

Marketing: Managing Profitable Customer Relationships

Chapter 1

Objectives

- Be able to define marketing and discuss its core concepts.
- Be able to define marketing management and compare the five marketing management orientations.

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Objectives

- Understand customer relationship management and strategies.
- Realize the major challenges facing marketers in the new “connected” millennium.

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What is Marketing?

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What is Marketing?

- Marketing is managing profitable customer relationships
 - Attracting new customers
 - Retaining and growing current customers
- “Marketing” is NOT synonymous with “sales” or “advertising”

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What is Marketing?

- Kotler's social definition:
“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.”

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What is Marketing?

Many Things Can Be Marketed!

- Goods
- Services
- Experiences
- Events
- Persons
- Places
- Properties
- Organizations
- Information
- Ideas

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What is Marketing?

Core Marketing Concepts

- Needs, wants, and demands
- Marketing offers: including products, services and experiences
- Value and satisfaction
- Exchange, transactions and relationships
- Markets

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Marketing Management

- **Marketing management** is “the art and science of choosing target markets and building profitable relationships with them.”
 - Creating, delivering and communicating superior customer value is key.

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Marketing Management

- **Customer Management:**
 - Marketers select customers that can be served well and profitably.
- **Demand Management:**
 - Marketers must deal with different demand states ranging from no demand to too much demand.

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Marketing Management

Management Orientations

- Production concept
- Product concept
- Selling concept
- Marketing concept
- Societal marketing concept

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CRM

- **CRM – Customer relationship management . . .**

“is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.”

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CRM

- It costs 5 to 10 times MORE to attract a new customer than it does to keep a current customer satisfied.
- Marketers must be concerned with the lifetime value of the customer.

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CRM

Key Concepts

- *Attracting, retaining and growing customers*
- *Building customer relationships and customer equity*
- Customer value/satisfaction
 - Perceptions are key
 - Meeting/exceeding expectations creates satisfaction
- Loyalty and retention
 - Benefits of loyalty
 - Loyalty increases as satisfaction levels increase
 - Delighting consumers should be the goal
- Growing share of customer
 - Cross-selling

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CRM

Key Concepts

- *Attracting, retaining and growing customers*
- *Building customer relationships and customer equity*
- Customer equity
 - The total combined customer lifetime values of all customers.
 - Measures a firm's performance, but in a manner that looks to the future.

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CRM

Key Concepts

- *Attracting, retaining and growing customers*
- *Building customer relationships and customer equity*
- Customer relationship levels and tools
 - Target market typically dictates type of relationship
 - ◊ Basic relationships
 - ◊ Full relationships
 - Customer loyalty and retention programs
 - ◊ Adding financial benefits
 - ◊ Adding social benefits
 - ◊ Adding structural ties

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Marketing Challenges

- Technological advances, rapid globalization, and continuing social and economic shifts are causing marketplace changes.
- Major marketing developments can be grouped under the theme of **Connecting**.

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Marketing Challenges

Connecting

- *Via technology*
 - *With customers*
 - *With marketing partners*
 - *With the world*
- Advances in computers, telecommunications, video-conferencing, etc. are major forces.
 - Databases allow for customization of products, messages and analysis of needs.
 - The Internet
 - Facilitates anytime, anywhere connections
 - Facilitates CRM
 - Creates marketplaces

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Marketing Challenges

Connecting

- *Via technology*
 - *With customers*
 - *With marketing partners*
 - *With the world*
- Selective relationship management is key.
 - Customer profitability analysis separates winners from losers.
 - Growing "share of customer"
 - Cross-selling and up-selling are helpful.
 - Direct sales to buyers are growing.

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Marketing Challenges

Connecting

- *Via technology*
 - *With customers*
 - *With marketing partners*
 - *With the world*
- Partner relationship management involves:
 - Connecting inside the company
 - Connecting with outside partners
 - ❖ Supply chain management
 - ❖ Strategic alliances

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Marketing Challenges

Connecting

- *Via technology*
 - *With customers*
 - *With marketing partners*
 - *With the world*
- **Globalization**
 - Competition
 - New opportunities
 - **Greater concern for environmental and social responsibility**
 - **Increased marketing by nonprofit and public-sector entities**
 - Social marketing campaigns

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Keywords – Ch. 1

- Customer equity
- customer lifetime value
- customer perceived value
- customer relationship management
- customer satisfaction
- demands
- demarketing
- exchange
- internet
- market
- marketing
- marketing concept
- marketing management
- marketing offer
- needs
- partner relationship management
- product concept
- production concept
- selling concept
- societal marketing concept
- transaction
- wants

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