**CHAPTER 1 : MARKETING ; MANAGING PROFITABLE CUSTOMER RELATIONSHIP**

1. **WHAT IS MARKETING**

Marketing is a process by which companies create value for customers and build strong customer relationships to capture value from customers in return

1. **UNDERSTANDING THE MARKETPLACE AND CUSTOMER NEEDS**

Core Concepts

* Customer needs, wants, and demands
* Market offerings
  + are some combination of products, services, information, or experiences offered to a market to satisfy a need or want
  + **Marketing myopia** is focusing only on existing wants and losing sight of underlying consumer needs
* Customer Value and satisfaction
* Exchanges and relationships
  + is the act of obtaining a desired object from someone by offering something in return
* Markets
  + are the set of actual and potential buyers of a product or service

1. **DESIGNING A CUSTOMER-DRIVEN MARKETING STRATEGY**

**Selecting Customers to Serve**

* Marketing management
  + - is the art and science of choosing target markets and building profitable relationships with them
    - What customers will we serve?
    - How can we best serve these customers?
* Market segmentation
  + - refers to dividing the markets into segments of customers
* Target marketing
  + refers to which segments to go after
* Demarketing
  + is marketing to reduce demand temporarily or permanently; the aim is not to destroy demand but to reduce or shift it
* The value proposition
  + is the set of benefits or values a company promises to deliver to customers to satisfy their needs

1. **MARKETING MANAGEMENT ORIENTATIONS**

**PRODUCTION** concept is the idea that consumers will favor products that are available or highly affordable

**PRODUCT** concept is the idea that consumers will favor products that offer the most quality, performance, and features. Organizations should therefore devote its energy to making continuous product improvements.

**SELLING** concept is the idea that consumers will not buy enough of the firm’s products unless it undertakes a large scale selling and promotion effort

**MARKETING** concept is the idea that achieving organizational goals depends on knowing the needs and wants of the target markets and delivering the desired satisfactions better than competitors do

**SOCIETAL MARKETING** concept is the idea that a company should make good marketing decisions by considering consumers’ wants the company’s requirements, consumers’ long-term interests, and society’s long-run interests

1. **BUILDING CUSTOMER RELATIONSHIPS**

Customer Relationship Management (CRM)

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

Relationship Building Blocks: Customer Value and Satisfaction

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 function 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
* Supply chain is a channel that stretches from raw materials to components to final products to final buyers

Creating Customer Loyalty and Retention

* Customer lifetime value is the value of the entire stream of purchases that the customer would make over a lifetime of patronage

Growing Share of Customer

* Share of customer is the portion of the customer’s purchasing that a company gets in its product categories

Customer equity

* is the total combined customer lifetime values of all of the company’s customers
* Building the right relationships with the right customers involves treating customers as assets that need to be managed and maximized
* Different types of customers require different relationship management strategies
  + Build the right relationship with the right customers