Objectives

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

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

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”
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.”

What Can Be Marketed?
- Goods
- Services
- Places
- Ideas
- Events
- Persons
- Properties
- Organizations
- Information
- Experiences

What is being marketed in this ad?
**Figure 1-1: Core Marketing Concepts**

Describe the exchange process between Nike and resellers.

*Resellers are a primary market for Nike’s products.*

*Describe the exchange process between Nike and resellers.*

*Think beyond the obvious.*
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.
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.

Demarketing:
Commuter Connections promotes the use of mass transit and carpooling as an alternative to driving alone.
Figure 1-3: The Selling and Marketing Concepts Contrasted

<table>
<thead>
<tr>
<th>Starting point</th>
<th>Focus</th>
<th>Means</th>
<th>Ends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factory</td>
<td>Existing products</td>
<td>Selling and promoting</td>
<td>Profits through sales volume</td>
</tr>
</tbody>
</table>

The selling concept

| Market        | Customer needs  | Integrated marketing  | Profits through customer satisfaction |

The marketing concept
Figure 1-4: Considerations Underlying the Societal Marketing Concept

Figure 1-5: Relationship Between Customer Satisfaction and Loyalty
CRM

Customer relationship management (also called CRM) is defined as:

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

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.
CRM

Key Concepts

- Attracting, retaining and growing customers
- Building relationships and customer equity

Customer value and satisfaction
- Perceptions are key
- Created by meeting/exceeding expectations

Loyalty and retention
- Many benefits of loyalty
- Increases as satisfaction levels increase
- Delighting consumers should be the goal

Growing customer share
- Cross-selling

Customer equity
- Total combined customer lifetime values of all customers
- Measures firm’s performance, but in a manner that looks to the future
CRM

Key Concepts

- Attracting, retaining and growing customers
- Building 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

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.
Figure 1-6: Today’s Marketing Connections

Connecting Technologies
- Connect
- Communication
- Transportation

Connecting with Customers
- Connecting more selectively
- Connecting for life
- Connecting density

Connecting with Marketing Partners
- Connecting with other company departments
- Connecting with suppliers and distributors
- Connecting through strategic alliances

Connecting with the World Around Us
- Global connections
- Connections with values and responsibilities
- Broadened connections

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 marketspaces
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

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
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

Connecting with Values . . .

The Body Shop

Visit the “Our Values” and “About Us” sections of The Body Shop’s web site.

How might the values espoused by the company influence the manner in which the Body Shop . . .

- Chooses their strategic partners?
- Advertises fragrances to consumers?
- Develops new products?
- How might these decisions in turn impact “the bottom line”?

The Body Shop
Amazon

- Strong sales, no profits
- Customer-driven to its core
- Each customer’s experience is unique
- Provides great selection, good value, discovery as well as convenience
- A true online community