A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider to our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so.

M K Gandhi

Objectives

- The new economy
- Strategic success: Macro and Micro factors
- The myth of value
- Companies orientation
- Preparing and Strategizing for a customer led business

Simple Marketing System

Communication

Industry (a collection of sellers) → Goods/services → Market (a collection of Buyers) → Money → Information

Structure of Flows

Resources
- Money
- Services
- Goods/services

Resource markets
- Money
- Taxes
- Goods/services

Manufacturer markets
- Money
- Taxes
- Goods/services

Government markets
- Money
- Taxes
- Services

Consumer markets
- Money
- Taxes
- Services

Intermediary markets
- Money
- Taxes
- Services

Customer Development

Suspects
- Prospects
- First-time customers
- Repeat customers
- Clients
- Advocates
- Partners

Disqualified prospects
- Inactive or ex-customers

The new economy

- Substantial increase in buying power
- A greater variety of goods and services
- A greater amount of information about practically anything
- A greater ease in interacting and placing and receiving orders
- An ability to compare notes on products and services
- Websites can provide companies with powerful new information and sales channels.
- Companies can collect fuller and richer information about markets, customers, prospects and competitors.
- Companies can facilitate and speed up communications among employees.

The new economy

- Companies can have 2-way communication with customers and prospects
- Companies can send ads, coupons, samples, information to targeted customers.
- Companies can customize offerings and services to individual customers.
- The Internet can be used as a communication channel for purchasing, training, and recruiting.
- Companies can improve logistics and operations for cost savings while improving accuracy and service quality.

The traditional marketing approach

- Managerial process
- Transactions Focus
  - orientation to single sales
  - discontinuous customer contact
  - focus on product features
  - short time scale
  - little emphasis on customer service
  - limited commitment to meeting customer expectations
  - quality is the concern of production staff
- High consumer trust
- Growing prosperity & Homogeneous demand
- Dominant manufacturing power
- Poor distribution structure

Marketing Myopia

- What are business leaders myopic about?
- Market dynamics and stagnation of marketing approaches
- Shortening of long-term competitive advantage
- The myth of superior quality and technology

Marketing Myopia

- Four self-deceiving conditions leading companies to believe they are in a “growth” industry:
  - An expanding and more affluent population
  - No competitive substitutes
  - Too much faith in mass production and declining unit costs
  - Preoccupation with the product

Strategic success: macro factors

- Environmental fit
- Timing and success
- Efficiency vs. Effectiveness
- Speed and decisiveness
- Ambitious intent
  - Operational
  - Tactical
  - Strategic
- Outstanding competencies

Strategic success: micro factors

- People
- Structure
- Strategy
- Systems
- Leadership

The myth of value

Determinants of Customer Delivered Value

Customer Lifetime Value

Impact of Improving Retention, Acquisition Cost and Margins on Customer Value
Customer Delivered Value

Starting point Focus Means Ends
Factory Existing products Selling and promotion Profits through sales volume

(a) The selling concept

Market Customer needs Integrated marketing Profits through customer satisfaction

(b) The marketing concept


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