

MARKETING: CREATING SUPERIOR CUSTOMER VALUE

WHAT IS MARKETING?

Marketing deals with **customers** – creating **customer value and satisfaction**.

Marketing is about **managing profitable customer relationships**.

Dual Goal: attract **new customers** by promising **superior value & keep and grow customers** by **delivering satisfaction**

A. MARKETING DEFINED

Marketing is an **organisational function** and a **set of processes** for **creating, communicating and delivering value** to customers and for **managing customer relationship** in ways that **benefit the organization and its stakeholders**.

Marketing is not only “*telling & selling*” anymore => **understanding customers’ needs, developing** products that provide **superior customer value**, and **prices, distribute and promote** them effectively, they will **sell** easily.

Marketing process: create value > communicate value > build strong customer relationship to capture value in return.

Social marketing is the **application of commercial marketing technologies** to the **analysis, planning, execution and evaluation of programs** designed to **influence** the voluntary **behaviour** of target audiences in order to **improve their personal welfare** and that of the **society** of which they are part.

Demarketing is marketing which the **aim is to reduce demand**, either temporarily or permanently, because the organization cannot handle it.

B. THE MARKETING PROCESS



➤ By **creating value for customers**, marketers **capture value from customers** in return

STRATEGIC PLANNING AND MARKETING

Why is planning important?

- Make sure everyone has the **same understanding** of the company's future
- Multiple plans for **dynamic scenarios**

COMPANY-WIDE STRATEGIC PLANNING: DEFINING MARKETING'S ROLE

Strategic planning: the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities.

1. Defining the **company mission**
2. Setting **company objectives and goals** (corporate level)
3. Designing the **business portfolio**
4. **Planning marketing** and other **functional strategies** (Business Unit, product & market level)

A. ESTABLISHING CORE COMPETENCIES

Core competencies: the specific skills and abilities that enable a firm to deliver products or services to its customers in a way which adds value for customers and which is difficult for competitors to copy.

B. DEFINING A MARKET-ORIENTED MISSION

Mission statement: a statement of the organization's purpose – what it wants to accomplish in the larger environment.

C. SETTING COMPANY'S OBJECTIVES AND GOALS

To have an effect on strategic planning, the company's mission needs to be turned into detailed supporting **objectives** for **each level of management**:

Business Planning: ongoing process of making decisions that guide the company both in short term and for the long haul.

Strategic Planning: the management decision process that matches the company's resources and capabilities to its market opportunities for long-term growth.
Process of developing a mission and long-range objectives and determining in advance how they will be accomplished.

Functional Planning: it is accomplished by the various functional areas of the company.
Example: Marketing Planning: 1. *Objectives* 2. *Marketing Analysis* (customer target, competitor target, context) 3. *Core strategy* 4. *Implementation: Marketing Mix*

MARKETING STRATEGIES FOR COMPETITIVE ADVANTAGE

Competitive advantage: an advantage over competitors gained by offering consumers greater value than competitors do.

Competitor analysis: the process of identifying key competitors, assessing their objectives, strategies, strengths and weaknesses, and reaction patterns, and selecting which competitors to attack or avoid.

Competitive market strategies: strategies that strongly position the company against competitors and give the company the strongest possible strategic advantage.

COMPETITOR ANALYSIS

A. IDENTIFYING COMPETITORS

- ⇒ **Industry point of view:** same companies within an industry (e.g. Coca vs. Pepsi)
- ⇒ **Market point of view:** companies trying to satisfy the same customer need or build relationships with the same customer group (e.g. Pepsi vs. Bottled water, energy drinks, fruit juice, etc.)

Careful with **marketing myopia**: a company is more likely to be buried by its latent competitors than its current ones.

B. ASSESSING COMPETITORS

- **Determine competitors' objectives**
- **Identify competitors' strategies**
- **Assess their strengths and weaknesses**
- **Estimate their reactions**

Benchmarking: the process of comparing the company's products and processes to those of competitors or leading firms in other industries to identify best practices and find ways to improve quality and performance.

C. SELECTING COMPETITORS TO ATTACK AND AVOID

Strong or weak competitors? Close or distant competitors? Good or bad competitors?

NEW PRODUCTS

NEW PRODUCT DEVELOPMENT STRATEGY

1. **Idea generation**: the **systematic search for new-product ideas**
2. **Idea screening**: screening new product ideas in order to **spot good ideas and drop poor ones** as soon as possible

!!! **Product idea** = idea for a possible product that the company can see itself offering to the market // **Product concept**: detailed version of the new-product idea stated in meaningful consumer terms.

3. **Concept development and testing**: development of the product idea stated in meaningful consumer terms *and* testing new product concepts with a group of target consumers to find out if the concepts have strong consumer appeal.
4. **Marketing strategy development**: designing an initial marketing strategy for a new product based on the product concept.
5. **Business analysis**: a strategic and/or financial evaluation of the expected return on investment in a new product.
6. **Product development**: developing the product concept into a physical product to ensure that the product idea can be turned into a workable market offering
7. **Test marketing**: the stage of new-product development in which the product and marketing program are introduced into more realistic market settings
8. **Commercialisation**: introducing the new product into the market.

THE ADOPTION PROCESS FOR NEW PRODUCTS

Adoption process: the **mental process** through which an individual passes from **first learning** about an innovation to **final adoption**.

1. **Awareness**: the consumer **becomes aware of the new product**, but lacks information about it
2. **Interest**: the consumer **seeks information** about the new product
3. **Evaluation**: the consumer **considers whether trying** the new product makes sense
4. **Trial**: the consumer **tries the new product** on a small scale to improve his/her estimate of its value
5. **Adoption**: the consumer decides to **make full and regular use** of the product

Diffusion process: the process by which the **use of an innovation is spread** within a market group, over time and over various categories of adopters.