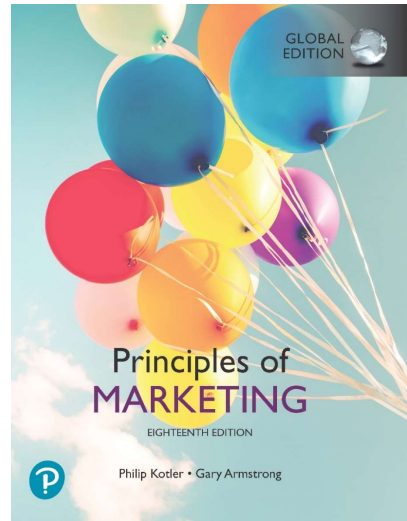


Principles of Marketing

Eighteenth Edition, Global Edition



 Pearson

Copyright © 2021 Pearson Education Ltd.

Chapter 1

Marketing: Creating Customer Value and Engagement

1

Learning Objectives

- 1.1** Define marketing and outline the steps in the marketing process.
- 1.2** Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
- 1.3** Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
- 1.4** Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
- 1.5** Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

 Pearson

Copyright © 2021 Pearson Education Ltd.

2

Emirates' Customer Value–Driven Marketing: Engaging Customers and Building a Brand Community

Emirates is not just offering a way to connect people from Point A to Point B but aims to be the catalyst to connect people's dreams, hopes, and aspirations.



Iain Masterton/Alamy Stock

3

Learning Objective 1

Define marketing and outline the steps in the marketing process.

4

What Is Marketing? (1 of 2)

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



Copyright © 2021 Pearson Education Ltd.

5

What Is Marketing? (2 of 2)

Marketing is all around you, in good old traditional forms and in a host of new forms, from websites and mobile apps to online videos and social media.



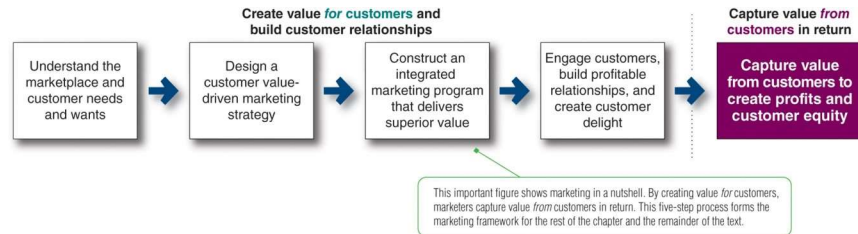
Leung Cho Pan/123RF



Copyright © 2021 Pearson Education Ltd.

6

Figure 1.1 The Marketing Process: Creating and Capturing Customer Value



7

Learning Objective 2

Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

8

Understanding the Marketplace and Customer Needs (1 of 5)

Needs are states of felt deprivation.

Wants are the form human needs take as they are shaped by culture and individual personality.

Demands are human wants that are backed by buying power.

Staying close to customers: Airbnb's CEO Brian Chesky and co-founder Joe Gebbia regularly stay at the company's host locations, helping them shape new customer solutions based on real user experiences.



Jim Wilson/The New York Times Redux



Copyright © 2021 Pearson Education Ltd.

9

Understanding the Marketplace and Customer Needs (2 of 5)

- **Market offerings** are some combination of products, services, information, or experiences offered to a market to satisfy a need or want.
- **Marketing myopia**—paying more attention to the specific products than to the benefits and experiences produced



Maen Zayyad/Shutterstock



Copyright © 2021 Pearson Education Ltd.

10

Understanding the Marketplace and Customer Needs (3 of 5)

Customers form expectations about the **value** and **satisfaction** of market offerings.

- Satisfied customers buy again
- Dissatisfied customers switch to competitors

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

Marketing actions try to create, maintain, and grow desirable **exchange relationships**.



Copyright © 2021 Pearson Education Ltd.

11

Understanding the Marketplace and Customer Needs (4 of 5)

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

Consumers market when they:

- search for products
- interact with companies to obtain information
- make purchases

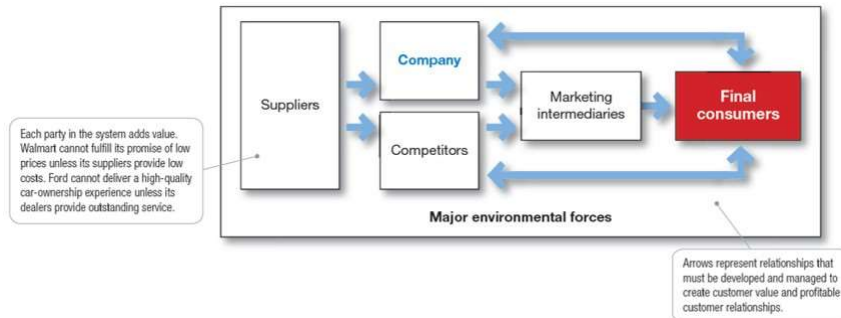


Copyright © 2021 Pearson Education Ltd.

12

Understanding the Marketplace and Customer Needs (5 of 5)

Figure 1.2 A Modern Marketing System



13

Learning Objective 3

Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

14

Designing a Customer Value-Driven Marketing Strategy (1 of 6)

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

- What customers will we serve (target market)?
- How can we best serve these customers (value proposition)?



Copyright © 2021 Pearson Education Ltd.

15

Designing a Customer Value-Driven Marketing Strategy (2 of 6)

A brand's **value proposition** is the set of benefits or values it promises to deliver to customers to satisfy their needs.

Value propositions: Sonos positions its Sonos One with Amazon Alexa as "The smart speaker for music lovers." It gives you all the advantages of Alexa but with high-quality Sonos sound.



The Advertising Archives/Alamy Stock Photo

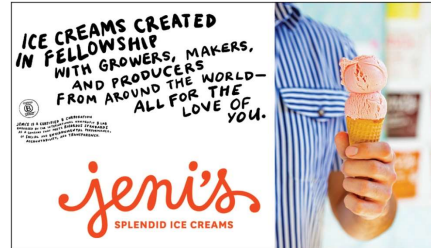


Copyright © 2021 Pearson Education Ltd.

16

Designing a Customer Value-Driven Marketing Strategy (3 of 6)

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

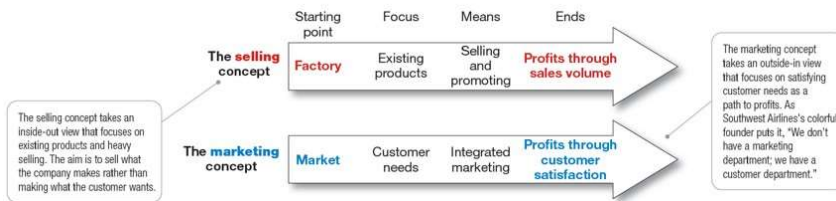


Jeni's Splendid Ice Creams, LLC

17

Designing a Customer Value-Driven Marketing Strategy (4 of 6)

Figure 1.3 Selling and Marketing Concepts Contrasted



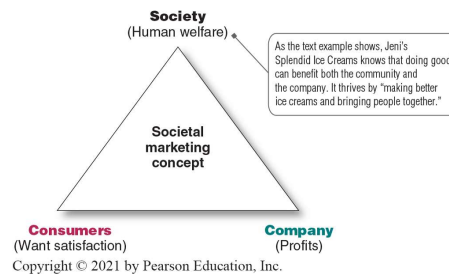
18

Designing a Customer Value-Driven Marketing Strategy (5 of 6)

Societal marketing:

The company's marketing decisions should consider consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests.

Figure 1.4 Three Considerations Underlying the Societal Marketing Concept



Pearson

Copyright © 2021 Pearson Education Ltd.

19

Designing a Customer Value-Driven Marketing Strategy (6 of 6)

The **marketing mix** is comprised of a set of tools known as the four Ps:

- product
- price
- promotion
- place

Integrated marketing program—a comprehensive plan that communicates and delivers intended value

Pearson

Copyright © 2021 Pearson Education Ltd.

20

Learning Objective 4

Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.



Copyright © 2021 Pearson Education Ltd.

21

Managing Customer Relationships and Capturing Customer Value (1 of 9)

Customer relationship management—the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.



Copyright © 2021 Pearson Education Ltd.

22

Managing Customer Relationships and Capturing Customer Value (2 of 9)

Relationship Building Blocks

- Customer-perceived value
 - The difference between total customer perceived benefits and customer cost
- Customer satisfaction
 - The extent to which perceived performance matches a buyer's expectations

Customer satisfaction: Customer service champion L.L.Bean was founded on a philosophy of complete customer satisfaction. "If you are not 100% satisfied with one of our products, you may return it within one year of purchase for a refund."



Copyright © 2021 Pearson Education Ltd.

23

Managing Customer Relationships and Capturing Customer Value (3 of 9)

Customer-Engagement Marketing

Fosters direct and continuous customer involvement in shaping brand conversations, experiences, and community.

Engaging customers: Rather than using intrusive, hard-sell product pitches, Innocent Drinks interacts with customers in humorous ways, inspiring conversations and fostering relationships.



Al Robinson / Shutterstock



Copyright © 2021 Pearson Education Ltd.

24

Managing Customer Relationships and Capturing Customer Value (4 of 9)

Consumer-Generated Marketing

Brand exchanges created by consumers themselves.

Consumers are playing an increasing role in shaping brand experiences.

Consumer-generated marketing: "Charmingly low-budget" fanmade Tesla ads drew millions of online views and sparked interactions among dedicated Tesla fans.



Sonja Maria Jasansky



Copyright © 2021 Pearson Education Ltd.

25

Managing Customer Relationships and Capturing Customer Value (5 of 9)

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



Copyright © 2021 Pearson Education Ltd.

26

Managing Customer Relationships and Capturing Customer Value (6 of 9)

Customer lifetime value is the value of the entire stream of purchases that the customer would make over a lifetime of patronage.

Customer lifetime value: To keep customers coming back, Stew Leonard's has created the "Disneyland of dairy stores." Rule #1—The customer is always right. Rule #2—If the customer is ever wrong, reread Rule #1.



Courtesy of Stew Leonard's

27

Managing Customer Relationships and Capturing Customer Value (7 of 9)

Share of customer is the portion of the customer's purchasing that a company gets in its product categories.

28

Managing Customer Relationships and Capturing Customer Value (8 of 9)

Customer equity is the total combined customer lifetime values of all of the company's customers.

Managing customer equity: To increase customer equity, Cadillac is making the classic car cool again among younger buyers. For example, says GM, "Cadillac will lead the company to an all-electric future."



General Motors

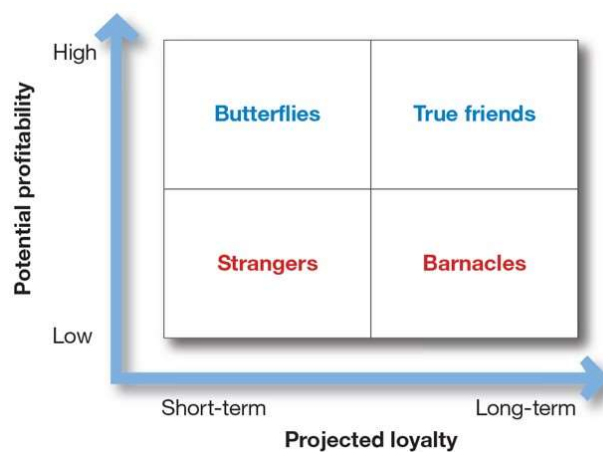


Copyright © 2021 Pearson Education Ltd.

29

Managing Customer Relationships and Capturing Customer Value (9 of 9)

Figure 1.5 Customer Relationship Groups



Copyright © 2021 Pearson Education Ltd.

30

Learning Objective 5

Describe the major trends and forces that are changing the marketing landscape in this age of relationships.



Copyright © 2021 Pearson Education Ltd.

31

The Changing Marketing Landscape (1 of 5)

- Digital Age
- Changing Economic Environment
- Growth of Not-for-Profit Marketing
- Rapid Globalization
- Sustainable Marketing



Copyright © 2021 Pearson Education Ltd.

32

The Changing Marketing Landscape (2 of 5)

We live in the age of Internet of Things, where everything is connected to everything else.

Digital and social media marketing involves using digital marketing tools such as websites, social media, mobile ads and apps, online videos, email, and blogs that engage consumers anywhere, at any time, via their digital devices.



Copyright © 2021 Pearson Education Ltd.

33

The Changing Marketing Landscape (3 of 5)

- **Social media** provide exciting opportunities to extend customer engagement and get people talking about a brand.
- **Mobile marketing:** Using mobile channels to stimulate immediate buying, make shopping easier, and enrich the brand experience.
- **Big Data and AI:** Brands can use big data to gain deep customer insights, personalize marketing offers, and improve customer engagements and service.



Copyright © 2021 Pearson Education Ltd.

34

The Changing Marketing Landscape (4 of 5)

Not-for-profit marketing is growing, as sound marketing can help organizations attract membership, funds, and support.



Copyright © 2021 Pearson Education Ltd.

35

The Changing Marketing Landscape (5 of 5)

- **Rapid Globalization:** Managers around the world are taking both local and global views of the company's:
 - Industry
 - Competitors
 - Opportunities
- **Sustainable Marketing:** Corporate ethics and social responsibility have become important for every business.



Copyright © 2021 Pearson Education Ltd.

36

So, What Is Marketing? Pulling It All Together

Figure 1.6 An Expanded Model of the Marketing Process

