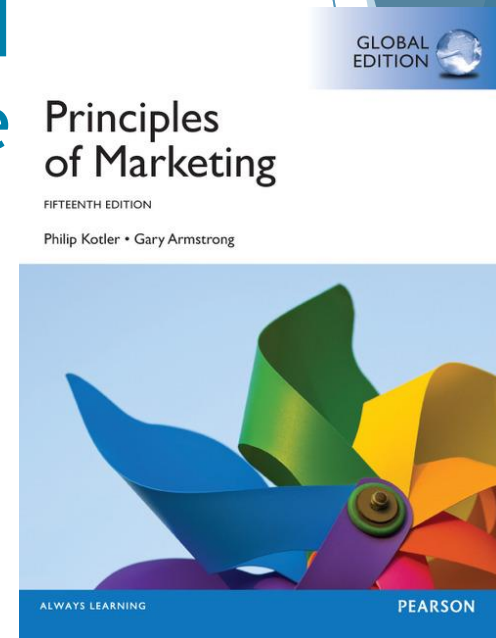


CHAPTER ONE

Marketing: Creating and Capturing Customer Value

Lecturer: Emran Mohammad
Mkt: 202 (Section 3,4)



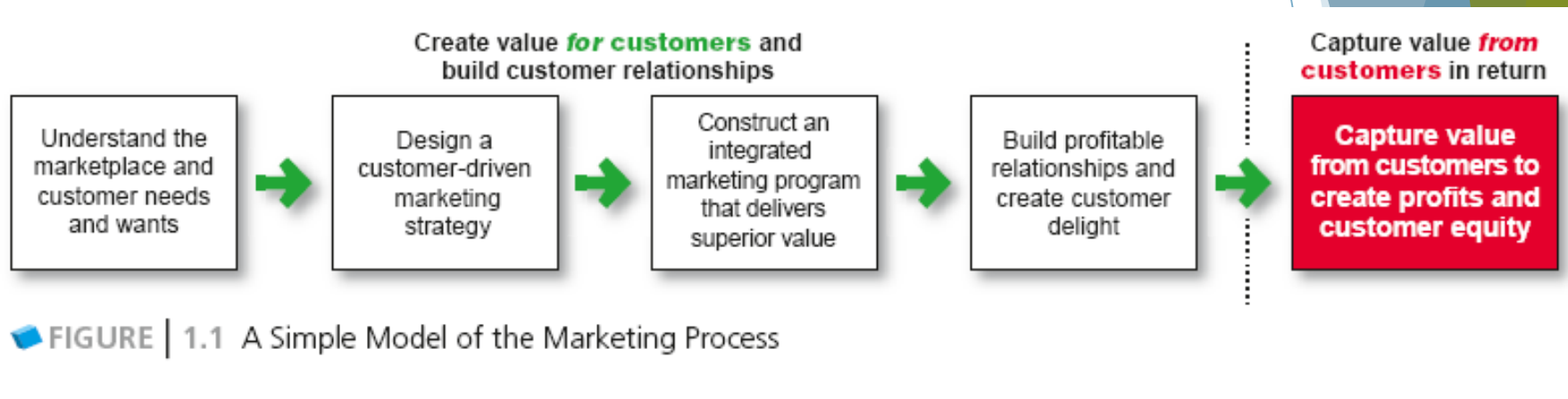
What Is Marketing?

Marketing is a process by which companies **create value** for customers and build strong customer relationships to **capture value** from customers in return.



**“everything you do
is marketing”**

What Is Marketing? (cont)



Understanding the Marketplace and Customer Needs

Customer Needs, Wants, and Demands

Needs

- States of deprivation
 - Physical—food, clothing, warmth, safety
 - Social—belonging and affection
 - Individual—knowledge and self-expression

Wants

- Form that needs take as they are shaped by culture and individual personality

Demands

- Wants backed by buying power

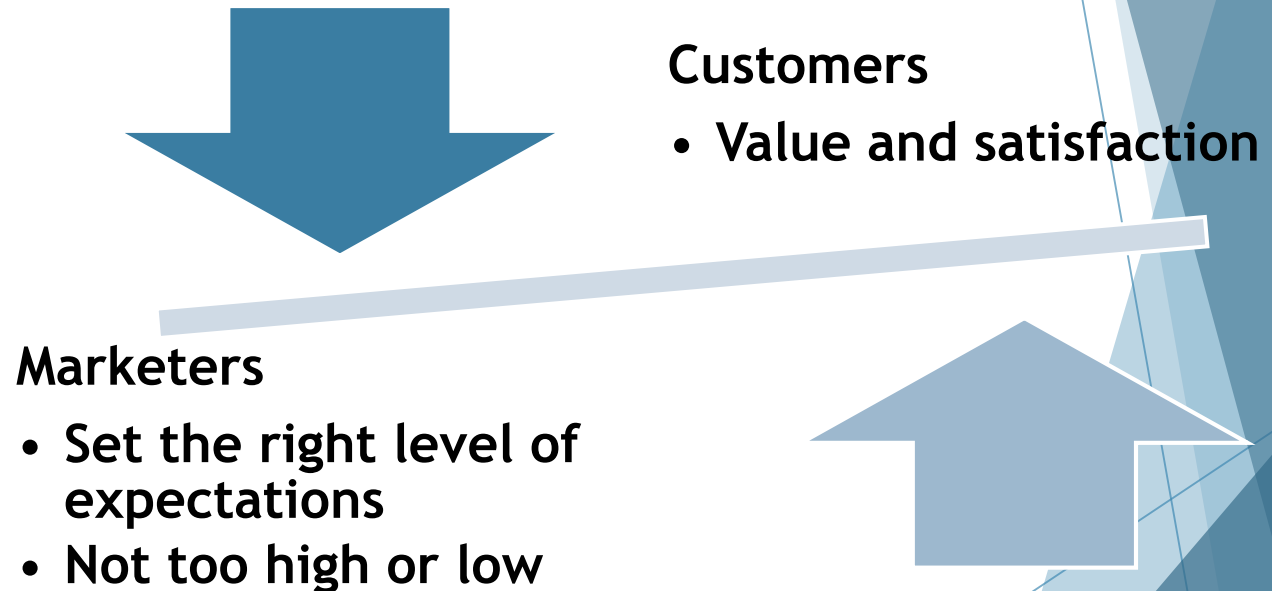
Understanding the Marketplace and Customer Needs

Market Offerings: Products, Services and Experiences

- ▶ **Market offerings** are some combination of products, services, information, or experiences offered to a market to satisfy its needs or wants.
- ▶ **Marketing myopia** is the mistake (made by sellers) of paying more attention to the specific products of a company than to the benefits & experiences produced by the company

Understanding the Marketplace and Customer Needs

Customer Value and Satisfaction



Understanding the Marketplace and Customer Needs (cont)

Exchanges and relationships

Exchange is the act of obtaining a desired object from someone by offering something in return.

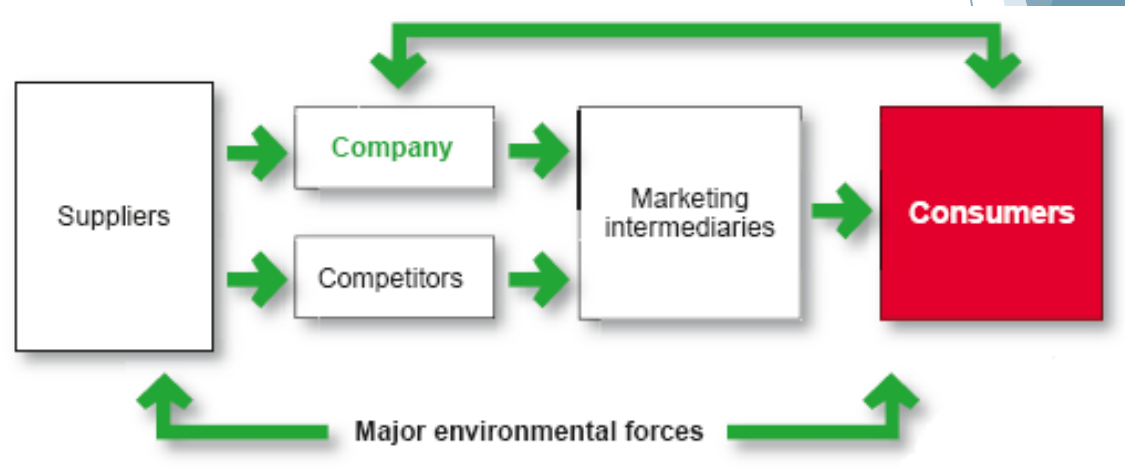
Marketers aim at building strong **relationships** by consistently delivering superior customer value.

Understanding the Marketplace and Customer Needs

A **market** is the set of actual and potential buyers of a product.

FIGURE | 1.2 A Modern Marketing System

Each party in the system adds value. A retailer like Géant cannot fulfill its promise of low prices unless its suppliers provide low costs. A carmaker like Mercedes cannot deliver high quality to car buyers unless its dealers provide outstanding service.



Designing a Customer-Driven Marketing Strategy

Marketing Management

Marketing management is the art and science of choosing target markets and building profitable relationships with them.

- ▶ What customers will we serve?
- ▶ How can we best serve these customers?

Designing a Customer-Driven Marketing Strategy (cont)

Selecting Customers to Serve

Market segmentation refers to dividing the markets into segments of customers.

▶ Target marketing refers to which segments to go after.

Demarketing is marketing to reduce demand temporarily or permanently

the aim is not to destroy demand but to reduce or shift it.

DEMARKETING

Designing a Customer-Driven Marketing Strategy (cont)

Why De-Market??

- Shortage of supply
- Want to promote newer products
- The company is not having enough sales with the current product



Designing a Customer-Driven Marketing Strategy (cont)

Choosing a Value Proposition

The value proposition is the set of benefits or values a company promises to deliver to customers to satisfy their needs.

BMW: Ultimate Driving Machine

Youtube: Provides a place for people to connect, inform and inspire around the globe.

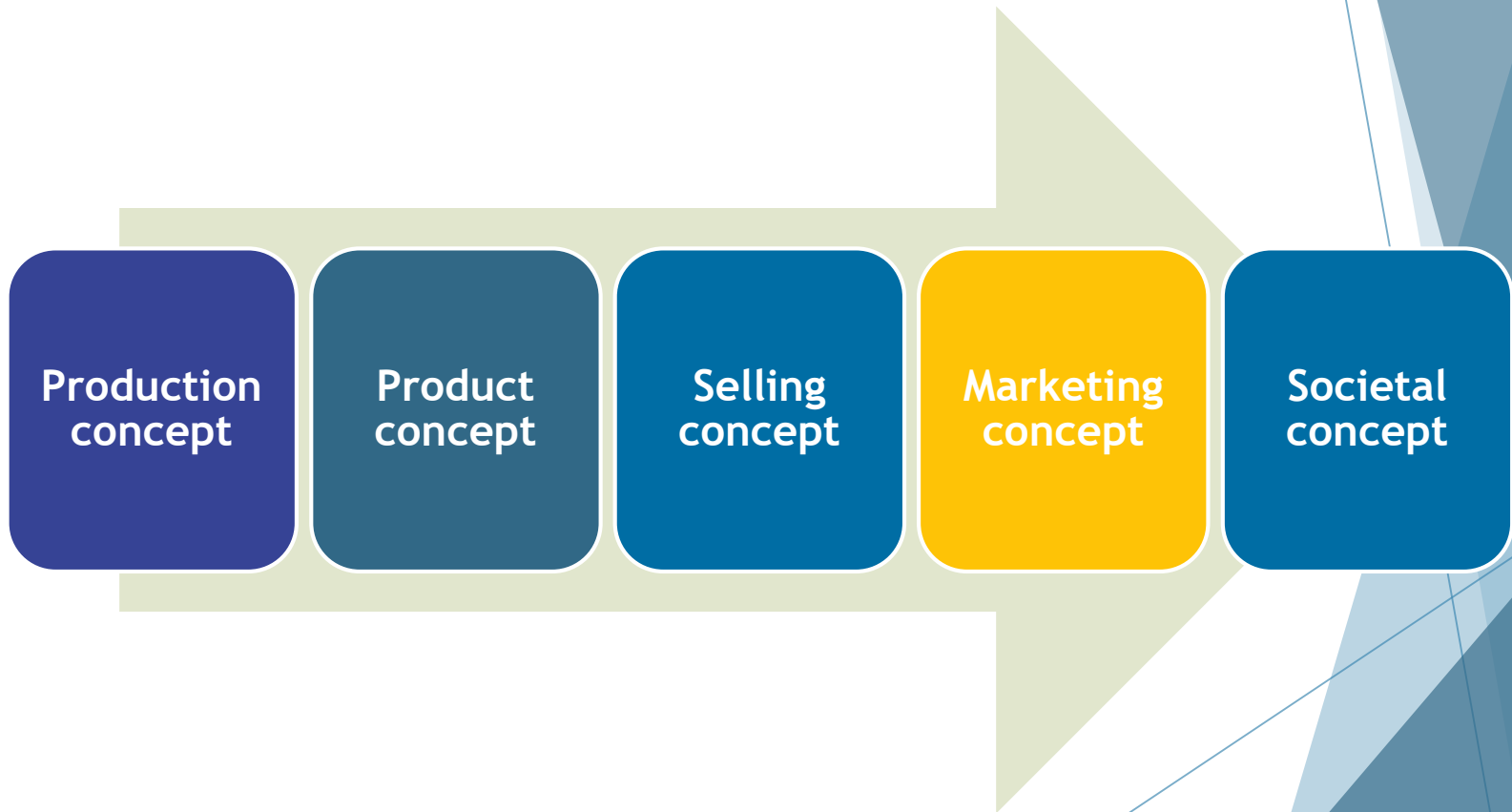




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Designing a Customer-Driven Marketing Strategy (cont)

Marketing Management Orientations (5 alternative concepts)



Designing a Customer-Driven Marketing Strategy (cont)

Marketing Management Orientations

Production concept is the idea that consumers will favor products that are available and highly affordable.



Haier

Designing a Customer-Driven Marketing Strategy (cont)

Marketing Management Orientations

Product concept is the idea that consumers will favor products that offer the most quality, performance, and features. An organization should therefore devote its energy to making continuous product improvements.



Designing a Customer-Driven Marketing Strategy

Marketing Management Orientations

Selling concept is the idea that consumers will not buy enough of the firm's products unless it undertakes a large scale selling and promotion effort. (inside-out perspective)

- ▶ Blood Donations
- ▶ Insurance
- ▶ Highly risky due to aggressive nature of selling

Designing a Customer-Driven Marketing Strategy (cont)

Marketing Management Orientations

Marketing concept is the idea that achieving organizational goals depends on knowing the needs and wants of the target markets and delivering the desired satisfactions better than competitors do. (outside-in perspective)

- South-West Airlines Customer Service



customer service begins with love.

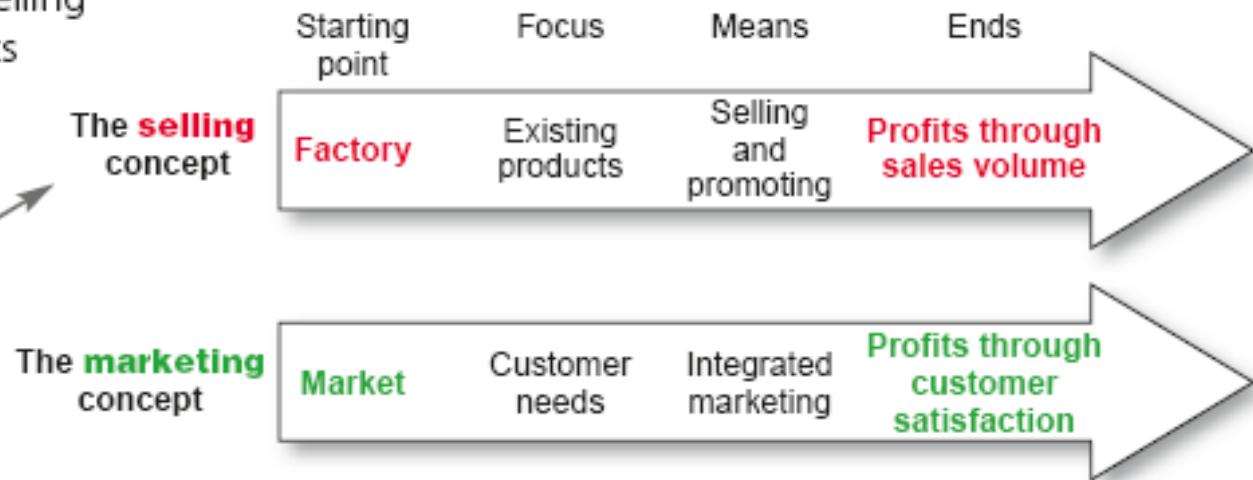


Designing a Customer-Driven Marketing Strategy (cont)

The Selling and Marketing Concepts Contrasted

FIGURE | 1.3 The Selling and Marketing Concepts Contrasted

The selling concept takes an inside-out view that focuses on existing products and heavy selling. The aim is to sell what the company makes rather than making what the customer wants.



Designing a Customer-Driven Marketing Strategy (cont)

Marketing Management Orientations

The **societal marketing concept** is the idea that a company's marketing decisions should consider consumers' wants, the company's requirements, consumers' long-term interests, and society's long-term interests.

e.g Ethical marketing
Green marketing



"What cigarette do you smoke, Doctor?"

The brand named most was

Camel



Make your own 30-Day Camel Mildness Test in your "T-Zone" (T for Throat... T for Taste).



THE BRAND NAMED MOST WAS CAMEL!

The reasons so many doctors prefer Camels are the same reasons you'll prefer Camels—mildness and flavor! Try Camels as your steady smoke. Make the enjoyable 30-day Camel Test, the one sensible test of cigarette mildness. Smoke Camels, and only Camels, for 30 days. It's fast... and it's real proof!

You'll see how mild Camels are, how well they agree with your throat—day in, day out. And pack after pack, your taste will tell you no other cigarette compares with Camel! Start your own 30-day Camel mildness test today!

According to a repeated nationwide survey:

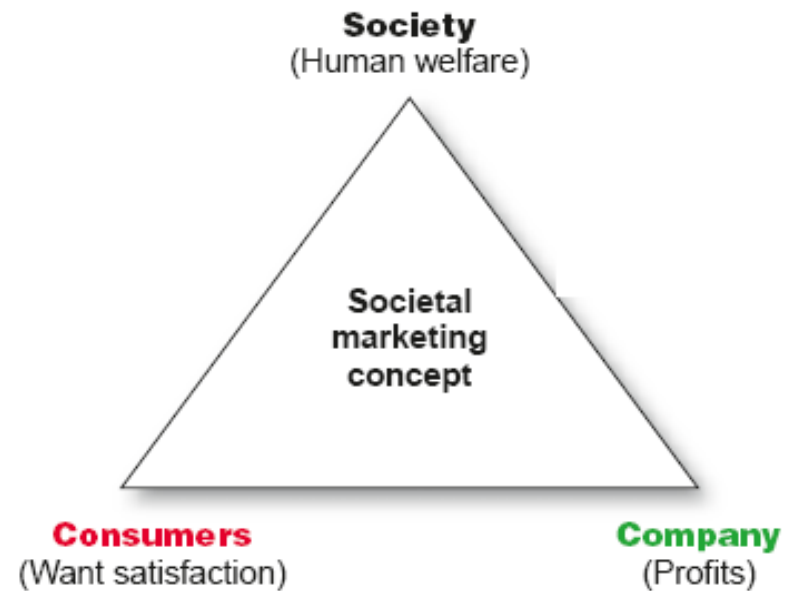
MORE DOCTORS SMOKE CAMELS than any other cigarette!

envisioningtheamericandream.com

Designing a Customer-Driven Marketing Strategy (cont)

 **FIGURE | 1.4**

The Considerations Underlying
the Societal Marketing Concept



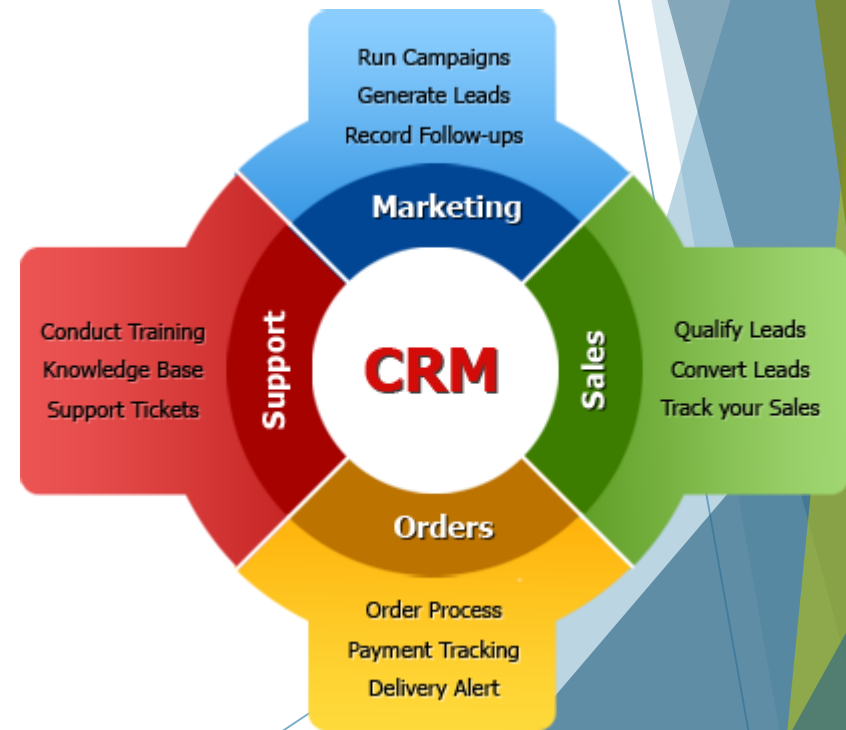
Preparing an Integrated Marketing Plan and Program

The marketing mix is the set of tools (four Ps) the firm uses to implement its marketing strategy. It includes product, price, promotion, and place.

Integrated marketing program is a comprehensive plan that communicates and delivers the intended value to chosen customers.

Building Customer Relationships

▶ **Customer relationship management (CRM):** The overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.



Building Customer Relationships

Relationship Building Blocks: Customer Value and Satisfaction

Customer-perceived value

- The difference between total customer value and total customer cost

Customer satisfaction

- The extent to which a product's perceived performance matches a buyer's expectations

Building Customer Relationships

Basic Relationships



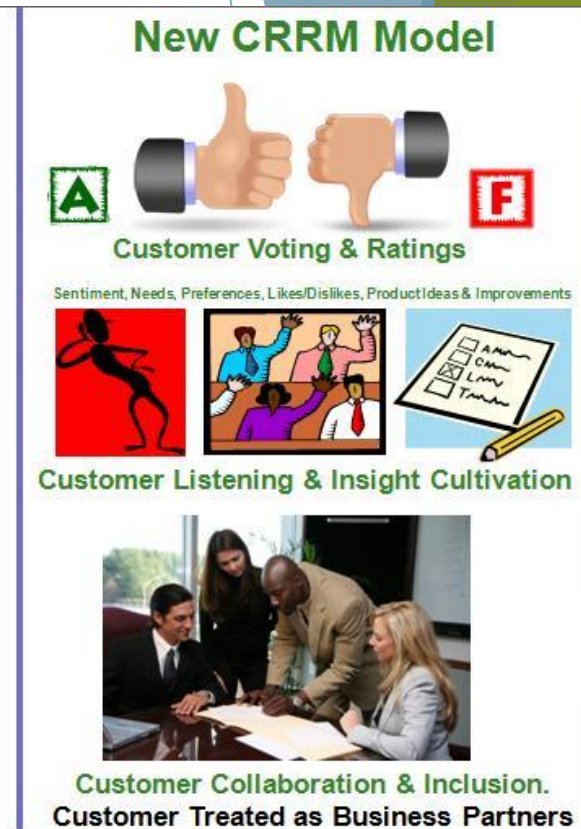
Full Partnerships



Building Customer Relationships

The Changing Nature of Customer Relationships

- Relating with more carefully selected customers uses selective relationship management to target fewer, more profitable customers.
- Relating more deeply and interactively by incorporating more interactive, two way relationships through blogs, websites, online communities and social networks.



Building Customer Relationships

Partner Relationship Management

Partner relationship management involves working closely with partners in other company departments and outside the company to jointly bring greater value to customers.



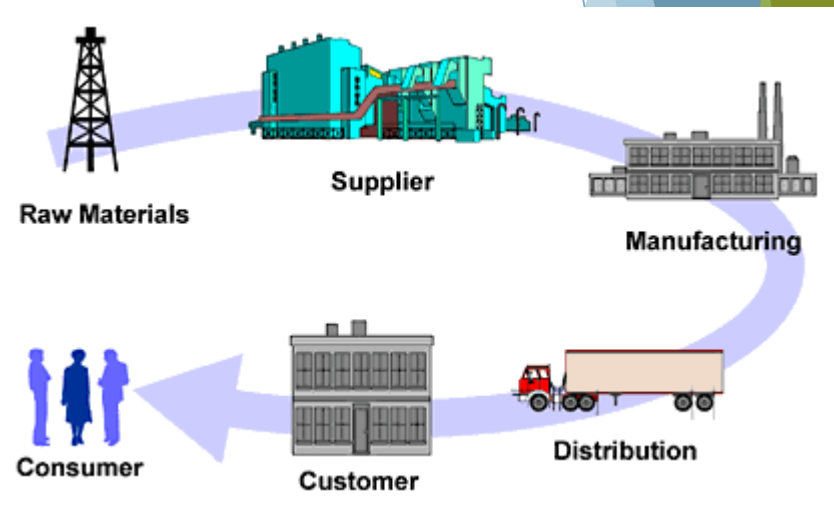
Building Customer Relationships

- ▶ **Partners inside the company** refer to every function area interacting with customers:
 - ▶ electronically
 - ▶ cross-functional teams
- ▶ **Partners outside the company** refer to how marketers connect with their suppliers, channel partners, and competitors by developing partnerships.

Building Customer Relationships

Partner Relationship Management

- ▶ **Supply chain** is a channel that stretches from raw materials to components to final products to final buyers:
- ▶ Supply management
- ▶ Strategic partners
- ▶ Strategic alliances



Capturing Value from Customers

- ▶ **Customer lifetime value** is the value of the entire stream of purchases that the customer would make over a lifetime of patronage.
- ▶ **Customer equity** is the total combined customer lifetime values of all of the company's customers.

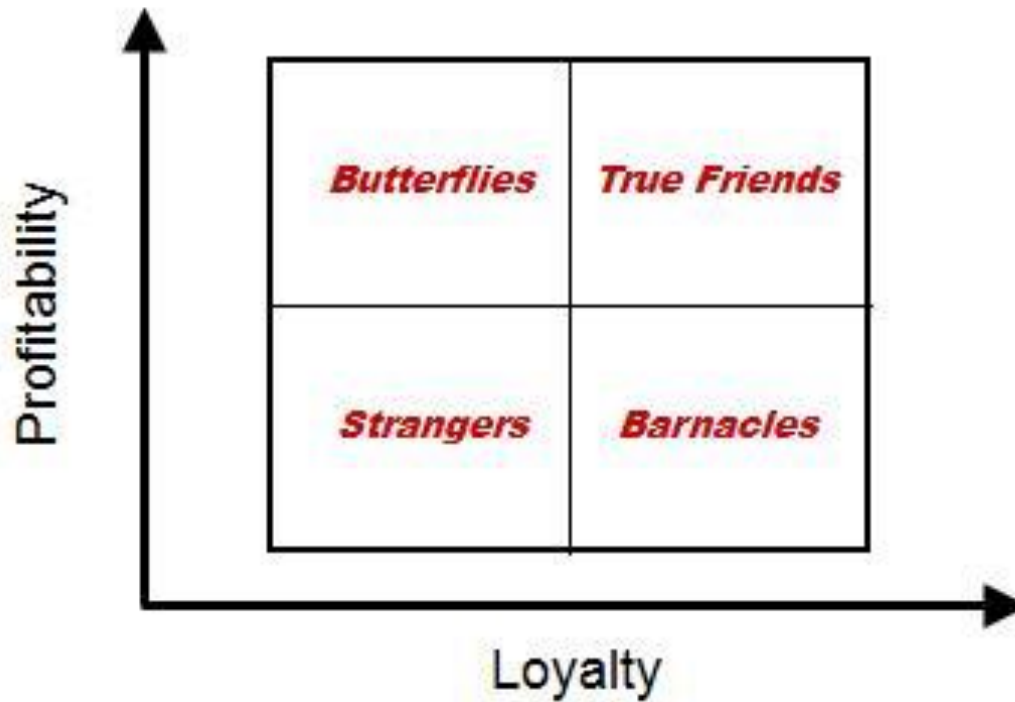
Capturing Value from Customers

Building Customer Equity

- Building the right relationships with the right customers involves treating customers as assets that need to be managed and maximized.
- Different types of customers require different relationship management strategies.

Capturing Value from Customers

Customer Relationship Groups



So, What Is Marketing? Pulling It All Together

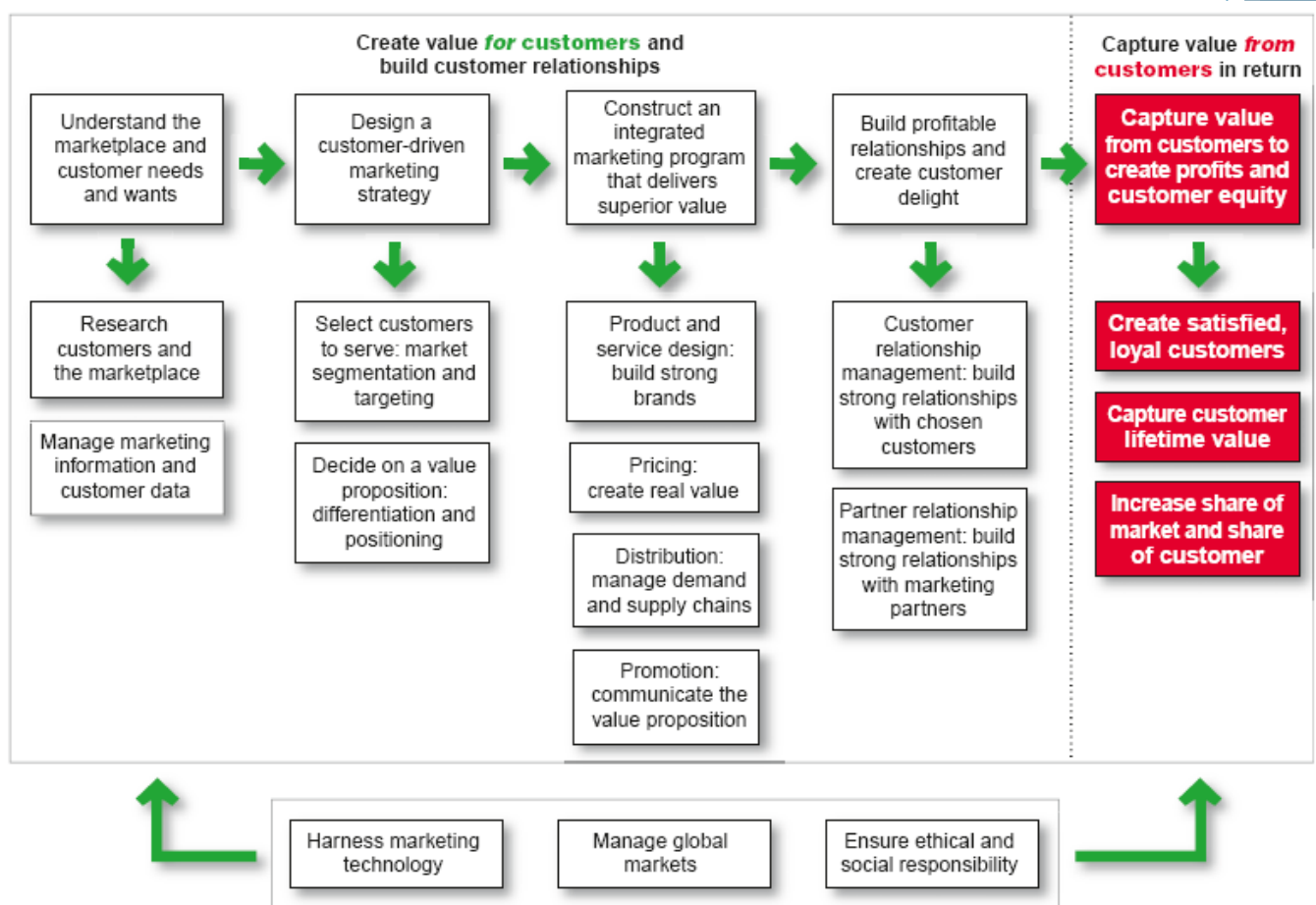


FIGURE | 1.6 An Expanded Model of the Marketing Process

Thank You