1

**MARKETING: CUSTOMER VALUE, SATISFACTION, RELATIONSHIPS, AND EXPERIENCES**

**LEARNING OBJECTIVES**

After reading this chapter, you should be able to:

**LO1** Define marketing and identify the requirements for successful marketing to occur.

**LO2** Understand the breadth and depth of marketing.

**LO3** Explain how marketing discovers and satisfies consumer needs and wants.

**LO4** Distinguish between marketing mix elements and environmental forces.

**LO5** Describe how a market orientation focuses on creating customer value, satisfaction, and customer relationships.

**LO6** Explain why some organizations have transitioned from the market orientation era to the customer experience management era.

**LO7** Understand the emergence of the social media marketing era.

**LO8** Understand the meaning of ethics and social responsibility and how they relate to the individual, organizations, and society.

**FOCUSING ON KEY TERMS**

customer experience management (CEM) marketing

customer lifetime value (CLV) marketing concept

customer relationship management (CRM) marketing mix

customer satisfaction marketing program

customer value micromarketing

eCRM organizational buyers

environmental forces

social CRM

ethics social marketing

interactive marketing social media marketing

macromarketing social responsibility

market societal marketing concept

market orientation target market

ultimate consumers

**TEXTBOOK FIGURES**

Figure 1-1 An organization’s marketing department relates to many people, groups, and forces.

Figure 1-2 Marketing’s first task: discovering consumer needs.

Figure 1-3 Marketing’s second task: satisfying consumer needs.

Figure 1-4 Marketing program for City of Hamilton.

Figure 1-5 Six different orientations in the history of North American business.

|  |
| --- |
| **CHAPTER OPENING EXAMPLE**  **THE MARKETING OF THE CITY OF HAMILTON, ONTARIO**   * THE CITY OF HAMILTON, ONTARIO IS AGGRESSIVELY MARKETING ITSELF AS A GOOD PLACE TO LIVE, WORK, AND DO BUSINESS. * MAIN OBJECTIVES OF THE MARKETING CAMPAIGN IS COMMUNICATING THAT HAMILTON IS NO LONGER CANADA’S STEEL CITY AND HIGHLIGHT ITS NEWLY DIVERSIFIED ECONOMY. * HAMILTON TARGETS YOUNG PROFESSIONALS, WHO WORK IN CREATIVE INDUSTRIES SUCH AS GRAPHIC DESIGN OR WEB AND APP DEVELOPMENT AND ARE GETTING HARD HIT BY THE TORONTO’S RENT AND HOUSE PRICES. IT ALSO TARGETS EMPTY NESTERS AND FOODIES LOOKING FOR QUALITY OF LIFE. * HAMILTON HAS FOCUS MARKETING EFFORTS ONLINE (WEBSITE AND SOCIAL MEDIA INCLUDING YOUTUBE) IN AN EFFORT TO REACH INTERNATIONAL INVESTORS COST-EFFECTIVELY. THEY HAVE ALSO USED PRINT ADVERTISING, PUBLIC RELATIONS. * WITH AN UNEMPLOYMENT RATE BELOW NATIONAL AVERAGE AND EXPONENTIAL ECONOMIC GROWTH, HAMILTON IS NOW RANKED AS CANADA’S MOST DIVERSIFIED ECONOMY BY THE CONFERENCE BOARD OF CANADA. |

**WHAT MARKETING IS AND WHAT IT IS NOT**

**LO1 Define marketing and identify the requirements for successful marketing to occur.**

**A. MARKETING DEFINED**

THE AMA DEFINITION: **MARKETING** IS THE ACTIVITY FOR CREATING, COMMUNICATING, DELIVERING AND EXCHANGING OFFERINGS THAT BENEFIT THE ORGANIZATION, ITS STAKEHOLDERS AND SOCIETY AT LARGE**.**THIS DEFINITION STRESSES THE IMPORTANCE OF DELIVERING GENUINE BENEFITS IN THE OFFERINGS OF GOODS, SERVICES, IDEAS, AND EXPERIENCES MARKETED TO CUSTOMERS.

|  |
| --- |
| **GOING ONLINE UNDERSTANDING MARKETING: TERMS AND CONCEPTS**  STUDENTS ARE ENCOURAGED TO VISIT AMA’S WEBSITE AT [WWW.MARKETINGPOWER.COM](http://WWW.MARKETINGPOWER.COM).  AND TO CHECK OUT THE AMA’S COMPREHENSIVE DICTIONARY OF OVER 4000 MARKETING TERMS. IT IS A VALUABLE SOURCE OF INFORMATION ON MARKETING, INCLUDING KEY TERMS, CONCEPTS, PROVINCIAL CHAPTERS AND THE LATEST MARKETING NEWS. |

**B. REQUIREMENTS FOR MARKETING TO OCCUR**

FOUR THINGS ARE NEEDED FOR MARKETING TO OCCUR:

**1.** TWO OR MORE PARTIES (INDIVIDUALS OR ORGANIZATIONS) WITH UNSATISFIED NEEDS.

**2.** A DESIRE AND ABILITY TO SATISFY THESE NEEDS.

**3.** A WAY FOR THE PARTIES TO COMMUNICATE.

1. SOMETHING TO EXCHANGE.
2. **THE BREADTH AND DEPTH OF MARKETING**

**LO2 Understand the breadth and depth of marketing.**

**FIVE ISSUES TO ANALYZE:**

1. WHAT IS A MARKET? A **MARKET** IS PEOPLE WITH THE DESIRE AND ABILITY TO BUY A SPECIFIC PRODUCT.
2. WHO MARKETS? EVERY ORGANIZATION MARKETS.
3. WHAT IS MARKETED? **GOODS** (PHYSICAL OBJECTS), **SERVICES** (ACTIVITIES, DEEDS OR OTHER BASIC INTANGIBLES) AND **IDEAS** (INTANGIBLES INVOLVING THOUGHTS ABOUT ACTIONS OR CAUSES). **SOCIAL MARKETING** IS DESIGNED TO INFLUENCE BEHAVIOUR OF INDIVIDUALS BY WHICH BENEFITS ACCRUE TO THOSE INDIVIDUALS OR TO SOCIETY IN GENERAL AND NOT TO THE MARKETER.
4. WHO BUYS AND USES WHAT IS MARKETED? **ULTIMATE CONSUMERS** ARE PEOPLE WHO USE THE GOODS AND SERVICES PURCHASED FOR A HOUSE HOLD. **ORGANIZATIONAL** **BUYERS** ARE UNITS, SUCH AS MANUFACTURERS, RETAILERS, AND GOVERNMENTAL AGENCIES, THAT BUY GOODS AND SERVICES FOR THEIR OWN USE OR FOR RESALE.
5. WHO BENEFITS? CONSUMERS WHO BUY, ORGANIZATIONS THAT SELL AND SOCIETY AS A WHOLE.

**A. THE DIVERSE FACTORS INFLUENCING MARKETING ACTIVITIES**

THOUGH MARKET FOCUSES ON ACCESSING AND SATISFYING CONSUMER NEEDS, OTHER PEOPLE, GROUPS AND FORCES INTERACT TO SHAPE THE NATURE OF MARKETING ACTIVITIES.

SEE FIGURE 1-1: SOCIETY, ORGANIZATION AND ENVIRONMENTAL FORCES

|  |
| --- |
| **LEARNING REVIEW**  **1. WHAT IS MARKETING?**  ANSWER: THE ACTIVITY FOR CREATING, COMMUNICATING, DELIVERING VALUE TO CUSTOMERS, AND FOR MANAGING CUSTOMER RELATIONSHIPS IN WAYS THAT BENEFIT THE ORGANIZATION AND ITS STAKEHOLDERS.  **2. MARKETING FOCUSES ON \_\_\_\_\_\_\_\_\_\_\_\_\_\_AND \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_PROSPECTIVE CONSUMERS’ NEEDS AND WANTS.**  ANSWER: DISCOVERING, SATISFYING.  **3. WHAT FOUR FACTORS ARE NEEDED FOR MARKETING TO OCCUR?**  ANSWER: (1) TWO OR MORE PARTIES WITH UNSATISFIED NEEDS, (2) A DESIRE AND ABILITY ON THEIR PARTS TO SATISFY THESE NEEDS, (3) A WAY FOR THE PARTIES TO COMMUNICATE, AND (4) SOMETHING TO EXCHANGE. |

1. **HOW MARKETING DISCOVERS AND SATISFIES CONSUMER NEEDS**

**LO3 Explain how marketing discovers and satisfies consumer needs and wants.**

**A. DISCOVERING CONSUMER NEEDS**

MARKETING'S FIRST OBJECTIVE IS DISCOVERING THE NEEDS OF PROSPECTIVE CUSTOMERS. CONSUMERS MAY NOT ALWAYS KNOW OR BE ABLE TO DESCRIBE WHAT THEY NEED AND WANT. A GOOD EXAMPLE IS THE CASE OF HIGH TECHNOLOGY OR NEW-TO-THE-WORLD PRODUCTS.

SHOULD MARKETS SATISFY NEEDS OR WANTS? ANSWER: BOTH

**a.** A *NEED* OCCURS WHEN A PERSON FEELS DEPRIVED OF BASIC NECESSITIES.

**b.** A *WANT* IS A NEED THAT IS SHAPED BY A PERSON’S KNOWLEDGE, CULTURE, AND INDIVIDUAL PERSONALITY. MARKETING DOES NOT CREATE THE NEED FOR A PRODUCT, BUT SHAPES A PERSON’S WANTS.

**B. SATISFYING CONSUMER NEEDS**

AN ORGANIZATION DOES NOT HAVE THE RESOURCES TO SATISFY THE NEEDS OF ALL CONSUMERS, SO IT FOCUSES ON THE NEEDS OF ITS **TARGET MARKET** – THE SPECIFIC GROUP OR GROUPS OF POTENTIAL CONSUMERS TOWARD WHICH IT WILL DIRECT ITS MARKETING PROGRAM.

**LO4 Distinguish between marketing mix elements and environmental forces.**

MARKETING MIX IS DEFINED AS THE MARKETING MANAGER’S CONTROLLABLE FACTOR, THE MARKETING ACTIONS OF PRODUCT, PRICE, PROMOTION AND PLACE THAT HE OR SHE CAN TAKE TO CREATE, COMMUNICATE AND DELIVER VALUE.

**i.** THE MARKETING PROGRAM CONSISTS OF FOUR ELEMENTS CALLED THE **MARKETING MIX,** OR FOUR P'S, WHICH ARE:

**1)** *PRODUCT* – A GOOD, SERVICE, OR IDEA TO SATISFY THE CONSUMER'S NEEDS.

**2)** *PRICE* – WHAT IS EXCHANGED FOR THE PRODUCT.

**3)** *PROMOTION* – A MEANS OF COMMUNICATION BETWEEN SELLER AND BUYER.

**4)** *PLACE* – A MEANS OF GETTING THE PRODUCT INTO THE CONSUMER'S HANDS.

**ii. THE UNCONTROLLABLE, ENVIRONMENTAL FACTORS**

THERE ARE MANY FACTORS LARGELY BEYOND THE CONTROL OF THE MARKETING DEPARTMENT. THE **ENVIRONMENTAL FACTORS** INCLUDE:

**1)** SOCIAL FORCES

**2)** TECHNOLOGICAL FORCES

**3)** ECONOMIC FORCES

**4)** COMPETITIVE FORCES

**5)** REGULATORY FORCES

**iii. BUT WAIT, WHAT ABOUT HIGH-TECHNOLOGY OR NEW-TO-WORLD PRODUCTS?**

THE CONVENTIONAL MARKETING PROCESS OF DISCOVERING AND SATISFYING CUSTOMER NEEDS REALLY WORKS WELL IN MOST CASES. BUT IT DOES NOT WORK SO WELL WITH HIGH-TECHNOLOGY OR NEW-TO-WORLD PRODUCTS. HIGH-TECHNOLOGY OR NEW-TO-WORLD PRODUCTS ARE RADICALLY DIFFERENT AND SOMETIMES BEYOND THE IMAGINATION OF THE CUSTOMERS. OFTEN CUSTOMERS REALLY DO NOT RECOGNIZE THAT THEY NEED OR WANT SUCH INNOVATIVE PRODUCTS. SO MARKETERS OF HIGH-TECHNOLOGY OR NEW-TO-WORLD PRODUCTS REALLY HAVE NO MARKET AT THE TIME OF INVENTION. BUT NEW INVENTIONS CAN AND DO CREATE NEW MARKETS AND NEW INDUSTRIES.

**A. THE MARKETING PROGRAM.**

IDEAS FOR SERVING CONSUMER NEEDS MUST BE TRANSLATED INTO A TANGIBLE **MARKETING PROGRAM**--A PLAN THAT INTEGRATES THE MARKETING MIX ELEMENTS TO PROVIDE A PRODUCT, SERVICE, OR IDEA TO CONSUMERS.

**B. A MARKETING PROGRAM FOR CITY OF HAMILTON**

|  |  |
| --- | --- |
| MIX ELEMENT | SPECIFICS |
| PRODUCT | THE CITY OF HAMILTON AS A PLACE TO LIVE, WORK AND DO BUSINESS |
| PRICE | VARIES, DEPENDS ON RESIDENTIAL HOUSING PRICES AND HOUSING RENTALS; COMMERCIAL LEASING PRICES (COST PER SQUARE FOOR); LAND AND CONSTRUCTION COSTS FOR RESIDENTIAL, COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL DEVELOPMENT; MUNICIPAL TAXES. |
| PROMOTION | PRINT ADVERTISING, WEBSITE, PUBLIC RELATIONS, SOCIAL MEDIA INCLUDING YOUTUBE |
| PLACE | THE CITY OF HAMILTON |

|  |
| --- |
| **MAKING RESPONSIBLE DECISIONS**  **MARKETING AND FEMALE BODY DISSATISFACTION**   * MANY CRITICS OF MARKETING SUGGEST MARKETERS ARE FUELING FEMALE BODY DISSATISFACTION IN ORDER TO SELL PRODUCTS AND SERVICES FOR THE FOLLOWING REASONS.  1. MARKETERS ARE PLAYING A ROLE IN CREATING AND IMPOSING IMPOSSIBLE STANDARDS OF BEAUTY ON FEMALES. 2. MARKETERS MOTIVE IS PURELY FINANCIAL. 3. MARKETERS ARE ALSO ACCUSED OF MAKING FEMALES INSECURE ABOUT THEIR BODIES ARE THUS MAKING THEM MORE LIKELY TO BUY BEAUTY PRODUCTS, NEW CLOTHES, AND DIET AIDS.   ADVOCATES FOR WOMEN’S RIGHTS SUGGEST YOUNG FEMALES NEED TO BE EDUCATED ABOUT WHAT MARKETERS AND THE MEDIA ARE DOING AND TO BECOME EMPOWERED TO CHALLENGE THIS ASSAULT ON THEM AND THEIR BODIES.  WHAT DO YOU THINK ABOUT MARKETING AND FEMALE BODY DISSATISFACTION? |

|  |
| --- |
| **LEARNING REVIEW**  **4. AN ORGANIZATION CANNOT SATISFY THE NEEDS OF ALL CONSUMERS, SO IT MUST FOCUS ON ONE OR MORE SUBGROUPS, WHICH ARE ITS\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  ANSWER: TARGET MARKETS.  **5. WHAT ARE THE FOUR MARKETING MIX ELEMENTS THAT MAKE UP THE ORGANIZATION’S MARKETING PROGRAM?**  ANSWER: PRODUCT, PRICE, PROMOTION, PLACE.  **6. WHAT ARE UNCONTROLLABLE VARIABLES?**  ANSWER: ENVIRONMENTAL FACTORS THE ORGANIZATION’S MARKETING DEPARTMENT CAN’T CONTROL. THESE INCLUDE SOCIAL, TECHNOLOGICAL, ECONOMIC, COMPETITIVE AND REGULATORY FORCES. |

**4. HOW MARKETING BECAME SO IMPORTANT**

MARKETING IS A DRIVING FORCE IN THE MODERN GLOBAL ECONOMY. TO UNDERSTAND WHY THIS IS SO AND SOME RELATED ETHICAL ASPECTS, LET US LOOK AT THE (1) EVOLUTION OF BUSINESSES FROM THE PRODUCTION ERA TO THE CUSTOMER EXPERIENCE MANAGEMENT ERA, AND (2) ETHICS AND SOCIAL RESPONSIBILITY IN MARKETING.

1. **EVOLUTION OF THE MARKET ORIENTATION**

ALTHOUGH THEY OVERLAP, FOUR DISTINCT STAGES OF NORTH AMERICAN BUSINESS HISTORY CAN BE IDENTIFIED:

**1. PRODUCTION ERA**. BECAUSE GOODS WERE SCARCE, IT WAS ASSUMED PRODUCTS WOULD SELL THEM- SELVES, SO BUYERS WOULD ACCEPT ALMOST ANYTHING. FOCUS WAS ON MANUFACTURING. LASTED THROUGH THE 1920s.

**2. SALES ERA.** MANY FIRMS DISCOVERED THAT THEY COULD PRODUCE MORE GOODS THAN THEIR REGULAR BUYERS COULD CONSUME. THE SOLUTION WAS TO HIRE SALESPEOPLE TO FIND NEW MARKETS AND CUSTOMERS FOR THE FIRM'S EXISTING PRODUCTS. RAN FROM ABOUT 1920 TO 196Os.

**3. MARKETING CONCEPT ERA.** MARKETING CONCEPT IS THE IDEA THAT AN ORGANIZATION SHOULD:

**a.** STRIVE TO SATISFY WANTS OF CONSUMERS

1. WHILE TRYING TO ACHIEVE THE ORGANIZATION'S GOALS.

MARKETING CONCEPT ERA MEANS A FIRM RECOGNIZES IT IS IN THE BUSINESS OF SATISFYING NEEDS AND WANTS OF CONSUMERS. ALTHOUGH MANY FIRMS HAVEN'T REALLY ACCEPTED THIS YET, THE MARKETING CONCEPT ERA STARTED GAINING ACCEPTANCE IN THE 1960S.

**LO5 Describe how a market orientation focuses on creating customer value, satisfaction, and customer relationships.**

**4.** **MARKET ORIENTATION ERA.** **MARKET ORIENTATION** MEANS A FIRM FOCUSES ITS EFFORTS ON (1) CONTINUOUSLY COLLECTING INFORMATION ABOUT CUSTOMERS’ NEEDS AND COMPETITORS’ CAPABILITIES, (2) SHARING THIS INFORMATION ACROSS DEPARTMENTS, AND (3) USING THE INFORMATION TO CREATE CUSTOMER VALUE . CUSTOMER VALUE IS THE UNIQUE COMBINATION OF BENEFITS RECEIVED BY THE CUSTOMER THAT INCLUDE QUALITY, PRICE, CONVENIENCE, ON-TIME DELIVERY AND BOTH BEFORE-SALE AND AFTER-SALE SERVICE. TODAY, **CUSTOMER RELATIONSHIP MANAGEMENT (CRM)** IS AN IMPORTANT FACET OF MARKETING WHERE RELATIONSHIP STRATEGIES ARE DEVELOPED TO OPTIMIZE THE VALUE OF CUSTOMERS**. CUSTOMER LIFETIME VALUE (CLV)**: PROFIT GENERATED BY THE CUSTOMERS PURCHASE OF THE ORGANIZATION’S PRODUCT OR SERVICE OVER THE CUSTOMERS LIFETIME.ECRM: WEB-CENTRIC PERSONALIZED APPROACH TO MANAGING LONG TERM RELATIONSHIPS ELECTRONICALLY.

**LO6 Explain why some organizations have transitioned from the market orientation era to the customer experience management era.**

**5. CUSTOMER EXPERIENCE MANAGEMENT ERA (**CEM)MEANS MANAGING THE CUSTOMERS’ INTERACTION WITH THE ORGANIZATION AT ALL TOUCH POINTS. THE EXPERIENCE IS MORE IMPORTANT THAN THE PRODUCT. WHEN CUSTOMERS BELIEVE THEY HAVE RECEIVED GREAT VALUE, THEY TEND TO BE SATISFIED. CONSUMER SATISFACTION IS THE MATCH BETWEEN CUSTOMER EXPECTATIONS OF THE PRODUCT AND THE PRODUCT’S ACTUAL PERFORMANCE.

**LO7 Understand the emergence of the social media marketing era.**

**6. SOCIAL MEDIA MARKETING ERA** SOME EXPERTS ARE SUGGESTING WE ARE ALSO IN THE MIDST OF THE EMERGENCE OF THE SOCIAL MEDIA MARKETING ERA. IN FACT, SOME SUGGEST THAT SOCIAL MEDIA MARKETING IS THE BIGGEST SHIFT IN THE ECONOMY SINCE THE INDUSTRIAL REVOLUTION. THERE ARE REALLY TWO DISTINCT DIMENSIONS TO SOCIAL MEDIA MARKETING. FIRST, SOCIAL MEDIA MARKETING IS ABOUT CONSUMER-GENERATED ONLINE MARKETING EFFORTS TO PROMOTE BRANDS AND COMPANIES FOR WHICH THEY ARE FANS (OR CONVERSELY, NEGATIVELY PROMOTING BRANDS AND COMPANIES FOR WHICH THEY ARE NON-FANS). SECOND, SOCIAL MEDIA MARKETING IS THE USE BY MARKETERS OF ONLINE TOOLS AND PLATFORMS TO PROMOTE THEIR BRANDS OR ORGANIZATIONS.

**LO8 Understand the meaning of ethics and social responsibility and how they relate to the individual, organizations, and society.**

**A. ETHICS AND SOCIAL RESPONSIBILITY: BALANCING THE INTERESTS OF**

**DIFFERENT GROUPS**

**1. ETHICS.** MANY MARKETING ISSUES ARE NOT SPECIFICALLY ADDRESSED BY EXISTING LAWS AND REGULATIONS. THESE ISSUES RELATE TO **ETHICS**, WHICH ARE THE MORAL PRINCIPLES AND VALUES THAT GOVERN THE ACTIONS AND DECISIONS OF AN INDIVIDUAL OR GROUP.

**2. SOCIAL RESPONSIBILITY.**

**a.** AN ORGANIZATION'S MARKETING DECISIONS SHOULD CONSIDER THE WELL-BEING OF SOCIETY AS A WHOLE. **SOCIAL RESPONSIBILITY** IS THE IDEA THAT ORGANIZATIONS ARE PART OF A LARGER SOCIETY AND ARE ACCOUNTABLE TO SOCIETY FOR THEIR ACTIONS.

**b.** MARKETING MAY BE MOVING TOWARD THE **SOCIETAL MARKETING CONCEPT,** THE IDEA THAT AN ORGANIZATION SHOULD DISCOVER AND SATISFY THE NEEDS OF ITS CUSTOMERS WHILE ALSO PROVIDING FOR SOCIETY'S WELL-BEING.

**c.** MARKETING MAY BE VIEWED ON TWO DIFFERENT LEVELS:

**i.** **MACROMARKETING** DEALS WITH BROADER ISSUES AND EXAMINES THE AGGREGATE FLOW OF A NATION'S GOODS AND SERVICES TO BENEFIT SOCIETY.

**ii.** THE MARKETING ACTIVITIES OF AN INDIVIDUAL ORGANIZATION ARE CALLED **MICROMARKETING** AND ARE THE MAIN FOCUS OF THIS BOOK.

MARKETING MATTERS

HOW TO CREATE AND DELIVER GREAT CUSTOMER EXPERIENCE

CEM EXPERTS HARLEY MANNING AND KERRY BODINE SUGGEST THAT COMPANIES WISHING TO CREATE AND DELIVER GOOD CUSTOMER EXPERIENCES NEED TO PERFORM SIX HIGH-LEVEL DISCIPLINES:

1. STRATEGY – GAME PLAN

2. CUSTOMER UNDERSTANDING – REAL, ACTIONABLE INSIGHTS ABOUT CUSTOMERS

3. DESIGN – FOCUS CUSTOMER EXPERIENCE EFFORTS ON CHANGES THAT REALLY MATTERS TO CUSTOMERS.

4. MEASUREMENT – QUANTIFY CUSTOMER EXPERIENCE QUALITY

5. GOVERNANCE – PRACTICES THAT HELP ORGANIZATIONS MANAGE CUSTOMER EXPERIENCE IN A PROACTIVE AND DISCIPLINED MANNER

6. CULTURE – SYSTEM OF SHARED VALUE AND BEHAVIOURS THAT FOCUS EMPLOYEES ON CREATING AND DISCOVERING A GREAT CUSTOMER EXPERIENCE

|  |
| --- |
| **LEARNING REVIEW**  **7. THE MATCH BETWEEN CUSTOMER EXPECTATIONS AND OF THE PRODUCT AND THE PRODUCTS ACTUAL PERFORMANCE IS CALLED \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**  ANSWER: CUSTOMER SATISFACTION   1. **THE PROCESS OF BUILDING AND DEVELOPING LONG-TERM RELATIONSHIPS WITH CUSTOMERS BY DELIVERING CUSTOMER VALUE AND SATISFACTION IS CALLED \_\_\_\_\_\_\_\_\_\_\_\_.**   ANSWER: CRM   1. **SOME CANADIAN COMPANIES ARE NOW TRANSITIONING FROM THE MARKET ORIENTATION ERA TO THE \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ERA.**   ANSWER: CUSTOMER EXPERIENCE MANAGEMENT ERA |

**APPLYING MARKETING KNOWLEDGE QUESTIONS WITH ANSWERS**

1. What value does the consumer receive by purchasing the following products or services? (a) Carnation Instant Breakfast, (b) Adidas running shoes, (c) Hertz Rent-A-Car, and (d) television home shopping programs.

Answer: Consumer value received by purchasing each of four products or services include:

a. Carnation Instant Breakfast. Time saving in preparing a breakfast; nutrition and vitamins.

b. Adidas Running Shoes. Safety through having a running tread; cushioning for the foot; status.

c. Hertz Rent-A -Car. Time saving for business or vacation travelers who may fly to a destination and need local transportation without being able to use local buses or rail transit.

d. Television Shopping Programs. A variety of hard and soft goods; low prices; convenience of shopping from home; delivery to any location.

2. Each of the four products, services, or programs in Question 1 has substitutes. Respective examples are (a) a ham and egg breakfast, (b) regular tennis shoes, (c) taking a bus, and (d) a department store. What consumer value might these substitutes deliver instead of those mentioned in question 1?

Answer: Consumer value that these four substitute products, services or programs might   
 provide include:

a. Ham and Egg Breakfast. More filling; extra proteins; a breakfast perceived to be more

likely to "stay with you" up until the midday meal.

b. Regular Tennis Shoes. Low cost; possibility of the shoes being used for another sport.

c. Taking a Bus. Low cost; avoiding the need to find parking for a car; avoiding   
 inconvenience of picking up and delivering the rental car and the accompanying   
 paperwork.

d. A Department Store. More help from sales clerks in making a purchase decision; greater

likelihood of accepting the returns of unacceptable merchandise; servicing of the product

sold.

3. What are the characteristics (for example, age, income, education) of the target market customers for the following products or services: (a) *National Geographic* magazine, (b) *Wired* magazine (c) Toronto Blue Jays baseball team, and (d) the Canadian Open Golf tournament?

Answer: Characteristics of target market customers for each of the following products or services include:

a. *National Geographic* magazine. Older age group, very high income, very highly   
 educated.

b. *Wired* magazine. Mainly under thirty in age, middle income, interest and education in computer and communication technology.

c. Blue Jays Baseball Team. In the Toronto area, essentially all age groups, income groups, and educational groups.

d. Canadian Open Golf Tournament. All age groups, upper income groups, middle to upper levels of education.

4. A university in a metropolitan area wishes to increase its evening-school offerings of business-related courses, such as marketing, accounting, finance, and management. Who are the target market customers (students) for these courses?

Answer: Target market customers or students for business-related courses offered by a metropolitan-area college at night include both those pursuing a degree and those not pursuing a formal degree. Students pursuing a degree might seek degree-related courses that could aid them in acquiring or earning an Associate's degree, a Bachelor's degree, or an MBA degree. In contrast, many prospective students in these courses may be more interested in particular subject areas that can assist them in their job rather than in earning degree credits. For example, engineering personnel might want introductory courses in marketing or finance or accounting to familiarize them with principles from these courses that might apply to their job. Owners of small businesses might seek work-related courses that enable them to develop a business plan, design an accounting/record keeping system, or write more effective advertising copy.

5. What actions involving the four marketing mix elements might be used to reach the target market in Question 4?

Answer: Marketing mix actions to reach these target market customers include:

a. Product. This includes mainly the content of each course offered to target market   
 customers.

b. Price. The tuition or charge for taking the course.

c. Promotion. Course catalogues, direct mail informational brochures, and ads run in local newspapers or on local radio stations are examples of the kind of promotional activities a college often undertakes.

d. Place. This includes the place and time at which the course is offered. Increasingly universities are taking their courses to the location of their students rather than asking students to come to the campus itself.

6. What environmental factors (uncontrollable variables) must the university in Question 4 consider in designing its marketing program?

Answer: Environmental factors or uncontrollable variables for the college to consider include:

a. Social Factors. Formal college diplomas are required for an increasing number of jobs, so colleges must recognize this in designing their courses. In addition, some employers require a certain number of work-related course units every year to have their employees maintain skills. Colleges often try to design curricula to reflect this.

b. Technological Factors. Many colleges are offering both credit and non-credit courses through television—either on cable channels available to the public or through programs   
 transmitted directly to employees of specific companies or on-line through distance   
 education. An increasing number of courses form of computer-related work, which   
 affects curriculum design decisions.

c. Economic Factors. Price of the course and its potential benefits to the students, either in

terms of leading to a degree or providing work-related benefits, are important economic

considerations.

d. Competitive Factors. The college must recognize a number of ways for students to get

roughly equivalent courses: those offered by other colleges or universities in the area, courses offered internally by large employers, and courses offered by correspondence.

e. Regulatory Factors. Degree courses must often meet standards imposed by outside   
 groups, such as those standards established by the Ministries of Education across   
 Canada.

7. Calculate the annual value of a specific purchase you make on a regular basis (for example, gasoline for your car). What would be the purchase value be over a 10 year period? What does this tell you about the customer lifetime value concept?

Answer: Students typically do not fill tanks but look at the weekly cash cost of their ownership. Typically $50/week could be spent. This translates to 52x$50=$2600/yr….or $26,000 over 10 years. The lifetime value concept should be very important to any “repeat purchase” marketer.

8. Provide a recent example of a shopping experience where you were very satisfied and one where you were very dissatisfied with your purchase. Do you think the company was practicing customer experience management? Why or why not? Explain why you were satisfied or dissatisfied with the experience. What impact will this experience have on your future purchases from that organization?

Answer: Students will enthusiastically answer this question with many good and bad experiences. Have them describe how the poor marketers could improve their performance.

9. Have you had any experience talking about brands that you like or dislike using social media? What have you discussed and what has been the response from others?

Answer: Responses will vary based on whether or not students have used this medium. If students have used this they may identify things such as the good and bad points of the brands they have encountered/used.

**BUILDING YOUR MARKETING PLAN**

IF YOUR INSTRUCTOR ASSIGNS A MARKETING PLAN FOR YOUR CLASS, DON’T MAKE A FACE AND COMPLAIN ABOUT THE WORK – FOR TWO REASONS. FIRST, YOU WILL GET INSIGHTS INTO TRYING TO ACTUALLY “DO MARKETING” THAT OFTEN GO BEYOND WHAT YOU CAN GET BY SIMPLY READING THE TEXTBOOK. SECOND, THOUSANDS OF GRADUATING STUDENTS EVERY YEAR GET THEIR JOB BY SHOWING PROSPECTIVE EMPLOYERS A “PORTFOLIO” OF SAMPLES OF THEIR WRITTEN WORK FROM UNIVERSITY OR COLLEGE – OFTEN A MARKETING PLAN IF THEY HAVE ONE. THIS CAN WORK FOR YOU.

THE “BUILDING YOUR MARKETING PLAN” SECTION AT THE END OF EACH CHAPTER SUGGESTS WAYS TO IMPROVE AND FOCUS YOUR MARKETING PLAN. YOU WILL USE THE SAMPLE MARKETING PLAN IN APPENDIX A (FOLLOWING CHAPTER 2) AS A GUIDE, AND THIS SECTION AFTER EACH CHAPTER WILL HELP YOU APPLY THOSE APPENDIX A IDEAS TO YOUR OWN MARKETING PLAN.