1. **The market-oriented firm**

Creating customer value, characteristics of market-oriented firm

2. **Relationship marketing & customer loyalty**

Leaky bucket, customer retention and profitability, relative attitudinal vs repeat patronage loyalty, customer satisfaction and delight (ex: polite & empathy)

3. **Consumer behaviour**

Buyer decision-making process, contextual influences on consumer behaviour

4. **Segmentation & positioning**

Why we do it, how do we do it, implications for the marketing toolkit, considerations in target market selection, importance of brand equity

5. **Product Management**

Consumer behavioural view of products, the augmented product, product life-cycle, branding, rate of diffusion, initiate product development and co- creation

6. **Marketing Communications**

Logic of integrated marketing communications, media and vehicle selection, message content decisions (ELM), measuring results and budget determination

7. **Pricing**

Understanding how consumers see price, approaches to price setting, pricing tactics

8. **Channel Management**

Length & intensity of distribution channels, determinants of channel structure, managing channel conflict, contextual influences on channel design

9. **Services Marketing**

Unique problems of services marketing, the extended marketing toolkit, technical and functional outcome, service quality, costs and opportunities of service failure, the role of service employees in service recovery (service recovery paradox)

10. **Marketing ethics**

Ethical dilemmas facing businesses, the social responsibility of business, stakeholder management, the business case for corporate social responsibility (CSR)

Value creation

- The goal of value creation is to create superior perceived value for the customers relative to other competing alternative.
- Hence, maximizing the life-cycle benefit and minimizing the life-cycle costs can create delivered value. (Customer value = benefit/cost)
- With that, it is important to note that customer's definition of benefit is not in terms of product and service features, but in terms of the result delivered. The improved performance, improved productivity, improved experience and reduced risk can all help create value.
- Business can generate benefit through product, support services, relationship management and image
- Customer's definition of cost is not limited to purchase price but also time, psychic and effort.
- Business can reduce the cost such as search cost, acquisition, setup, maintenance, financing and exit cost.
- This enables the firm to earn good profits which came from the creation of customer value instead of customer's expense which helps to generate loyalty, increase purchase and recommendation of the firm.

Market oriented firm

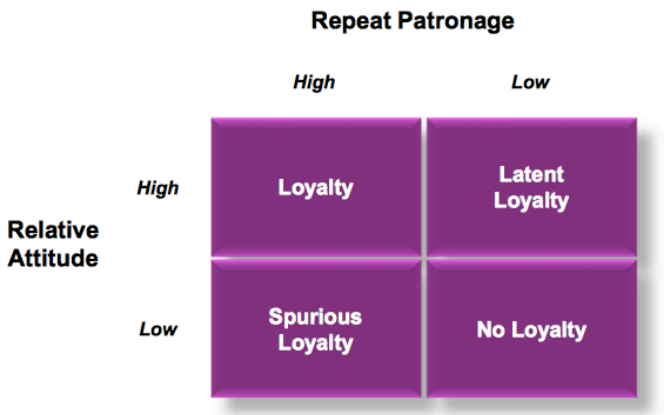
- Market oriented firm is a communicative business that continuously augments the value of its offering to customers by actively seeking ways to understand what they want and create products that meet their needs.
- It has value driven strategy based on the understanding of context, competitors, customers, company capabilities and collaborators. Its market oriented culture makes everyone in the organization understand their role in delivering the organization's value proposition. The leadership in the firm encourages innovation, flexibility and responsiveness.
- The best performing firms are market oriented. They have the processes and structures that make the creation of value easier by managing the 3 interrelated process well: organization-wide generation of market intelligence, dissemination of intelligence among department and organization wide responsiveness to information.
- It is essential to be opened, flexible and avoid marketing Myopia. Therefore, creating sustainable and superior customer value is principal objective of the firms.
- Ex: eHarmony is a good example of market-orientation because it generates market intelligences and uses them to influence organization behavior. It gathers information from customers then uses them to develop strategy to target the market segment. This helps to save time, promote better reputation which attracts more customers and reduce searching cost.

Relationship marketing

- Relationship marketing is a strategy that emphasizes customer retention and customer satisfaction.
- The logic of customer relationships is based on market failure, improved understanding of customer behavior, better understanding of the value chain and the economics of customer retention and profitability.
- Firm should reduce customer turnover and not adopt the "leaky bucket" approach because it is 5 times more expensive to get a new customer than retain an existing one and it is 3-5 times costlier to win back a lost customer than to find a new one.
- Cost can be saved from advertisement, time for market research, price is more inelastic for existing customers and feedback is honest.
- Therefore, loyalty is profitable for business which encourages long-term relationship. However, profitability is likely to differ by customers group as some are costlier to service.

Customer loyalty

- Customer loyalty is a deep commitment of customers to repeat purchase a product/service.
- Research shows that caring about clients is a more important driver of client loyalty as compared to technical expertise.



- Firms try to move customers to the top-left box (loyalty) by providing them with excellent service with care. This moves the customers to zone of satisfaction or even delight. (opposite: zone of outrage/dissatisfaction)
- Loyalty might switch to spurious loyalty due to increasing switching cost for customers and lack of competitive alternative which is not desirable as it is not sustainable.
- How company delight their customer:
    - Be polite and empathy
    - Deliver unanticipated value (free gift on birthdays)
    - Create intimacy
- EX: Starbucks cares about customers, promote reward product purchase and create intimacy by having personalized service. (apostle in nature)