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Marketing

Principles of Customer-Centric Business Management



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Table of Contents

- A Adopting the marketing perspective** 9
 - 1 Approaching marketing 9
 - 1.1 Ideas about marketing 9
 - 1.2 The relevant market 15
 - 1.3 Marketing as an applied science 20
 - 2 Marketing management 25
 - 2.1 Nature and process of marketing management 25
 - 2.2 Planning levels 29
 - 2.3 Marketing programmes and the marketing mix 30
 - 2.4 Marketing concept and the marketing plan 32

- B Understanding markets and customers** 39
 - 3 The marketing environment 39
 - 3.1 External forces impacting on marketing success 39
 - 3.2 Micro-environment and macro-environment 40
 - 3.3 The market system 44
 - 4 Buyer behaviour and analysis 50
 - 4.1 Buyer behaviour 50
 - 4.2 General framework for the analysis and explanation of individual buying behaviour 51
 - 4.3 Factors influencing individual buying behaviour 52
 - 4.4 Types of individual purchasing decisions 87
 - 4.5 Organizational buying behaviour 91
 - 5 Market research 100
 - 5.1 Types and process of market research 100
 - 5.2 Data collection methods 107
 - 5.3 Sampling 112
 - 5.4 Special research designs: Experiments and panels 113
 - 5.5 Quality criteria for market research 115
 - 5.6 Data analysis 116

Table of Contents

- C Setting the strategic frame** 123
 - 6 Marketing objectives 123
 - 6.1 Characteristics and types of marketing objectives 123
 - 6.2 Thematic dimensions of marketing objectives 129
 - 7 Strategic analysis 133
 - 7.1 Analyses to diagnose the internal situation 134
 - 7.2 Analyses to diagnose the external situation 136
 - 7.3 SWOT to merge results from internal and external analysis .. 143
 - 8 Marketing strategies 147
 - 8.1 Competition-related strategies 147
 - 8.2 Customer-related strategies 148
 - 8.3 Time-related strategies 157
 - 8.4 Budgeting for marketing strategies 158

- D Designing and implementing marketing programmes** 165
 - 9 Brand decisions 165
 - 9.1 Basics about the brand 165
 - 9.2 Brand policy decisions 169
 - 10 Product decisions 179
 - 10.1 Basics of products and services 179
 - 10.2 Product mix decisions 183
 - 10.3 Product innovation 187
 - 11 Sales and customer relationship management decisions 197
 - 11.1 Basics of sales management 197
 - 11.2 Distribution channel decisions 201
 - 11.3 Channel member decisions 204
 - 11.4 Vertical coordination of channels 208
 - 11.5 Personal selling 210
 - 11.6 Customer management and CRM 213
 - 11.7 Complaint management 216
 - 12 Marketing communications decisions 221
 - 12.1 Basics of marketing communications 221
 - 12.2 Above-the-line communications 230

12.3	Below-the-line communications	236
12.4	Media planning	240
13	Sales promotions decisions	248
13.1	Basics of sales promotions	248
13.2	Sales promotions as a cross-sectional task	251
13.3	Sales promotions tools	252
14	Pricing decisions	257
14.1	Basics of pricing	257
14.2	Behavioural aspects of pricing policy	260
14.3	Pricing methods	263
14.4	Pricing decisions at one specific point in time	264
14.5	Pricing decisions referring to periods of time	267
15	Marketing programme coordination	274
15.1	Integrated marketing	274
15.2	Product life cycle as a thinking grid	276
15.3	Dominance-Standard model as a thinking grid	279
15.4	Integration grid as a thinking grid	280
Appendix 1:	Sample marketing plan structure	286
Appendix 2:	Notes on dealing with written examination questions	288
Index	291

A Adopting the marketing perspective

1 Approaching marketing

Key terms of the chapter:

Marketing philosophy // dual marketing definition // customer centricity // needs and wants // business orientations // customer value creation // customer relationship // exchange process // market definition // market potential // market volume // market share // competitive advantage // research directions in marketing // market definition // marketing as applied science

1.1 Ideas about marketing

Marketing is nothing other than the idea of strictly aligning entrepreneurial activities with the requirements of the market.

Since in today's hugely dynamic markets the buyers represent the bottleneck for economically sustainable success, it is the customers who are spotlighted. As a consequence, market-oriented management means customer-oriented management. For companies it is not enough to be product-led, no matter how good the product is. Rather, firms have to be in tune with consumers' needs or business customers' requirements. As management guru Peter Drucker accentuates, marketing aims at making selling superfluous – as it strives to know and to understand the customer so well that the product or service fits her or him – and therewith sells itself.

For that, marketing requires precise knowledge of the customers' perceptions, experiences, attitudes and expectations. Further, marketing means providing products, services, ideas or experiences that are highly satisfying from the customer's point of view, and which meet the needs better than the offers by competitors do.

Marketing as a management process

According to common opinion, marketing is seen as a *concept of market-oriented business management*. It includes the conception, implementation and control of all market-related activities of a company. In addition to the systematic analysis and gathering of information about the market, it covers the coordination and implementation of market-related (external) activities as well as the creation of the internal conditions for their implementation. This process view of marketing is underlined by the Chartered Institute of Marketing (<https://www.cim.co.uk/>) which defines marketing as “the

A Adopting the marketing perspective

management process responsible for identifying, anticipating and satisfying customer requirements profitably.“

Marketing as facilitating satisfying exchange relationships

A relational perspective has been promoted by US marketer Kotler (e.g. Kotler et al., 2016). According to that, marketing means *creating value* for customers and building relationships with them on the one hand, but also capturing value from customers in return, on the other hand. In this way, marketing is about a social process by which individuals and organizations obtain what they need and want through the creation and the exchange of value.

Marketing as a dual concept

Whether marketing should be considered a function in a business organization or whether it should rather take on a cross-functional role has been a controversial point in discussions about the nature of marketing. Most of the marketing researchers opt for a comprehensive role of marketing in companies that will manifest in a customer-driven management process and in a customer-centric philosophy. Others consider marketing to be a corporate function that serves to fulfil clearly defined tasks like doing market research or developing corporate communications and that often co-occurs with a sales department being responsible for distribution channel management or pricing, for instance. The functional view can frequently be traced in management reality where one finds departments like “marketing” and “sales” as parts of business organizations.

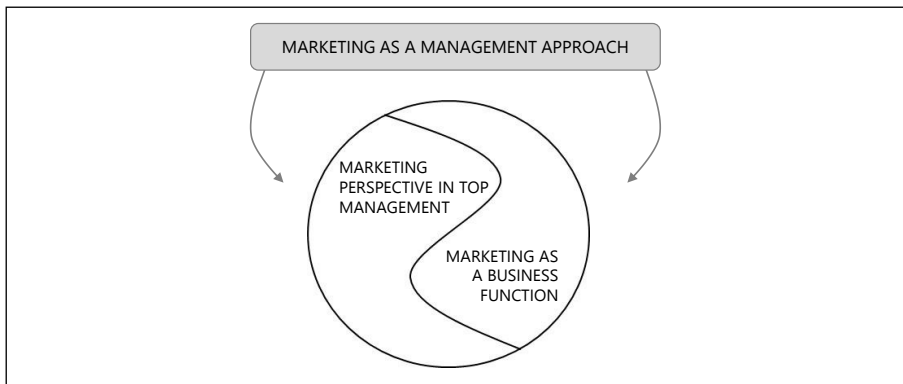


Fig. 1: Marketing as a dual concept. Source: own illustration.

To resolve the conflict, Meffert (e.g., Meffert et al., 2018) stressed the concept of *duality* when discussing marketing as a management principle. According to that, market-oriented management is based on two pillars: a) marketing as a corporate function in addition to other corporate functions plus b) marketing as part of (and a guiding concept for) the firm's top management (Fig. 1).

Marketing as a customer-centric philosophy

Following a marketing approach calls for a focus on current and potential customers. It also involves taking account of competitors, considering the dynamics of markets and paying attention to external forces and trends.

A genuinely *marketing-oriented organization* has a sound understanding of customers, their expectations and needs. It provides resources to understanding buying behaviour and the issues influencing purchases; as well as it studies competitors and market environments. The organization heads for serving the customer in order to capture value in return. This is realized by starting all decisions with the customer and an analysis of opportunities for competitive advantage. In order to implement such an orientation, a marketing division must act as an integrative or leading force in the company in relation to the other departments (Fig. 2).

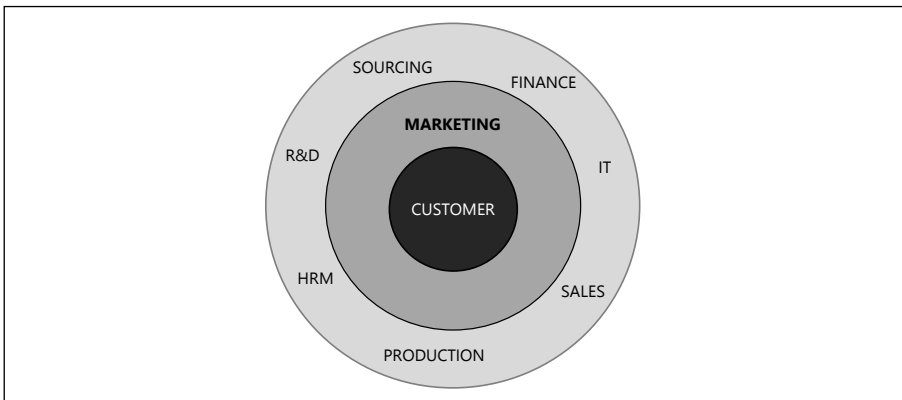


Fig. 2: Customer at the centre of corporate action. Source: own illustration.

Truly marketing-oriented organizations, furthermore, recognize the importance of *internal factors* for external market success. A company following that perspective will ensure that its operations, the personnel and the capabilities are aligned to reflect its marketing direction. Moreover, it will accept that market situations will evolve and, accordingly, will not only consider current issues but will prepare to meet future challeng-

A Adopting the marketing perspective

es. As a result, the marketing organization will focus on profitable and lasting customer relationships.

Many of the above mentioned qualities are main pillars of the *customer centricity* approach or, in other words, the customer-centric philosophy in marketing. The following list sums up core ideas of customer-centric management (Shah et al., 2006):

- all management decisions start with the customer
- creation of a superior customer value
- relationship-oriented
- meeting individual customer needs
- profitability through customer loyalty
- customer knowledge as a valuable asset

Marketing as managing relationships

Current concepts in marketing turn away from a view that focuses on single transactions and favour a *relationship perspective*. The relationship-focused approach to marketing outlines a network of contacts between the buyer and a company that establishes a series of exchanges over time. If this is meant to be a lasting relationship, both parties in this interactive process need to be satisfied with the relationship. This means the relationship needs to be functional for each party to achieve the respective objectives from it. Hence, managing close and profitable customer relationships is another face of customer centricity.

Marketing has been defined in different ways. Marketing as a philosophy puts the customer in focus and strives to follow a consistent market orientation for all organizational activities. It is an integrative approach of running a business and managing profitable relationships with customers.

Customer relationship management (CRM) refers to the overall process of building and maintaining profitable customer relationships. This covers aspects like acquiring, engaging and growing customers. As a result of CRM, and via creating value for the customer and therewith achieving high levels of customer satisfaction, firms can hope for loyal customers that talk favourably to others about the company and the products or services they experienced.

Keeping customers loyal and having a high *customer retention rate* makes good economic sense. Many cases and studies have shown that there is a positive relationship between customer retention and company success – as the exchange processes become more profitable for a company the more constant the exchange partners are. Instead of a mul-

titude of individual transactions (so called *transactional marketing*), selected long-term customer relationships are favoured by *relationship marketing* approaches, therefore.

Especially in the digital era, many new opportunities arise for firms to get much closer to their customers and to create new facets of relationship management. The relationship era of marketing has gone digital.

Customer centricity and customer retention are key in modern marketing.

Business orientations and the evolution of the marketing concept

Over time, the philosophy of doing business has developed from the production orientation to modern marketing orientations. In between, there used to be phases of the product orientation and the selling orientation. Fig. 3 summarises some characteristics of these eras.

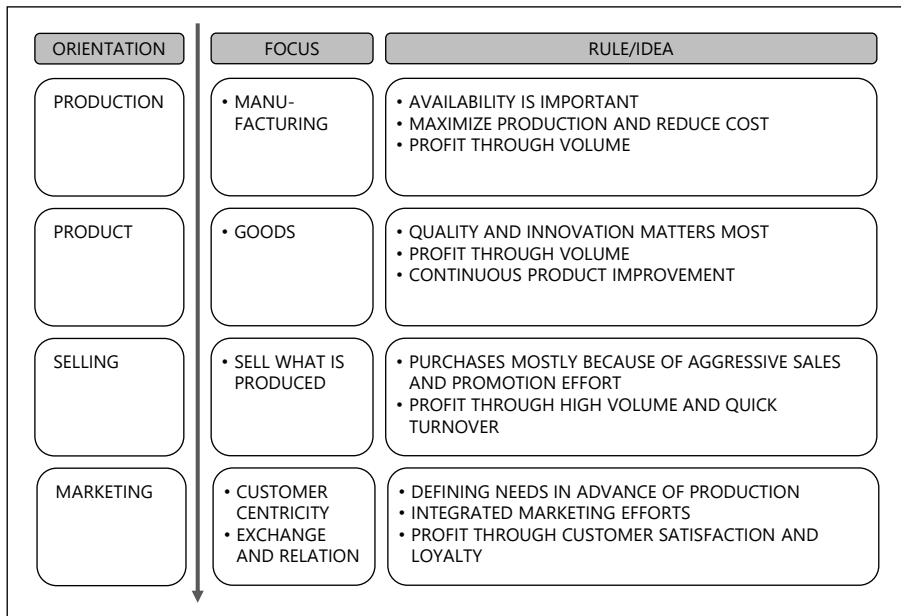


Fig. 3: Development of business orientations. Source: own illustration.

Marketing jobs

People who are entrusted with (functional) marketing tasks in companies or organizations are typically called *marketing managers*, *marketers* or *marketeers* (Fig. 4 for a sample

A Adopting the marketing perspective

job description). However, the market-related way of thinking must not be limited to these persons authorized for it by virtue of the position's designation. Rather, understanding marketing as a philosophy means that every individual in the organization should adopt a customer-centric attitude.

At the top management level, positions such as Marketing Managing Director, Marketing Director, Chief Marketing Officer (CMO) or Chief Customer Officer (CCO) express the strategic leader role of marketing for running a business.

XXX is seeking a **Marketing Manager** to join our marketing team.

The best candidate for this role is customer-obsessed, collaborative, proactive, and self-motivated. This individual will be playing a key role in the development of XXX's brand and strategy and should have the ability to perform in a fast-paced, high-growth environment.

Success will require a deep understanding of how to leverage customer data, content, and messaging to inspire customer action. This person will have a proven ability to break down complex ideas into compelling, differentiated stories. This person is a team leader, seeking out ways to ensure success for XXX and the marketing team.

Key Responsibilities

- Build a loyal consumer following for XXX and its offerings - help grow it to become the most loved brand in the industry
- Manage internal and external brand communications, including support of PR efforts
- Lead integrated marketing efforts, drive campaign planning, media buying and measurement, and social media
- Work closely with CRM to drive acquisition and retention of customers
- Partner with Product on the development and implementation of consumer products - develop campaigns that will pull-through messaging across brand programmes
- Identify and harness consumer insights, compelling stories and create awareness and messaging that inspires drivers
- Create alignment with essential internal partners with thorough and detailed communications
- Be an expert on the competitive landscape and understand how to effectively differentiate XXX

About You

- You are a marketing expert, eager to take on B2C and B2B marketing efforts. You're not afraid to get in the weeds or build a strategy.
- You excel at collaborating across the company. You can move easily between business stakeholders, product development and marketing teams.
- You are driven to understand customer mindset and pain points to create a marketing strategy that achieves business goals and meets customer needs.
- You have a natural ability to build relationships with cross-functional team members and represent our brands.
- You understand that technology can simplify, delight and enhance our lives and hope to build transformative innovation through your career.
- You thrive in a fast-paced, high-intensity environment where you balance multiple projects and can prioritize your work both short and long term.
- You are motivated to achieve success both at work and in your personal life.
- You understand how marketing ties to business objectives, understand target audience profiles and insights, and incorporate these into campaigns.

Fig. 4: A job profile for a marketing manager (example). Source: own illustration.