Evolution of marketing

Production -> production -> selling -> marketing -> societal marketing concept

Production concept: consumers favour highly affordable and available products. Management should focus on improving production and distribution efficiency.

Product concept: favouring quality, performance innovation.

Selling concept: heavy promotion, focuses on existing products and heavy selling.

Marketing concept: achieving goals based on delivering satisfaction more efficiently than competitors.

Customer driven markets: understanding consumer needs better than they know themselves and creating products to meet these needs.

Societal marketing concept: using marketing to further consumers' and societies' long run interests. E.g. sustainable marketing. Profitability for the firm, customer satisfaction, benefits to society.

Creating value for the customer:

1. Understanding the marketplace and consumers needs, wants and demands
2. Design a customer driven marketing strategy
3. Construct an integrated marketing program that delivers superior value
4. Build profitable relationships and create customer delight
5. Capture value from customers to create profits and customer equity

Customer relationship management (CRM):

Building and maintaining profitable customer relationships by delivering value and satisafaction.

- Selective targeting of customers
- Increasing 'customer lifetime value' = customer equity

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

- Look for greater customer engagement and Word of Mouth (WOM) e.g. use of consumer-generated content

Value and Customer Satisfaction

Value: benefits gained – cost of acquisition

1. Creating customer loyalty and retention
2. Growing share of customer: the proposition of the customer's purchasing that the company gets in its growth categories
3. Building customer equity: not just important to acquire customers but keep them and grow them

Customer Satisfaction: pre-purchase expectations of value and value perceived to be delivered compared. All aspects of acquiring, keeping and growing customers. The extent to which a product's perceived performance matches or exceeds a buyer's expectations.

- Highly satisfied = long term customers
- Satisfied = short term customers
- Dissatisfied = likely lost customers

Customer (perceived) value: the customer's evaluation of the difference between all the beneftis and all the costs of a marketing offer relative to those of competing offers.

- Relating with carefully selected customers
- Relating more deeply and interactively i.e. consumer-generated marketing e.g. blogs, websites, youtube videos.
- Partner relationship management: work closely with a variety of marketing partners to bring more value to customers e.g. retailers, distributors, buyers in the supply chain.

The Marketing Mix:

4Ps: Product (centrepiece), Price, Place, Promotion

7Ps: + process, people, physical evidence

Partnering to build customer relationships:

Strategic planning: the process of developing and maintaining a strategic fit between the organisations goals and capabilities and its changing market opportunities. Company-wide strategic planning guides marketing strategy and plans. Planning the process of developing and maintaining a strategic fit between the organisation's goals and capabilities and its changing marketing opportunities.

Activities in Strategic Planning:

Mission -> objectives (long term goals), business portfolio (only relevant to larger businesses), SBU plans (strategic business unit separate business), Functional plans (marketing, HR, operations, manufacturing, IT)

Limitations of Strategic planning:

- Time consuming
- Difficult to define SBUs
- Difficult to measure market growth
- More businesses are decentralising to place more responsibility with managers

Mission statement: organisation's purpose

Designing the business portfolio: business products

Portfolio Analysis: the products are analysed by management, identifying strategic business units (SBUs) which are the product lines within the company. Unlike a share portfolio, it is LESS diversified and MORE focused.

Partnerships in the Value Chain: the series of internal departments that carry out value-creating activities to design, produce, market, delivery and support a firm's products. More an more companies are partnering with other members of the supply chain. Suppliers, distributors, customers (the value delivery network).

Running Race Analogy:

1. Pick industry to enter
2. Decide overall strategy