

International Marketing & Sales

Chapter 1

Creating Customer Value & Engagement

Topic Outline

1. What is marketing?
2. Understand the marketplace and customer needs
3. Designing a customer-driven marketing strategy
4. Preparing an integrated marketing plan and programme
5. Building customer relationships
6. Capturing value from customers
7. The changing marketing landscape.

Learning Outcomes

- Define the term marketing
- Differentiate between need, want and demand
- Designing a customer-driven marketing strategy
- Differentiate the various marketing management orientations
- Create an integrated marketing plan
- Understand the value proposition
- Analyze the changing marketing landscape.









Is it really.....

- 1: Marketing is the creation of value for the customers.
- 2: Marketing involves managing profitable customer relationships.
- 3: Marketing emphasizes selling and advertising exclusively.
- 4: Marketing involves satisfying customers' needs.
- 5: Marketing is building value-laden exchange relationships with customers.



Happy Selling

***Many People think of marketing
only as Selling and Advertising***

GET CLOSER TO YOUR CUSTOMERS





***No Wonder - Because we bombarded
with TV Commercials, direct
mail offers, sales calls everyday***



***However Selling and Advertising
are only the tip of the marketing
iceberg.***



***Marketing must not be understood in
the old sense – “Telling and Selling”***

***but in the new sense of – “Satisfying
Customer Needs”.***

Old Sense

"Telling and Selling"



New Sense

"Satisfying Customer Needs"



If the marketer understand consumer needs, develop products that provide superior customer value, and prices, distributes and promotes them effectively, these products will sell easily.



Creating Stories That Stick: **HOW MARKETERS CAN WIN WITH STORY**

www.SocialMediaExaminer.com



Like it? Now be part of it.



Let's baby dance

with these 50 biggest music stars ever



We're all babies inside



Challenge

Reverse a decade-long sales decline with an extremely limited marketing budget. Specific goals:

- Drive sales by 25%, grow annual sales 5%
- Increase TDM awareness

Strategy

We invited people to co-create a part of Evian's content, fueling their conversations through its highly inspirational motto "live young."

Results

- Prompted awareness: +16 pts vs. y.a. at 91% n.NY
- Youtube Evian channel: #12 most-viewed channel of all times
- US: 60 second viewers: 2,613,298
- US Facebook global: +65,000 and 159,356 likes
- US participants in the longest ever video: 8 hours/18 minutes/50 seconds
- T-shirts sold: 600 on fredflare.com
- Over 20,000 total touch screen activations



Lydia Ko by **evian.**
Live young

Madison Keys by **evian.**
Live young

Maria Sharapova by **evian.**
Live young



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<https://youtu.be/97PANf77Tx0>



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Keep cool when the heat's on...it's your

real thirst quencher !

If there was ever a time a girl would trade her Sunday hat for a real thirst quencher, this is it! Just be sure the label on the bottle says "7-Up".

There's no other drink like it. Seven-Up removes the very cause of thirst . . . starts the natural flow of moisture in your mouth. When you finish a chilled 7-Up, there's no stickiness—no come-back thirst. Just coolness . . . freshness . . . a comfortable you.

Thirst was made for 7-Up. Why waste it on anything else?



*Watch "Soldiers of Fortune"!
Exciting adventures
start on 7.*

*"Fresh up"
with
Seven-Up!*

Nothing does it like Seven-Up !



ASUS[®]
IN SEARCH OF INCREDIBLE



Spectacular
Design
Captivating
Sound





WOULD YOU LEAVE YOUR FRIDGE DOOR OPEN?

Install an invisible door at the back
your truck with the **BlueSeal** air curtain
to keep the cold chain intact



blueSeal

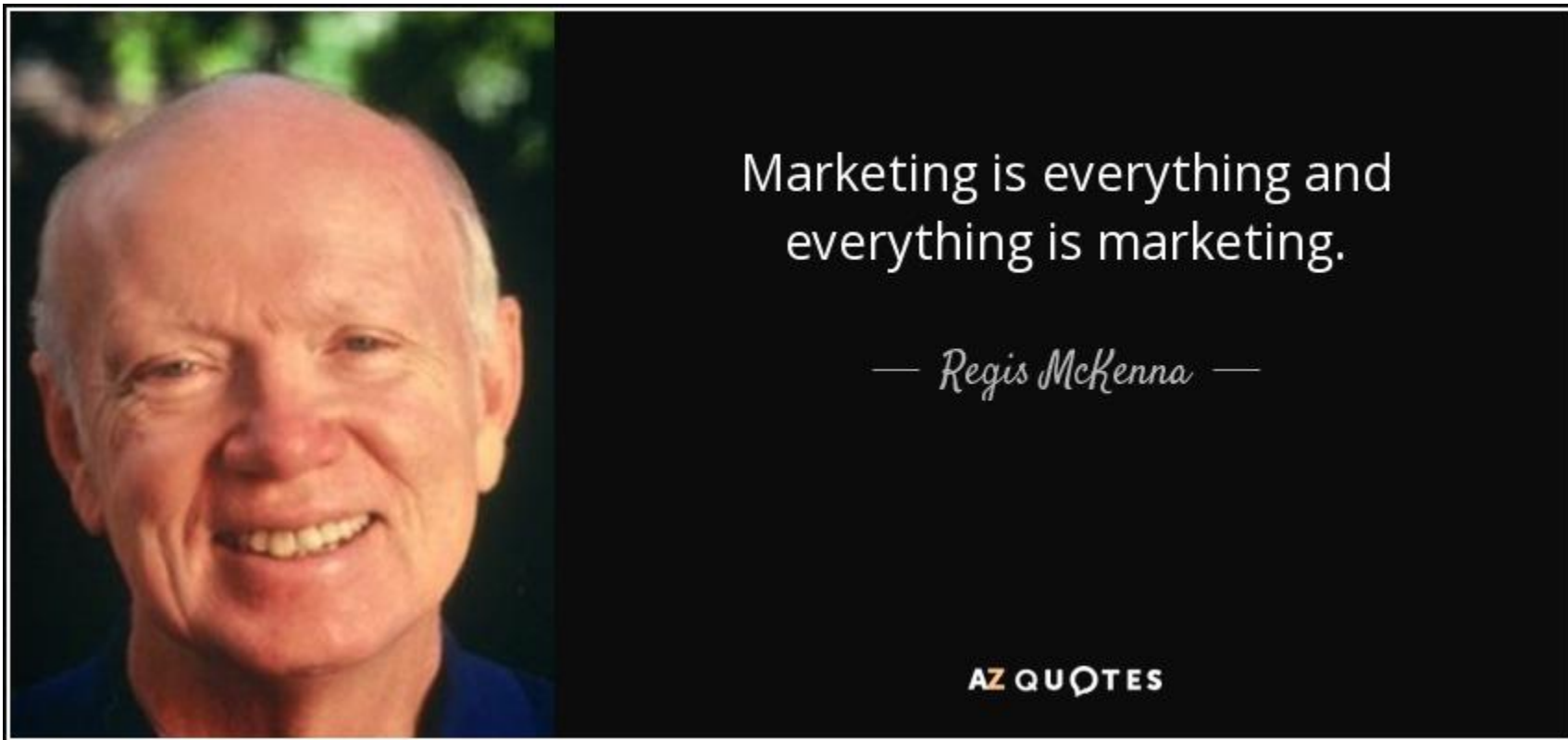
the air curtain that keeps the cold inside

The **BlueSeal** air curtain is a **Brightec** product, designed and manufactured in the Netherlands. More information on www.brightec.nl

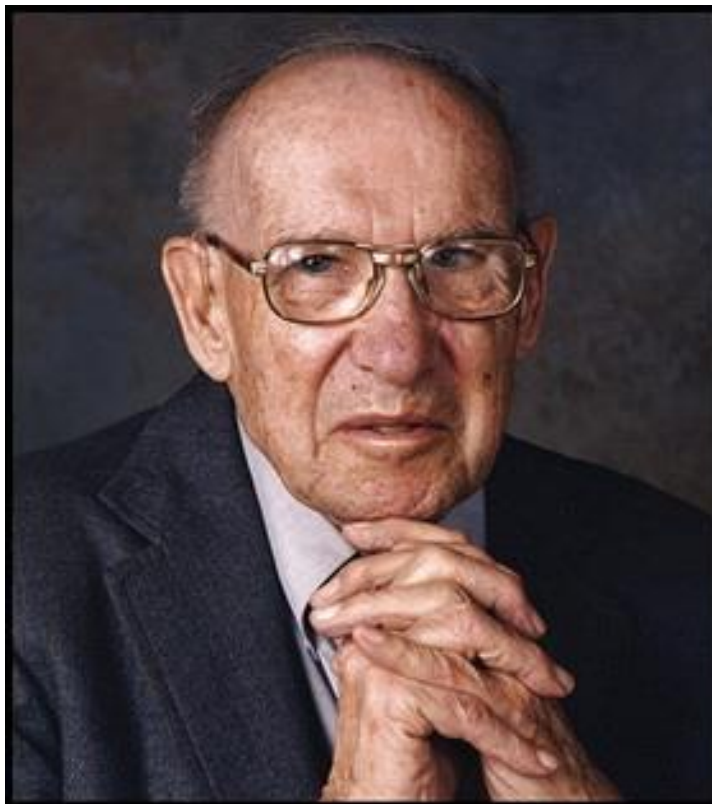




“MY HAT’S OFF to
the pause that refreshes”



CUSTOMER JOIN NEEDS ISP EFFECT
DESIGN SPEED TARGETING UNDERSTA
NETWORK ONLINE PAGE STRATEGY
MAP CAMPAIGN SALES MARKET LIN
HI SKILLS ADVERT BRANDING DR
MARKETING IS EVERYTHING MEDIA LOYALTY BE
AUDIENCE SOCIAL CREATIVE
INTERNET TOOLS INNOVATE

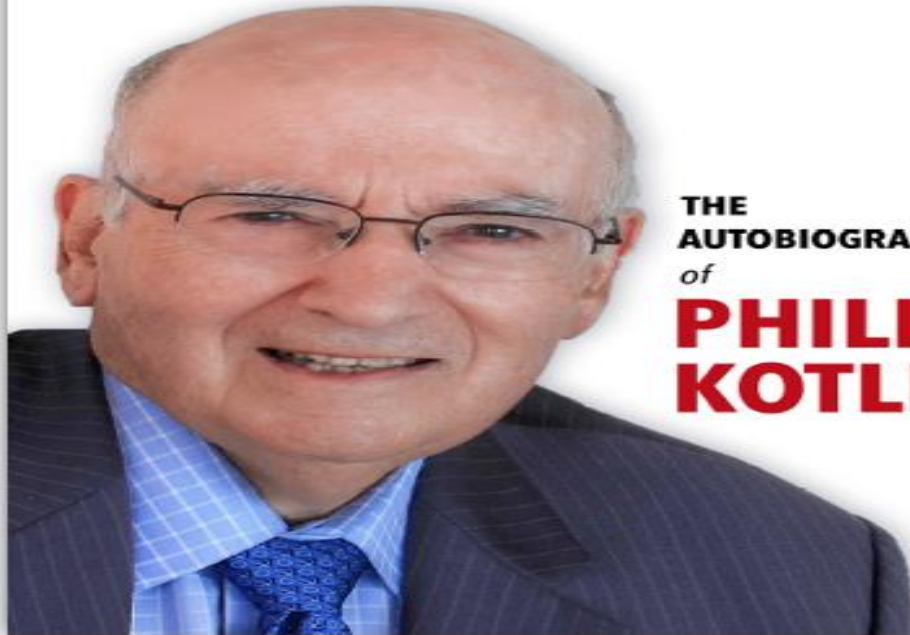


"The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself."

Peter Drucker

"The Father of Modern Marketing"

MY ADVENTURES *in* **MARKETING**



**THE
AUTOBIOGRAPHY**

of


**PHILIP
KOTLER**

WHAT IS MARKETING?

"The science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services."

Philip Kotler

#whatismarketing

 Learning Skills

- ❑ **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.**
- ❑ **Marketing is engaging customers and managing profitable customer relationships.**

Goals of Marketing

- ❑ To attract new customers by promising superior value**
- ❑ To keep and grow current customers by delivering value and satisfaction**

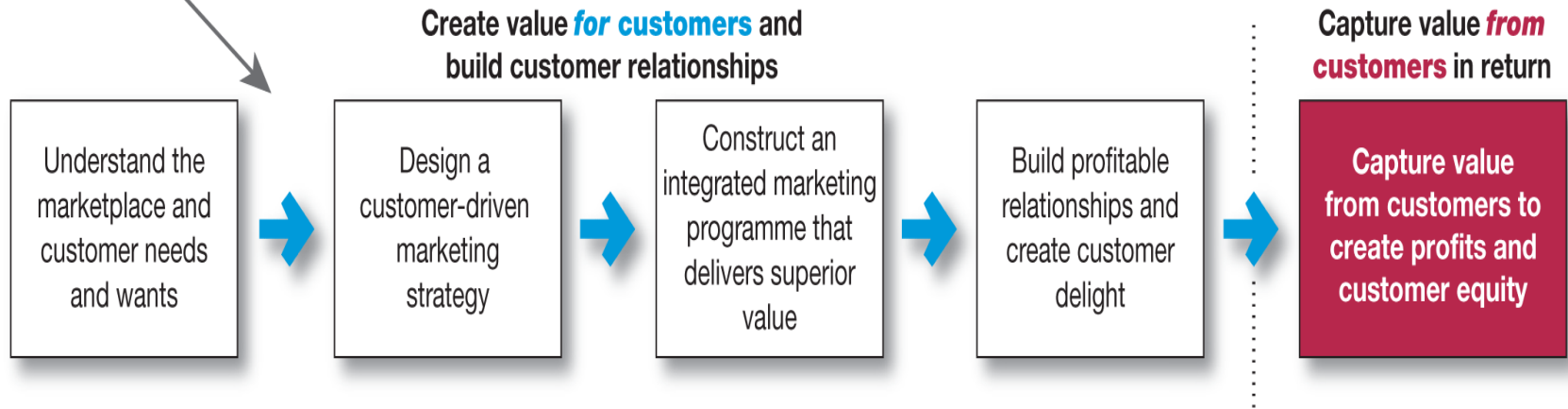


“Create, Communicate and Deliver Value to a Target market (clients) at a Profit (Company)”

The Marketing Process

Creating and Capturing Customer Value

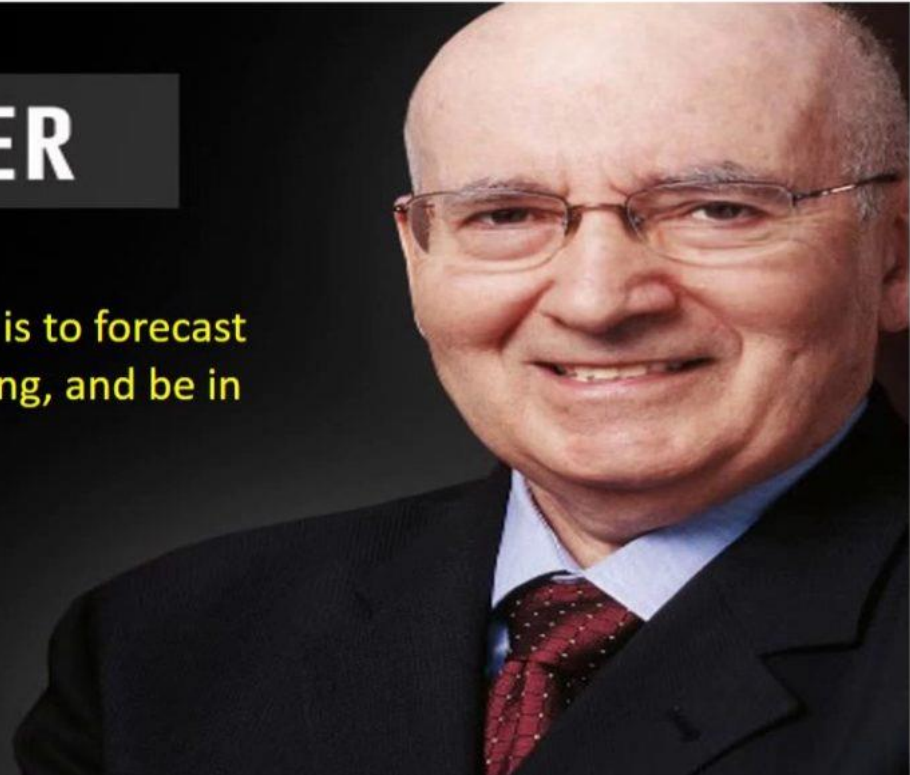
This important figure shows marketing in a nutshell! By creating value *for* customers, marketers capture value *from* customers in return. This five-step process forms the marketing framework for the rest of the chapter and the remainder of the text.



→ Five step process forms the marketing framework!

PHILIP KOTLER

-The most important thing is to forecast where customers are moving, and be in front of them.



Understanding the Market Place and Customer Needs

- **Customer Needs, Wants and Demands**
- **Market Offerings**
- **Customer Value and Satisfaction**
- **Exchanges and Relationships**
- **Markets**

Customer needs, wants and demands

A needs refers to something which is deep rooted in an individual's personality. State of felt deprivation.

example: **Need food**

Physical—food, clothing, warmth and safety

Social—belonging and affection

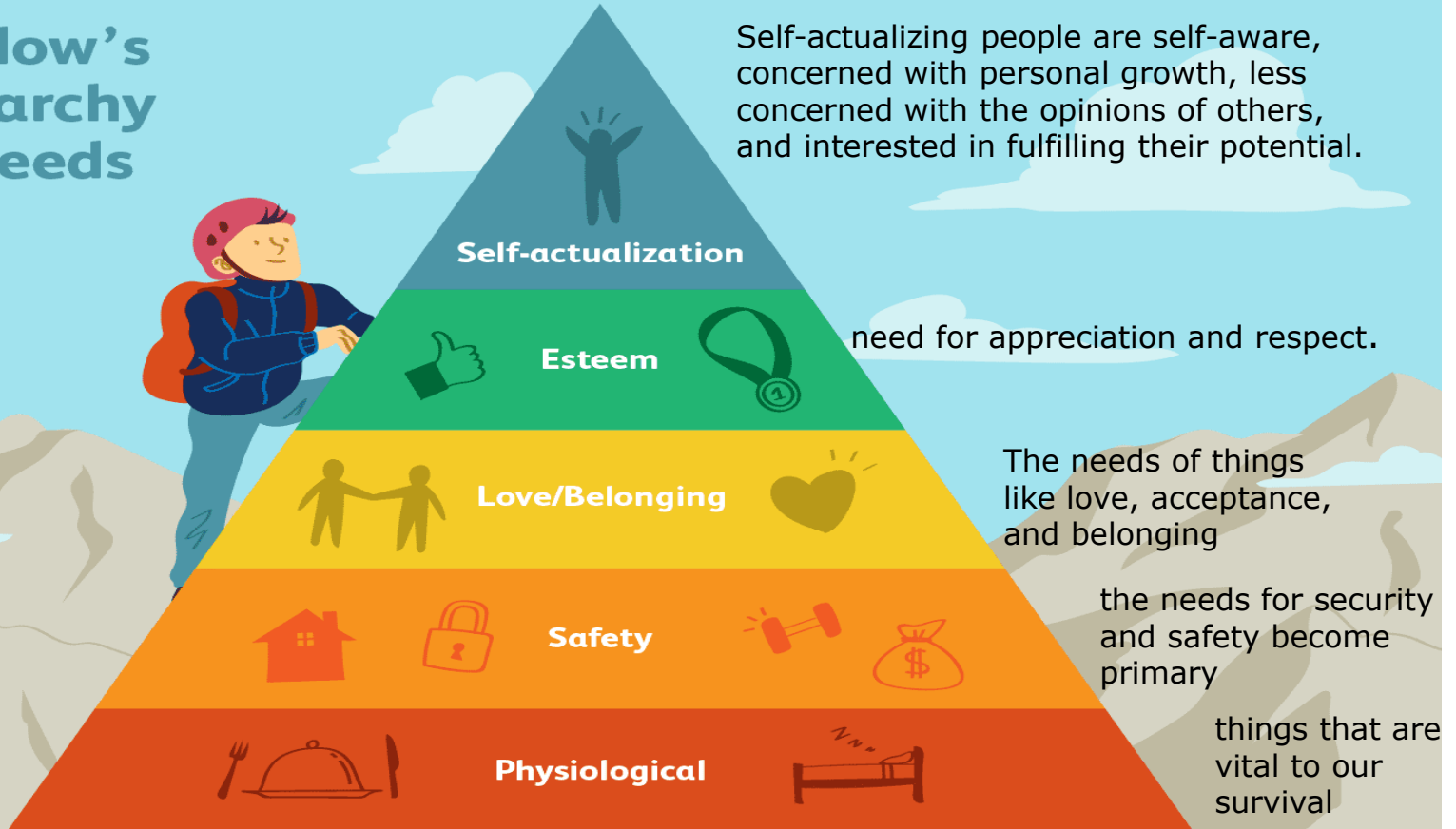
Individual—knowledge and self-expression

Wants are the culturally influenced manifestation of a deep seated need. The form of needs as shaped by culture and the individual (These are desires for specific satisfiers of these deeper needs).

example: **Want a Big Burger**

Demands is the willingness and ability of buyers to purchase a product that satisfies their need. Wants which are backed by buying power.

Maslow's Hierarchy of Needs



verywell

- The Coca-Cola Company
- Nestle: Good Food, Good Life

Physiological Needs

- AXA Insurance
- ICBC Bank

Safety Needs

- Facebook
- Twitter

Social Needs

- BMW
- iPhone

Esteem Needs

Kc Examples of Companies fulfilling each level of Human's Needs

Five Types of Needs in Marketing

Stated Needs

- I want a car

Real Needs

- I want a car for going to work with low operating costs

Unstated Needs

- I want good after-sale service from the dealer

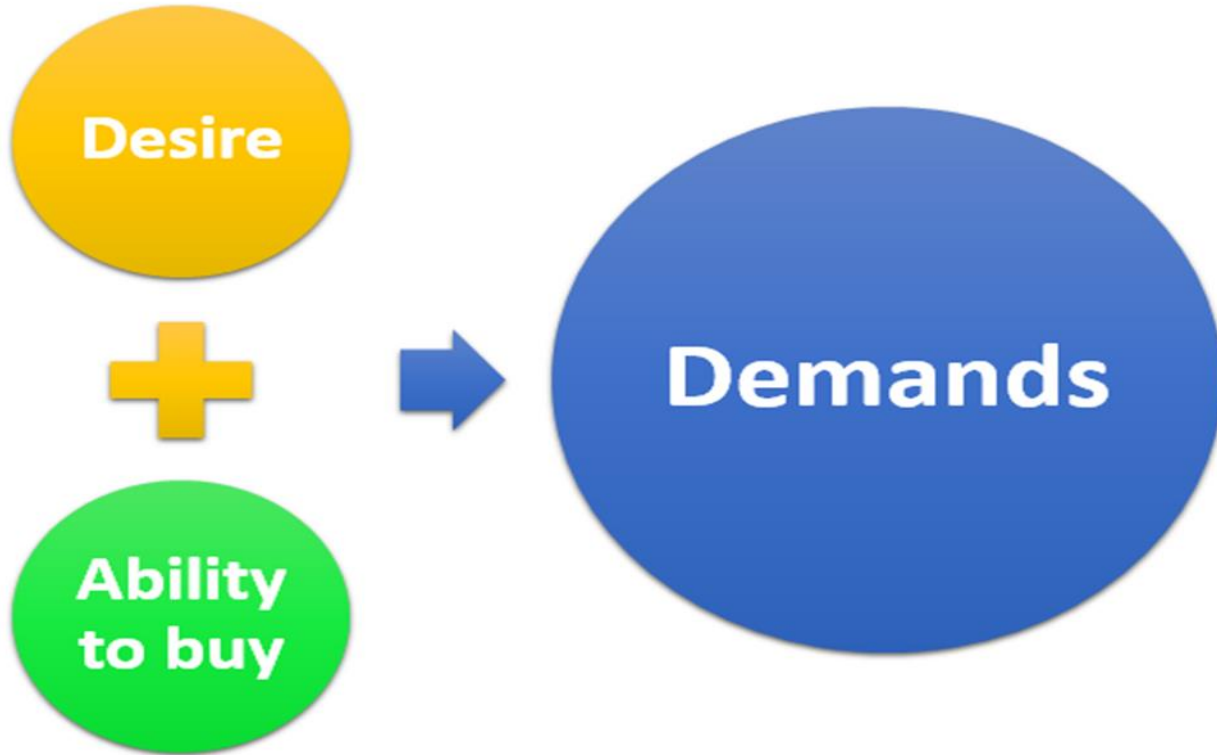
Delight Needs

- I want the dealer to include some gifts with the car

Secret Needs

- I want a car for the status symbol





Factors Influencing Demands – Social & Emotional Factors

Social Factors

- Social Awareness
- Social Norms
- Social Pressures

Emotional Factors

- Fear
- Desire
- Like/ Dislike

Food Example

Need	Basic necessity Feel deprived if this is absent	Food
Want	Given choices, this is what you prefer	Chicken, Burger, Steak dinner
Demand	A want that is supported by a decision and capacity to buy	Only burger is within my budget

Differentiate the following items under need and want (car, water, shelter, clothes, sport, health care, toilet paper, university degree, jewelry & entertainment)

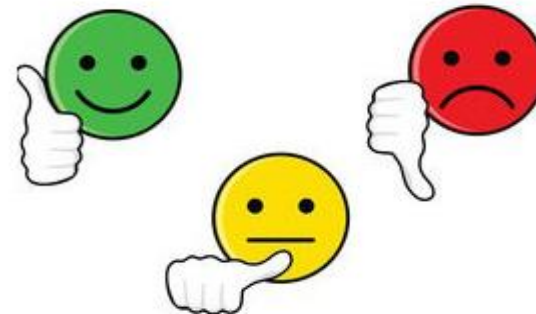
Need	Want

Understanding the Market Place and Customer Needs

- ❖ **Market offerings** : some combination of products, services, information, or experience offered to a market to satisfy a need or want.
- ❖ **Market offerings** are not limited to physical products, they also include services, experiences, persons, places, organizations, information, ideas, ...
- ❖ **Market myopia** : paying more attention to the specific products than to the benefits and experiences produced by these products. Forget that a product is only a tool to solve a consumer problem.
- ❖ **Market myopia**: focusing only on existing wants and losing sight of underlying consumer needs.

Customer Value and Satisfaction

- ❑ Customers form expectations about the value and expectation of the various market offerings
- ❑ Marketers must set the right level of expectation
- ❑ Customer value and customer satisfaction are key building blocks for developing and managing customer relationship



Exchanges and Relationships

- ❑ Exchange is the act of obtaining a desired object from someone offering something in return.
- ❑ Marketing actions try to create, maintain and grow desirable exchange relationships.



Markets

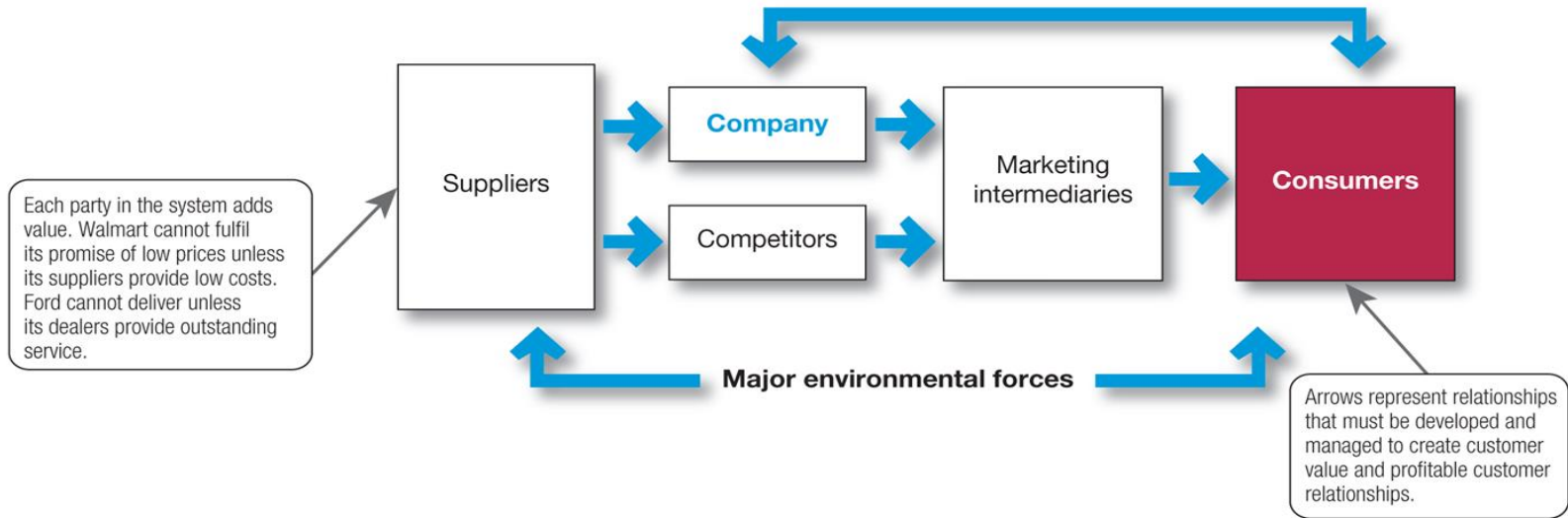
- ❑ **A market** is a set of actual and potential buyers.
- ❑ These buyers share a particular need or want that can be satisfied through **exchange relationships**
- ❑ **Marketing** means managing markets to bring about profitable customer relationships.

- ❑ **Consumers** market when they:
 - Search for products
 - Interact with companies to obtain information
 - Make purchases

- ❑ **Today's digital technologies** and **social media**, have **empowered consumers** and make marketing a **truly two-way affair**.



A modern marketing system



Core Marketing Concepts



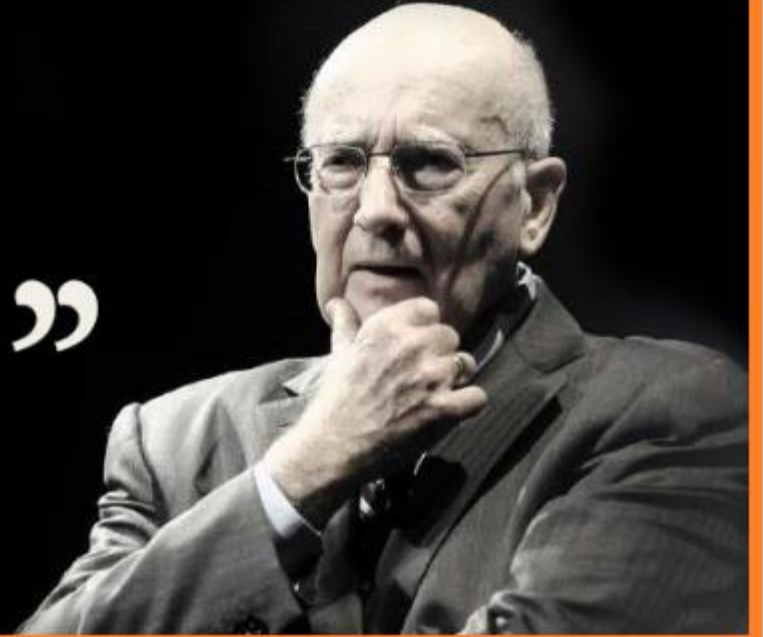
Designing a Customer Value-Driven Marketing Strategy and Plan

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) ?**
 - A brand's value proposition is the set of benefits or values it promises to deliver to customers to satisfy their needs.
 - Make a decision how it will serve targeted customer; how it will differentiate and position it self.



**“ Positioning is making
your target-audience
know in which way you
differ from your ”**



A winning marketing strategy must contain answers to the following questions:

- What customers will we serve? (what's our target market)
- How can we best serve these customers? (What's our value proposition)
- What would be my marketing orientation?

Selecting customers to serve

- ❑ Market segmentation refers to dividing the markets into segments of customers.
- ❑ Target marketing refers to which segments to go after.

Value proposition is the set of benefits or values a company promises to deliver to customers to satisfy their needs



YES, WE CAN



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Adjustable Gate.com vitamin If



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what your value proposition is – the intersection of what your product or service does and what your customers need.

Choosing a value proposition

The Company must also decide how it will serve the targeted customers.

How it will differentiate and position in the marketplace.

“ A company’s value proposition is the set of benefits or values it promises to deliver to consumers to satisfy their needs”.

E.g. with cell phones

- Nokia is “Connecting People – anyone, anywhere” whereas with
- Apple’s iPhone, “ Touching is Believing”

NOKIA

Connecting People



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T-Mobile stick together

Friends & Family Members of T-Mobile Employees - Discount Purchase Program

Products	Plans	Coverage	Services & Features
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Products
Find the right phones, handsets, network cards, and accessories for your business.

[View products](#)

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***What is the value proposition of
BMW car?***



**The Ultimate
Driving Machine?**
OR
**The Ultimate
Luxury Machine?**



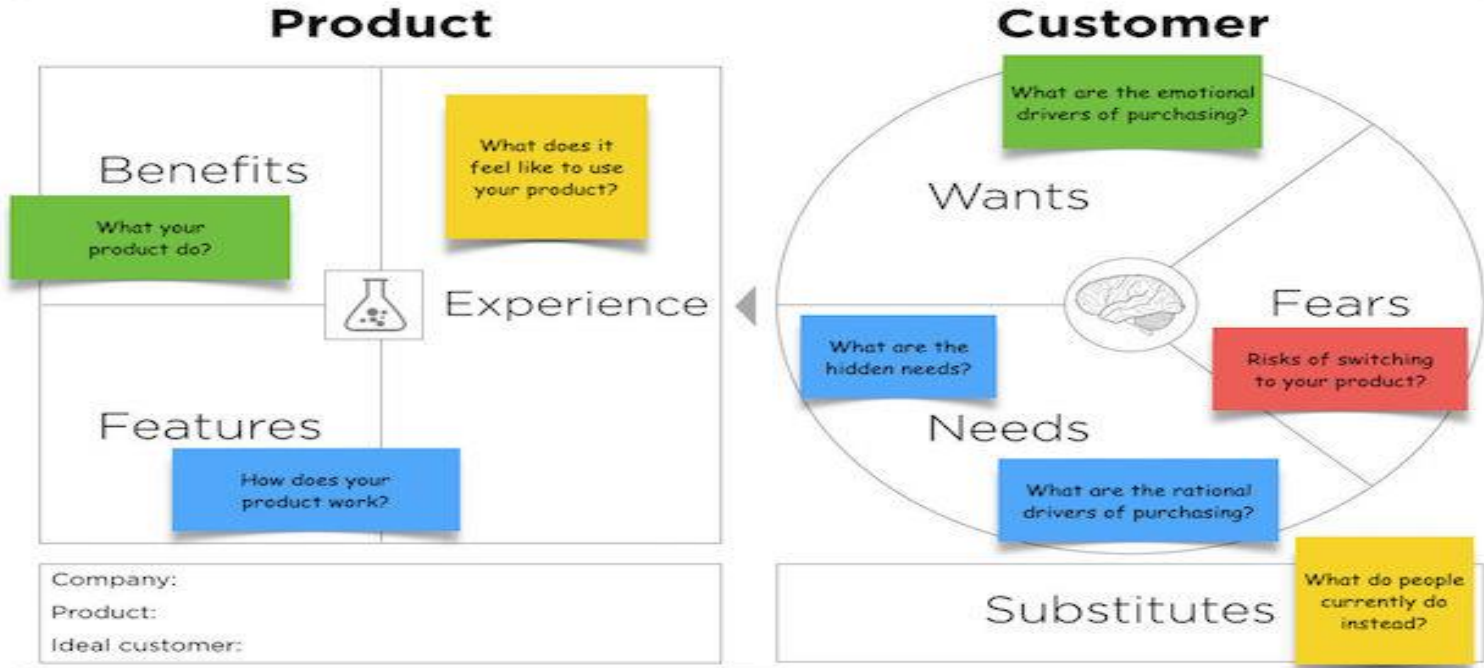
So before writing your own, sit down and ask yourself:

- **What does your product do?**
- **What are its most important features?**
- **How does it work?**
- **What are your customers biggest challenges?**
- **What are their wants, fears, and needs?**
- **How does my product's features address them?**
- **What are some of the emotions that go into this purchase?**
- **Why should they use mine over any others?**

More examples of value proposition

Company (Product)	Target Customers	Benefits	Price	Value Proposition
Volvo car	Safety conscious “upscale” families	Durability and safety	20 percent premium	The safest, most durable wagon your family can ride in at a significant price premium
Domino’s (pizza)	Convenience minded pizza lovers	Delivery speed and good quality	15 percent premium	A good pizza, delivered hot to your door within 30 minutes of ordering at a moderate price premium

Value Proposition Canvas



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How to Understand Your

Value Proposition

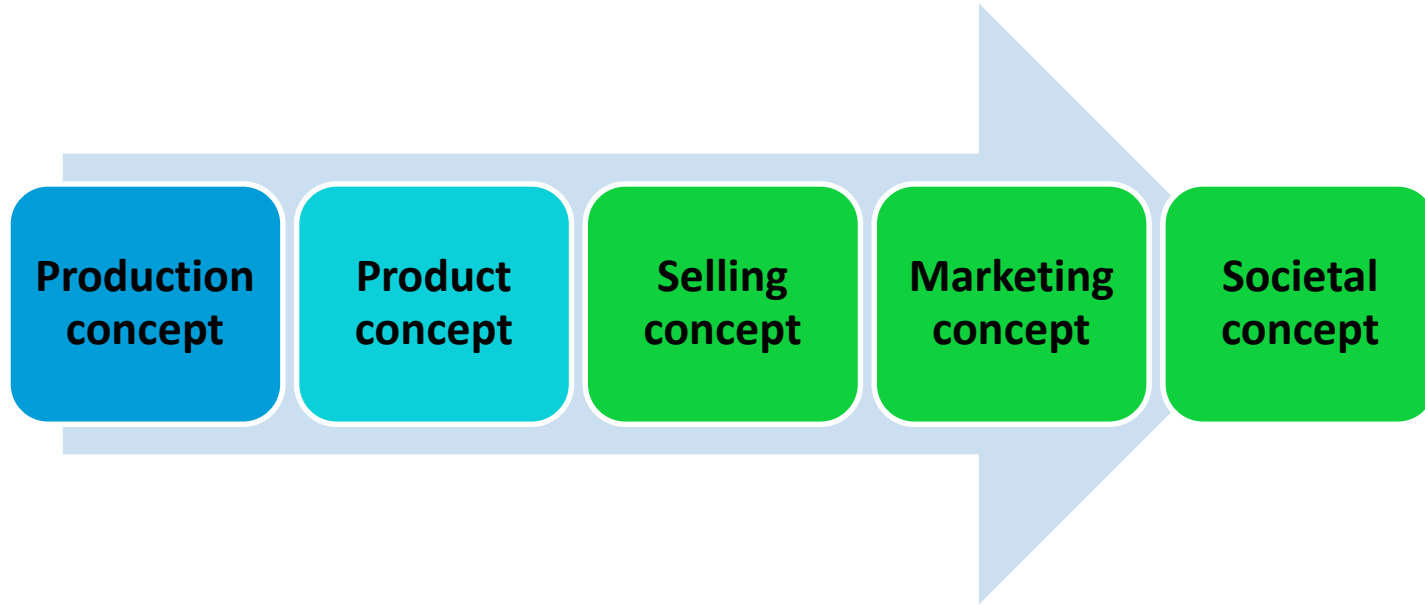


Creating a Value Proposition



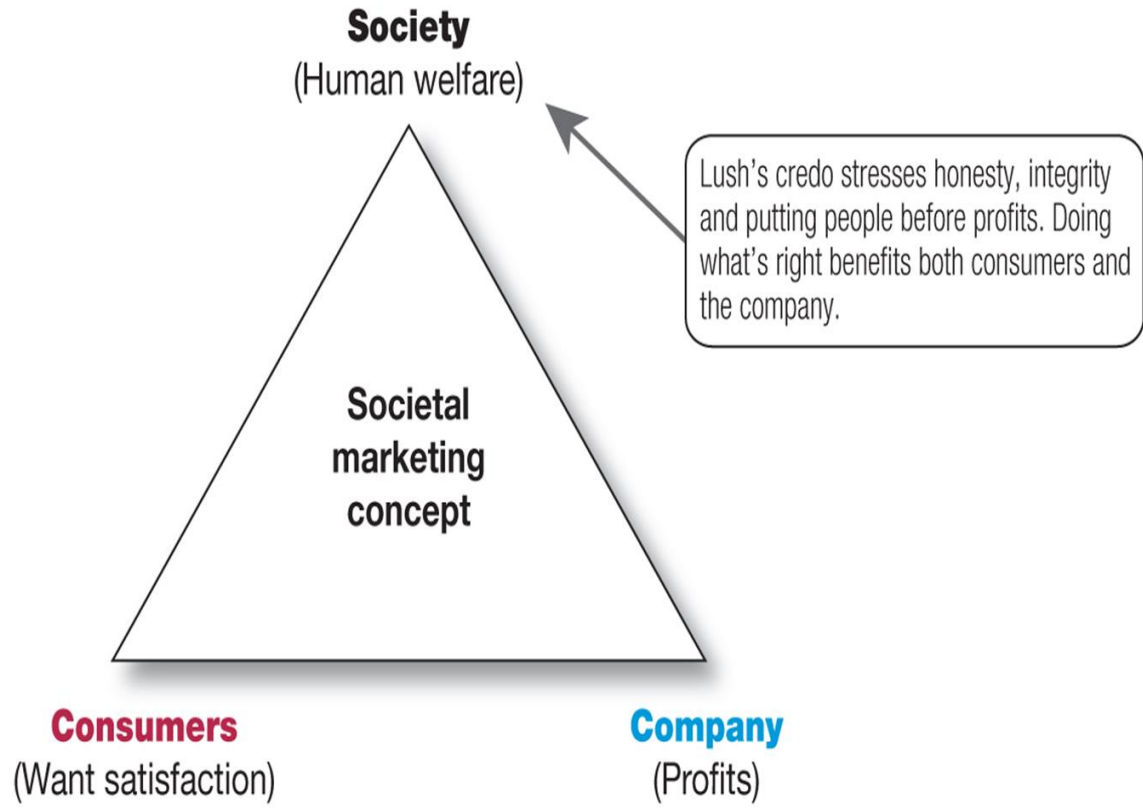
Do you see a difference in buying behavior between you and other generations?

Marketing management orientations



Marketing Management Orientations

Production Concept	Product Concept	Selling Concept	Marketing Concept	Societal Marketing Concept
<p>The idea that consumers will favour products that are available and highly affordable and that the organisation should therefore focus on improving production and distribution efficiency</p>	<p>The Product Concept Consumers will favor products that offer the most in quality, performance and features and that the organization should therefore devote its energy to making continuous product improvements. e.g. Fan, AC, central cooling systems Mouse Trap</p>	<p>Consumers will not buy enough of the firm's products unless it undertakes a large scale selling and promotion effort. - Sell what the company makes, rather than making what the market wants</p>	<p>Achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desire satisfactions better than the competitors do. e.g.- South West airline- "We don't have a marketing departments, we have a customer department" e.g.- Notebooks, iPod, digital cameras, cell-phones etc.</p>	<p>Company's marketing decisions should consider consumers' wants, the company's requirements, consumer's long-run interests, and society's long run interests. e.g. Shell-go green PTC- Tree Plantation Society (Human welfare) Consumers Company (Want Satisfaction) (Profits) Societal marketing concept</p>



Did you have bad experiences with products or services?

Preparing an integrated marketing plan and programme

The marketing mix: set of tools (four Ps) the firm uses to implement its marketing strategy. It includes product, price, promotion and place.

Integrated marketing programme: comprehensive plan that communicates and delivers the intended value to chosen customers.

Now the marketer develops an integrated marketing program that will actually deliver the intended value to the target customers.

Its transforming Marketing Strategy into action.

It consists of firm's marketing mix i.e. 4Ps.

Product:

The firm must first create a need satisfying market offering

Price:

IT must decide how much it will charge for that offering

Place:

How it will make the offering available to target consumers

Promotion:

It must communicate with customer about the merits of offering.

Building customer relationships

Customer relationship management (CRM)

The overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction

CRM is not merely a data management activity.

It deals with all aspects of acquiring, keeping and growing customers.

Companies interact with customers at many levels. E.g. At one extreme HUL does not interact with individual customers of surf but works through brand- building, mass media advertising and on the other extreme it customer team works in full partnership with Walmart, Big-bazar, Delhaize etc.

Companies also go for more selective relationship management and interact at very deep level with customers.

Companies also need to work with Partners inside and outside the company.



Hindustan Unilever Limited

Power Brands of HUL



Customer relationship levels and tools



Basic relationships

Full partnerships

The changing marketing landscape

Uncertain economic environment

- New consumer frugality
- Marketers focus on value for the customer.
- Digital age
- People are connected continuously to people and information worldwide.
- Marketers have great new tools to communicate with customers.
- Internet + mobile communication devices create environment for online marketing.
- Rapid globalization
- Sustainable marketing
- Not-for-profit marketing

Partner relationship management

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

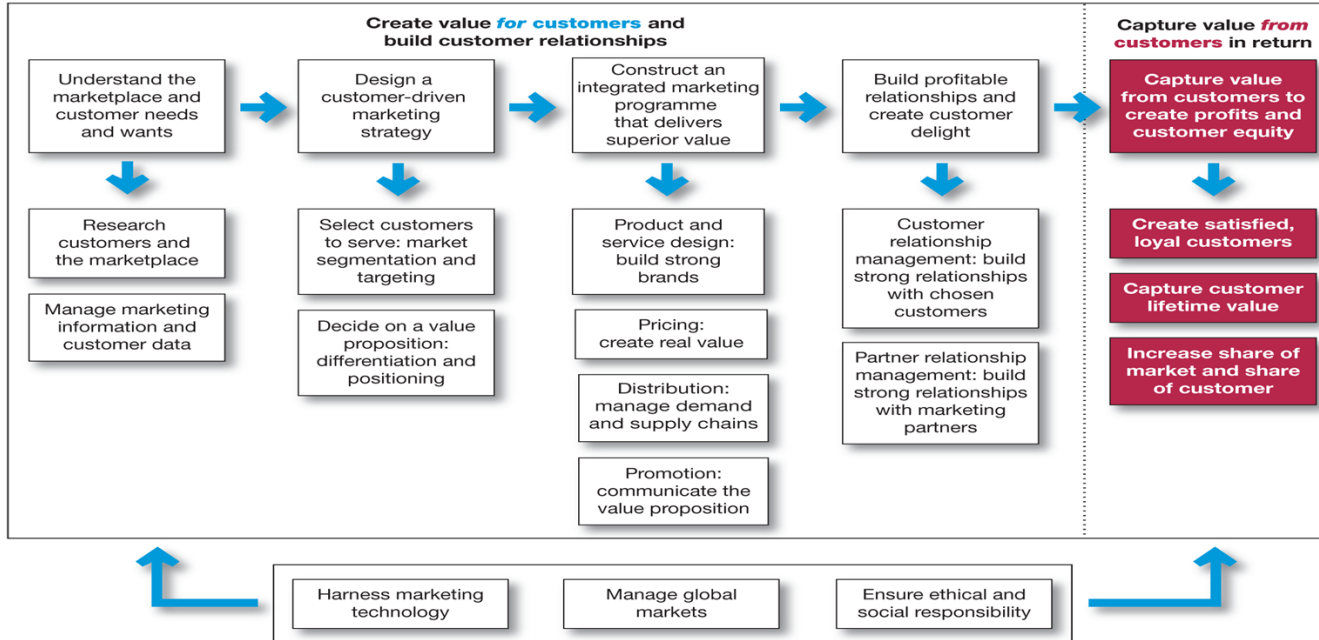
- Partners inside the company is every functional area interacting with customers
 - Electronically
 - Cross-functional teams.
- Partners outside the company is how marketers connect with their suppliers, channel partners and competitors by developing partnerships.
- The supply chain is a channel that stretches from raw materials to components to final products to final buyers.
- Supply chain management.



So, what is marketing?

Pulling it all together

This expanded version of Figure 1.1 at the beginning of the chapter provides a good road map for the rest of the text. The underlying concept of the entire text is that marketing creates value *for* customers to capture value *from* customers in return.



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End of Chapter