the market, this paper also aimed at proposing the conceptualisation that would enable the industrial marketing and purchasing research to understand the market phenomenon in a most fruitful way. As is was discussed, the process view to market is seen here to provide a conceptualisation of market that would help the research to better understand the phenomenon in the industrial marketing and purchasing context.

The process view to the market enables us to capture the market phenomenon in such a way that specific features of the industrial marketing and purchasing context can be taken into account. The process view regards market as a self-organising process in which exchanges take place between buyers and sellers. This perspective thus incorporates various different elements into the market concept; buyers, sellers, objects of exchange, exchanges and exchange mechanisms. In terms of industrial marketing and purchasing context, various kinds of complexities characterise each of these elements that need to be taken into account when hoping to understand phenomenon in relation to the industrial marketing and purchasing context. Therefore, the use of market as a process conceptualisation could be seen as a fruitful way to understand the issue.

The managerial contribution of the selection of the most fruitful conceptualisation of market is related to the way the market as a phenomena surrounding any company can be understood and perhaps even influenced on. In certain industries, e.g. in high technology industries, there may exist needs for the buyer companies to enhance the development of well functioning and competitive supply of certain standard components (see e.g. study by Ulkuniemi 2003 in relation to software component market). If we hope to understand how the buyer company can influence on the development of this type of supply market, it is not enough that the phenomenon which the buyer aims at influencing on, is seen as a place, as a group of sellers or as an exchange mechanisms. But rather, the buyer needs to take into account the whole market process including the different elements of it; suppliers, buyers, objects of exchange, exchange mechanisms etc.

However, it needs to be pointed out, that the phenomenon of market clearly represents such a complex issue especially in the industrial marketing context, that clearly more research is required. In addition to conducting thorough conceptual analysis over the issue, one of the most important future research avenues lies also in incorporating the empirical evidence. In other words, more

knowledge is needed in relation to understanding the market as a phenomenon from the industrial marketing perspective.

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