

**h e g**

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Haute école de gestion  
Genève

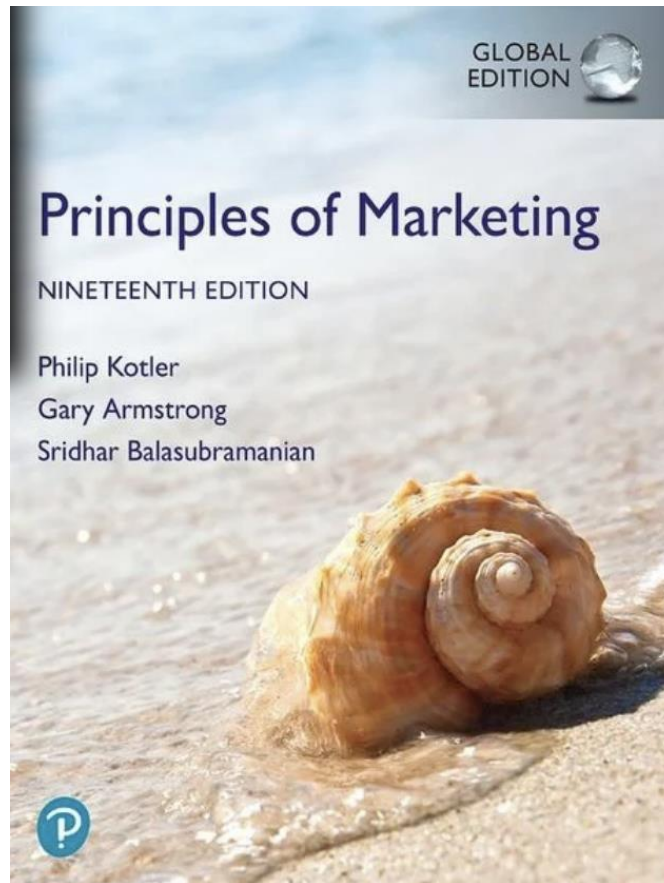
# CHAPTER 1: MARKETING

# CREATING CUSTOMER VALUE AND ENGAGEMENT

**Marketing Principles 1**

**Anna Wehren**

# Principles of Marketing



## Chapter 1

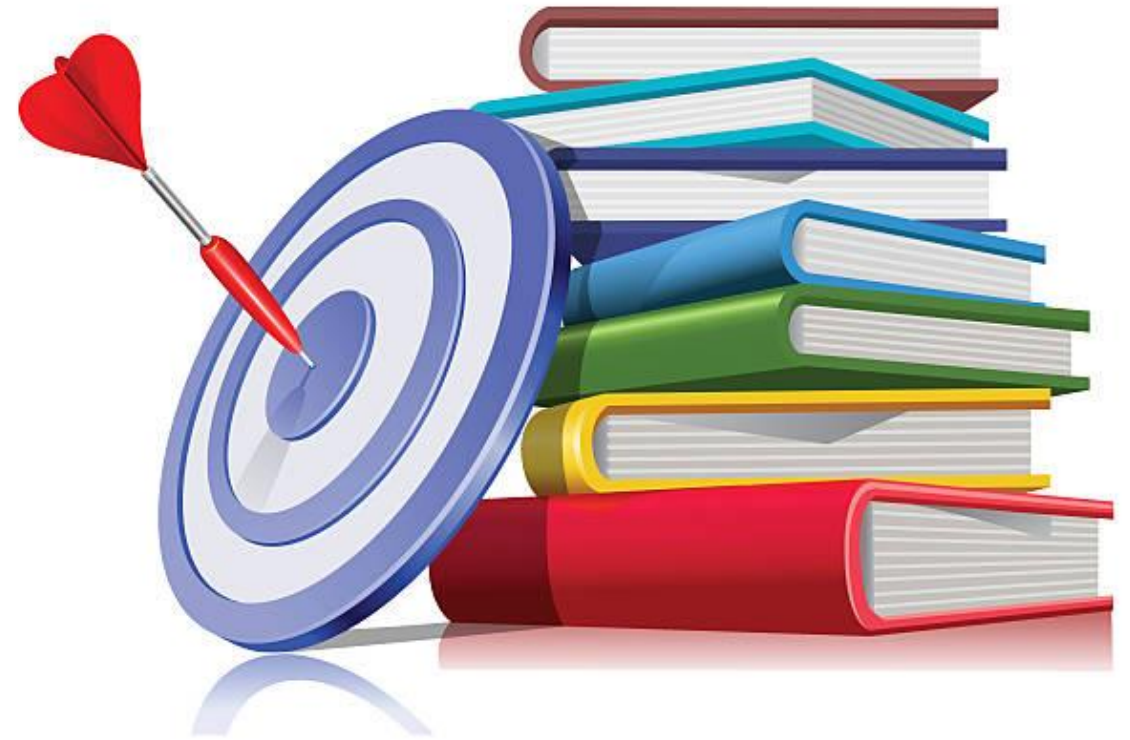
### Creating Customer Value and Engagement

# Learning Objectives

- 1-1 Define marketing and outline the steps in the marketing process.
- 1-2 Explain the importance of understanding the marketplace and customer needs.
- 1-3 Identify the key elements of a customer-driven marketing strategy and discuss the 5 marketing concepts that guide marketing strategy.
- 1-4 Discuss customer relationship management and identify strategies for creating value *for* customers and capturing value *from* customers in return.
- 1-5 Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

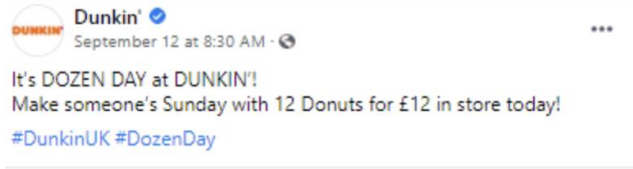
# Learning Objective 1

**Define marketing** and outline **the steps** in the marketing process.

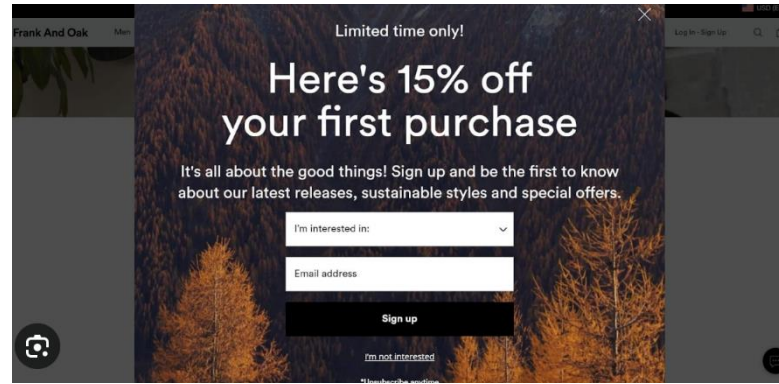




# What is Marketing ?



**Dunkin'** September 12 at 8:30 AM  
It's DOZEN DAY at DUNKIN!  
Make someone's Sunday with 12 Donuts for £12 in store today!  
#DunkinUK #DozenDay



Limited time only!  
**Here's 15% off your first purchase**  
It's all about the good things! Sign up and be the first to know about our latest releases, sustainable styles and special offers.  
I'm interested in:  
Email address  
Sign up  
I'm not interested



IT'S TIME THE LIBERAL MEDIA STOP CENSORING THE NEWS! STOP CENSORING THE NEWS.ORG

SKECHERS PERFORMANCE AT NEW YORK HALF MARATHON THE OFFICIAL SHOE OF M.B.

Manage your Starbucks profile | View online

Starbucks Rewards Stores Shop

We're glad you're here  
Now that you're a Starbucks insider you'll be among the first to hear about upcoming coffee news, promotions and more.

Make the most of your experience

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Starbucks Card Terms of Use My Starbucks Rewards™ Terms of Use Privacy Policy



## A Few Stats

**4000 – 10'000**

**8X**



**<100**

**~ 40%**

# What is Marketing?

**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.







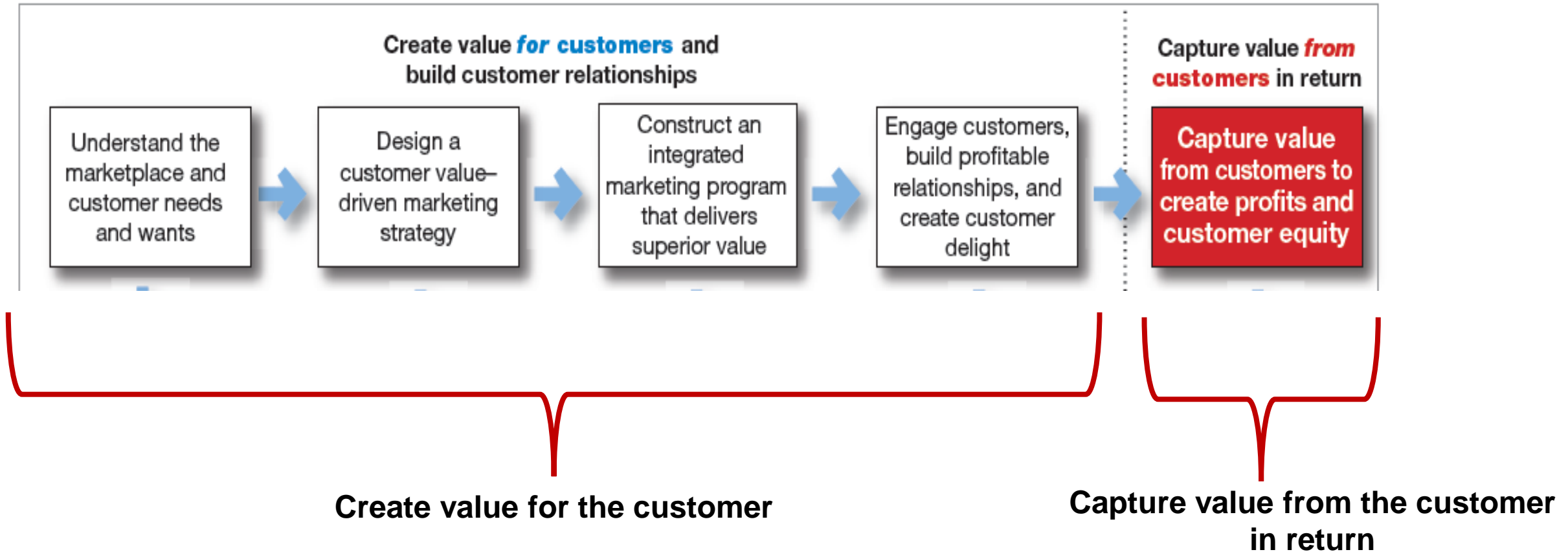
What brands are excellent at marketing based on the definition given?



# The 5 steps in the marketing process

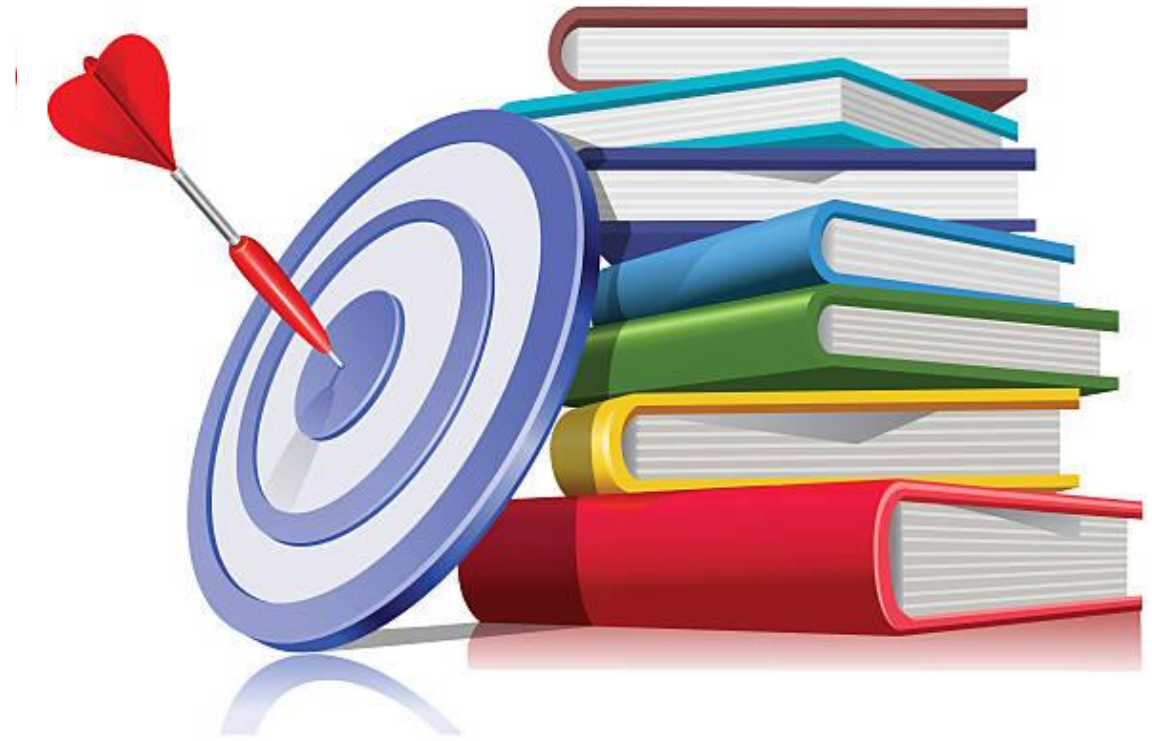
● FIGURE | 1.6

An Expanded Model of the Marketing Process

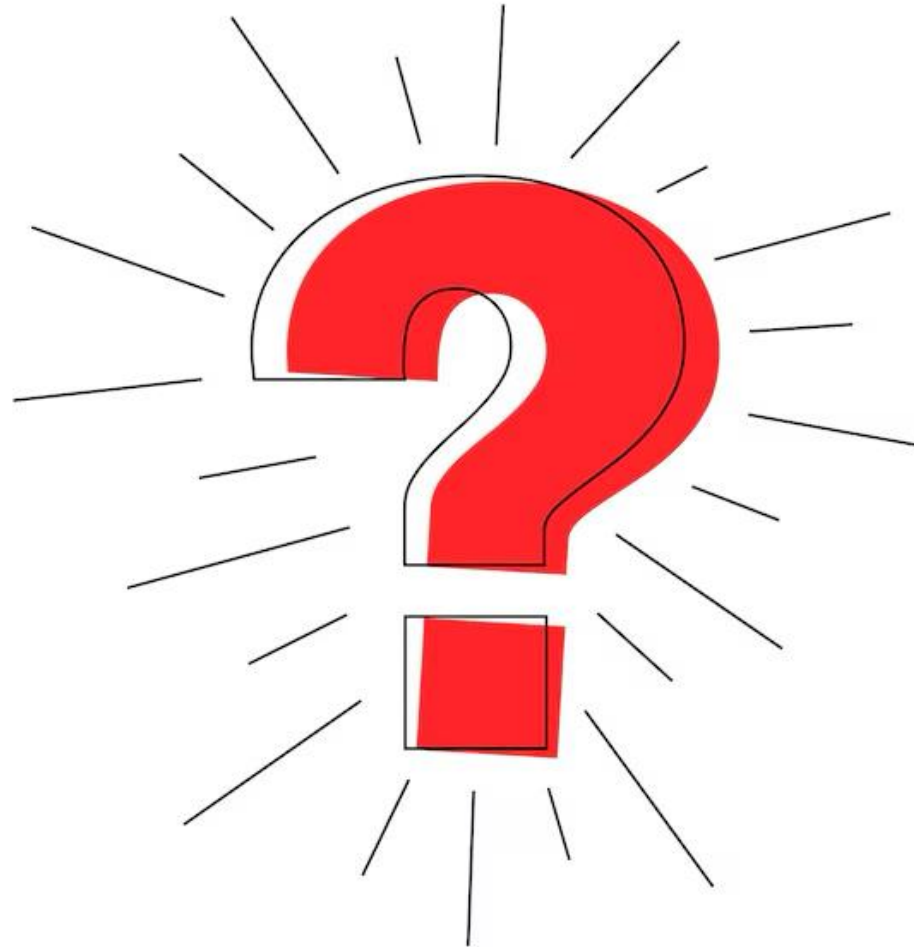


## Learning Objective 2

Explain the importance of **understanding the marketplace and customer needs.**



# When do Consumers Engage with Marketing ?



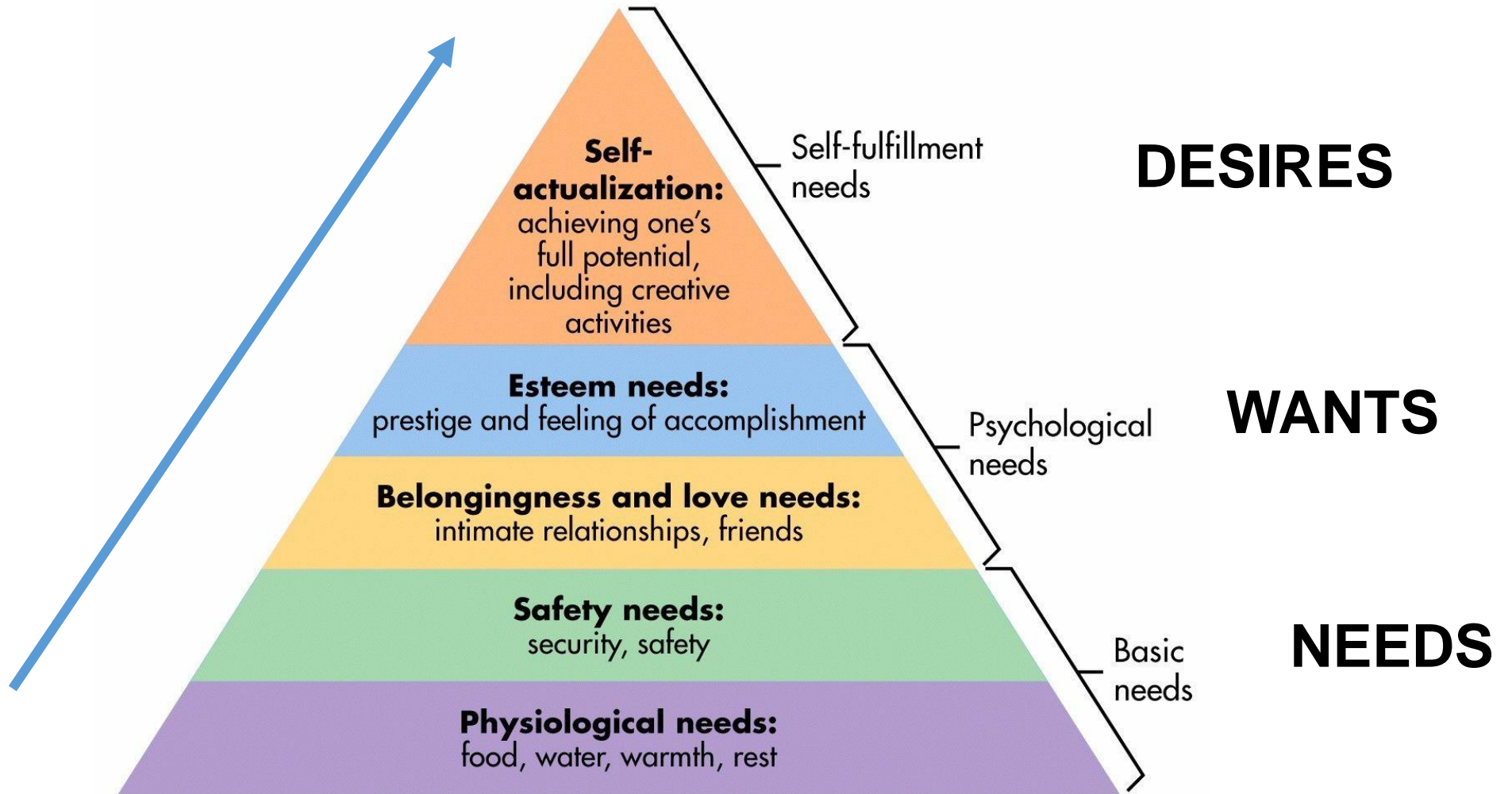
## Consumers Engage In Marketing When They:

- Search for products
- Interact with companies to obtain information
- Watch ads, read emails, ...
- Make purchases





# Maslow's Hierarchy of Needs




# Where PR Began...



1920s:  
Edward Bernays  
“The father of PR”

By associating products with images & symbols that tap into unconscious desires, brands can sell many more products.





examples


Give me an example of a product you purchased recently.

How did it satisfy a need, want or desire?

# Understanding the Marketplace and Customer Needs

**Market offerings** are some combination of products, services, information, or experiences offered to a market to satisfy a need or want.

**Marketing myopia** is the mistake of paying more attention to the specific products a company offers than to the benefits and experiences produced by these products.



People don't want to buy a drill.  
They want a hole.  
*Theodore Levitt - 1962*



# Understanding the Marketplace and Customer Needs

**Exchange** is the act of obtaining a desired object from someone by offering something in return.

Marketing consists of actions taken to create, maintain, and grow desirable **exchange relationships**.



# Understanding the Marketplace and Customer Needs

Beyond the products, Apple creates a brand experience and eco-system for its customers.



# Understanding the Marketplace and Customer Needs




● **Staying close to customers:** Energetic Target CEO Brian Cornell makes regular unannounced visits to Target stores, accompanied by local moms and loyal Target shoppers.

Ackerman + Gruber

The Amazon logo, consisting of the word 'amazon' in a lowercase, black, sans-serif font, with a yellow curved arrow underneath it pointing from the letter 'a' to the letter 'z'.

The Netflix logo, featuring the word 'NETFLIX' in a bold, red, sans-serif font, centered on a solid black rectangular background.





examples

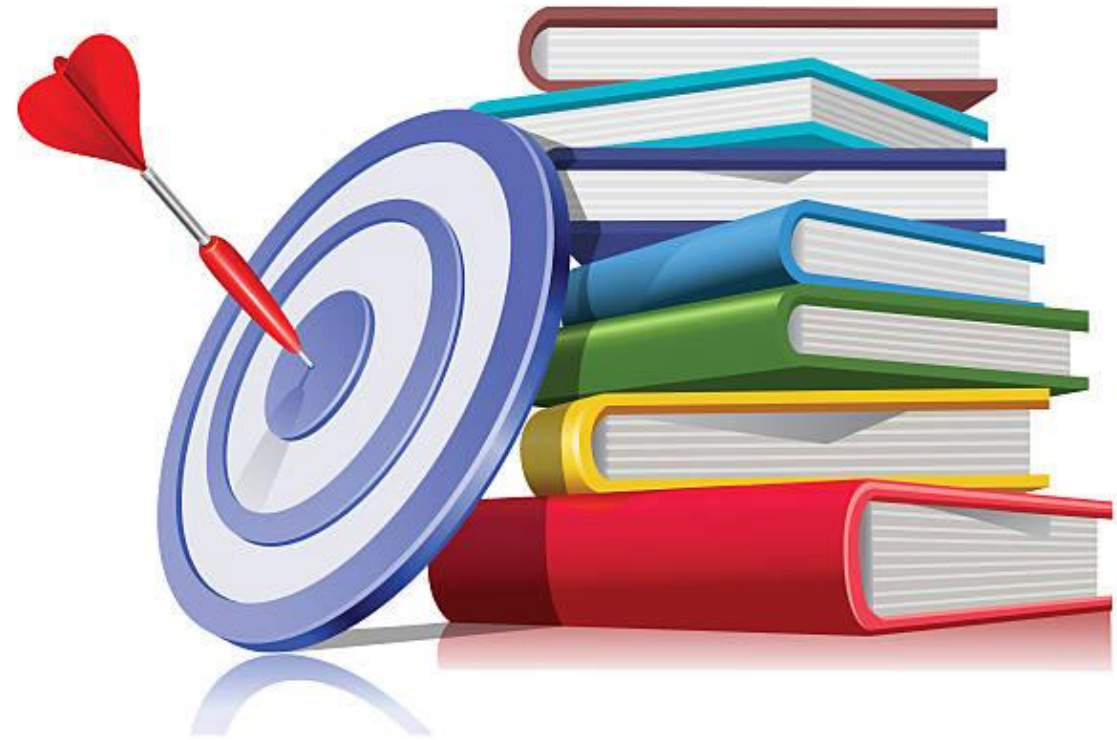
Give us an example of a product (good or service) you purchased recently

Tell us how that product satisfied a need, want or demand.



## Learning Objective 3

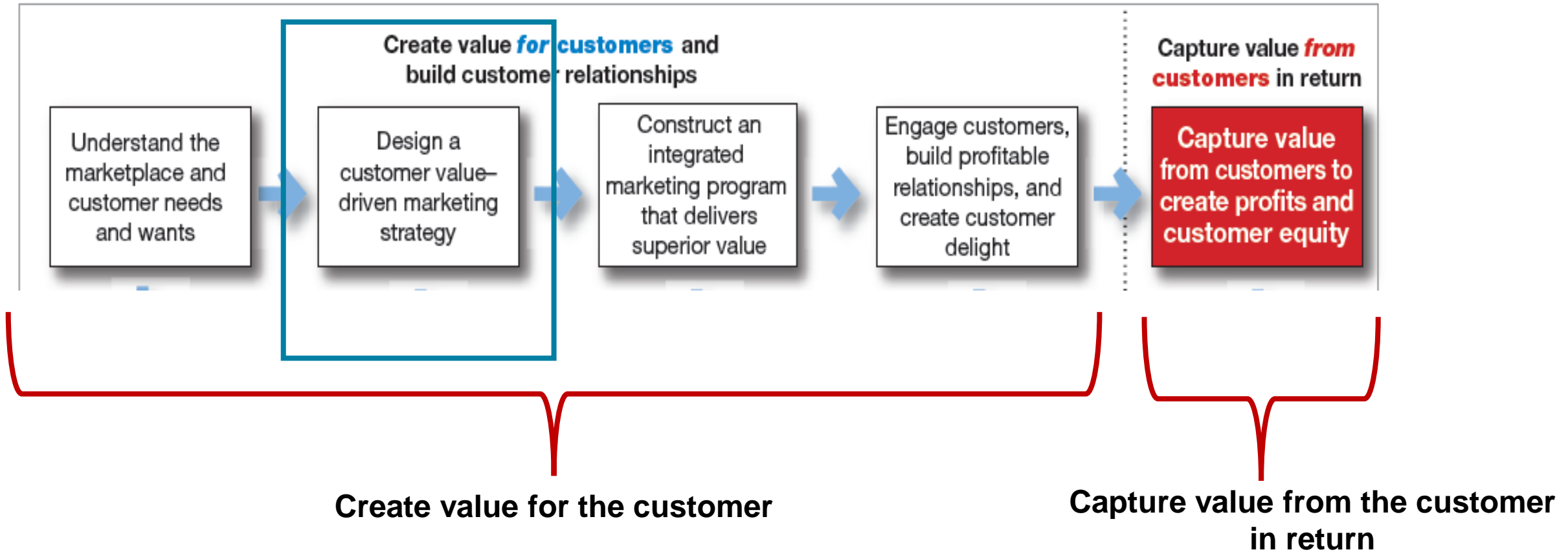
Identify the key elements of a **customer value-driven marketing strategy** and discuss the 5 concepts that guide marketing strategy.



# The 5 steps in the marketing process

● FIGURE | 1.6

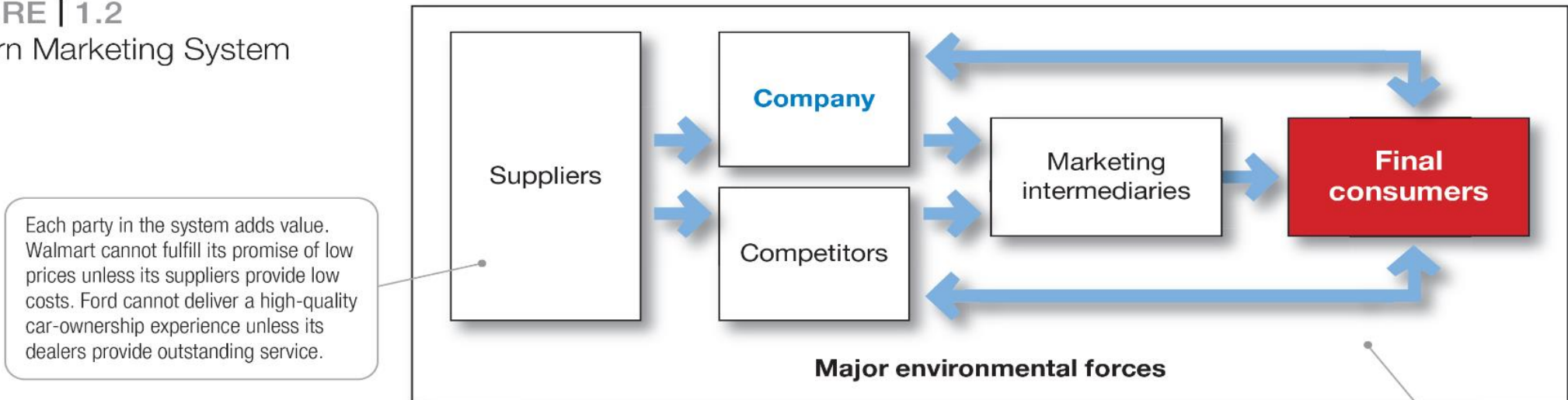
An Expanded Model of the Marketing Process



# Designing A Customer-Driven Marketing Strategy

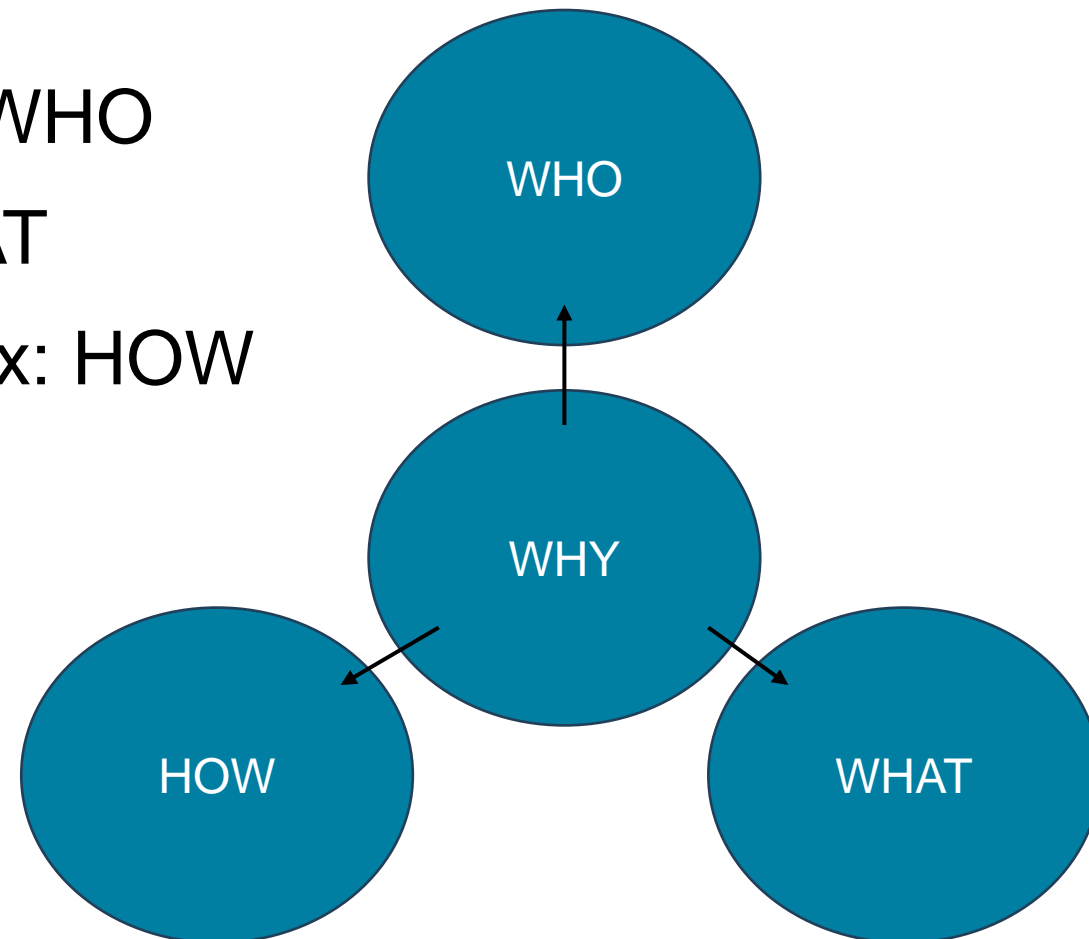
Marketing strategy must consider **other key players in the marketplace** such as suppliers, competitors, marketing intermediaries and consumers.

● FIGURE | 1.2  
A Modern Marketing System



# Designing A Customer-Driven Marketing Strategy

1. Understand Your Purpose : WHY
2. Select Your Customers to Serve : WHO
3. Choose a Value Proposition : WHAT
4. Design an Integrated Marketing Mix: HOW



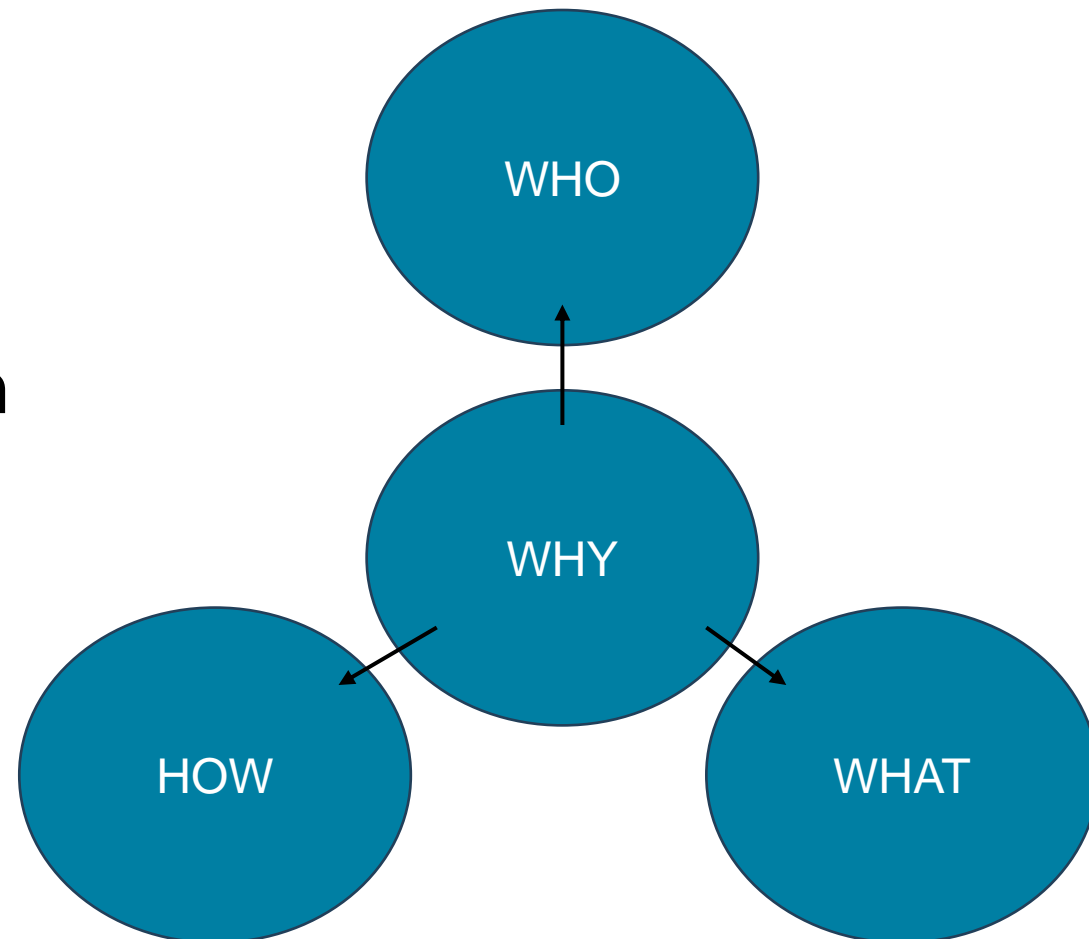


# Designing A Customer-Driven Marketing Strategy

## 1. Understand Your Purpose : WHY


Why does your brand exist beyond financial gain?

What difference does it aim to make in the world?





Every single person, every single organization on the planet knows what they do.

**TONY'S**  
CHOCOLONELY®

milk chocolate milk ch

**100% slave  
free the  
norm in  
chocolate**

[our story](#) > [our mission](#)



SHARE OUR STORY

With incredibly tasty chocolate we show the world chocolate can be made differently. From our packaging and the way we treat cocoa farmers.



Alone we make slave free chocolate. Together we make all chocolate 100% slave free. So we ask you to join in.

The more people choose slave free and share our story, the sooner 100% slave free becomes the norm in chocolate. The choice is yours. Are you in?

Join our movement and like or follow us:



Tony'sChocolonely



tonyschocolonely\_us



TonyChocoUS

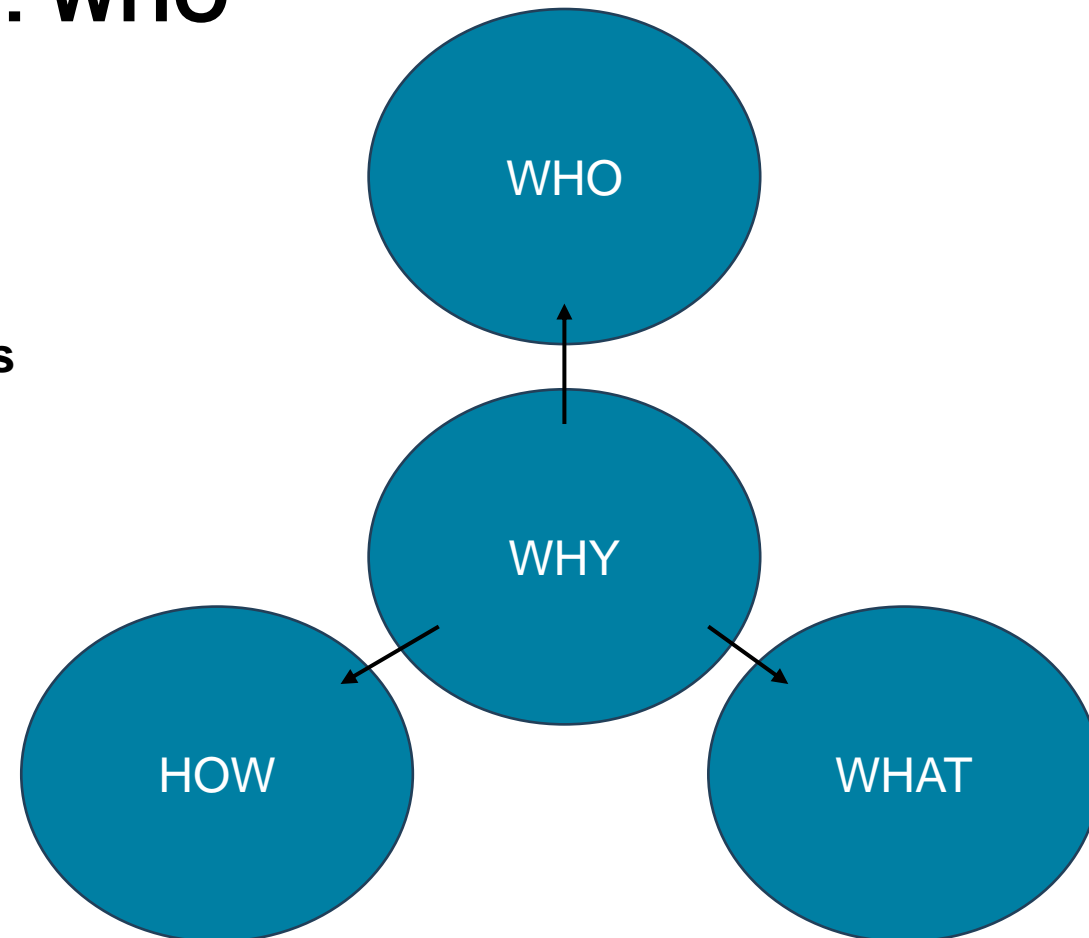
**CRAZY ABOUT CHOCOLATE, SERIOUS ABOUT PEOPLE**

# Designing A Customer-Driven Marketing Strategy

## 2. Select Your Customers to Serve : WHO

Who does your brand serve?

Lululemon serves women interested in yoga & wellness

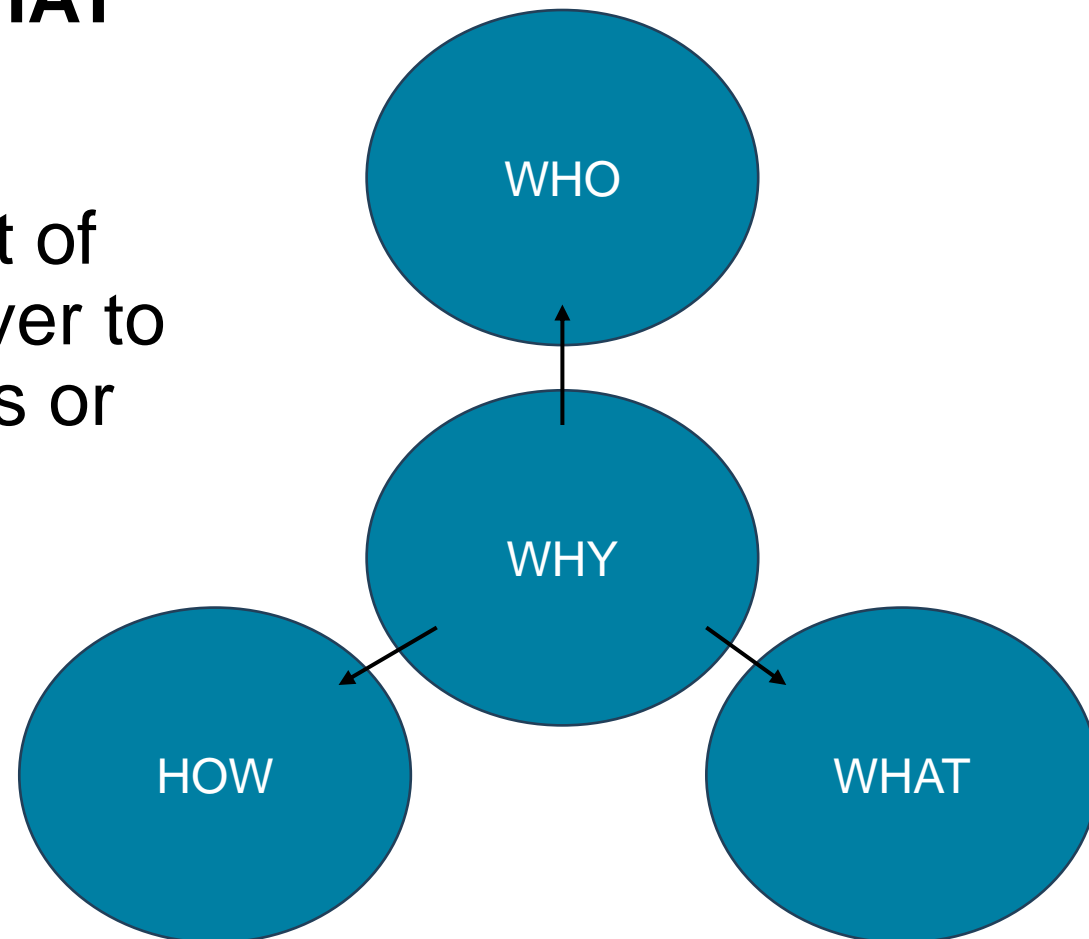




# Designing A Customer-Driven Marketing Strategy

## 3. Choose a Value Proposition : WHAT

A brand's **value proposition** is the set of **benefits or values** it promises to deliver to customers to satisfy their needs, wants or desires.



# Designing A Customer-Driven Marketing Strategy

## 3. Choose a Value Proposition : WHAT



Elegantly designed products that integrate cutting-edge technology with intuitive user experiences to empower your creativity.



Inspiration & innovation for authentic athletic performance.



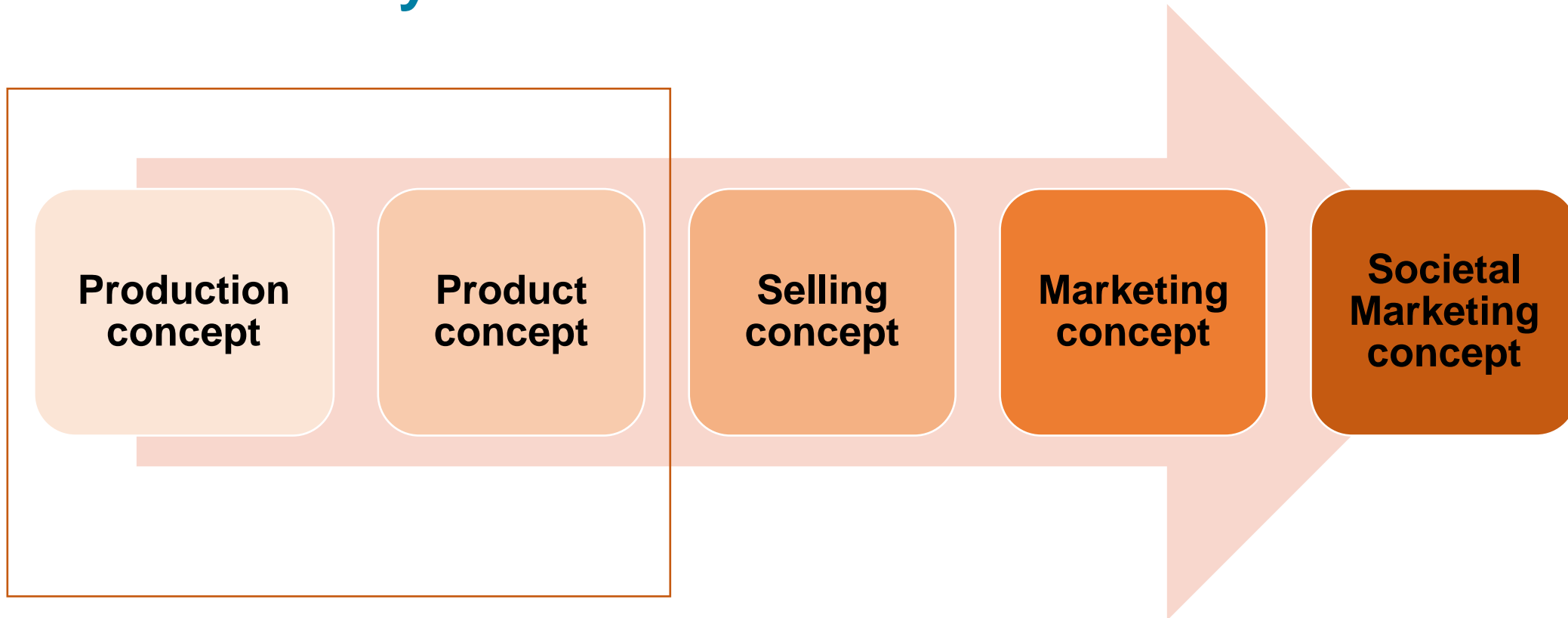
A place for people to connect, inform and inspire others across the globe.



Connect and share with the people of your life.



# 5 Concepts To Carry Out Your Marketing Strategy – not mutually exclusive!



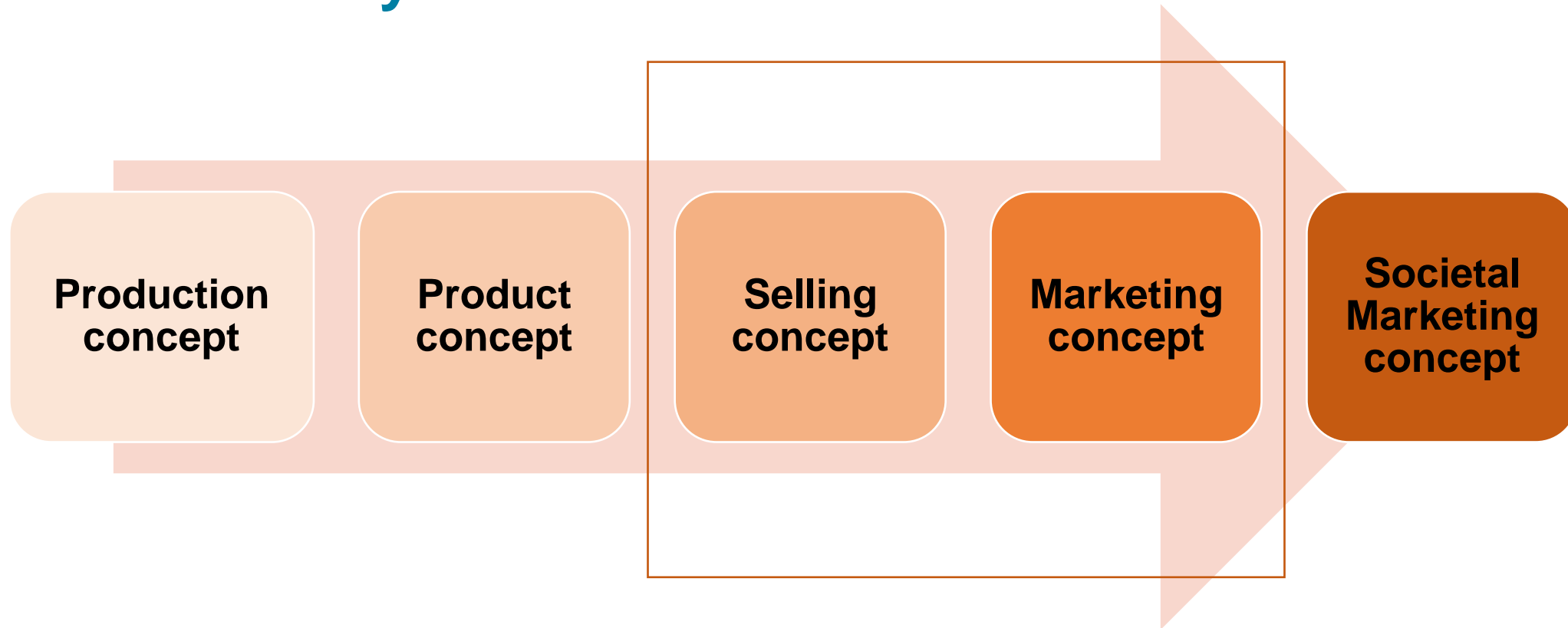


# 5 Concepts To Carry Out Your Marketing Strategy

## – not mutually exclusive!

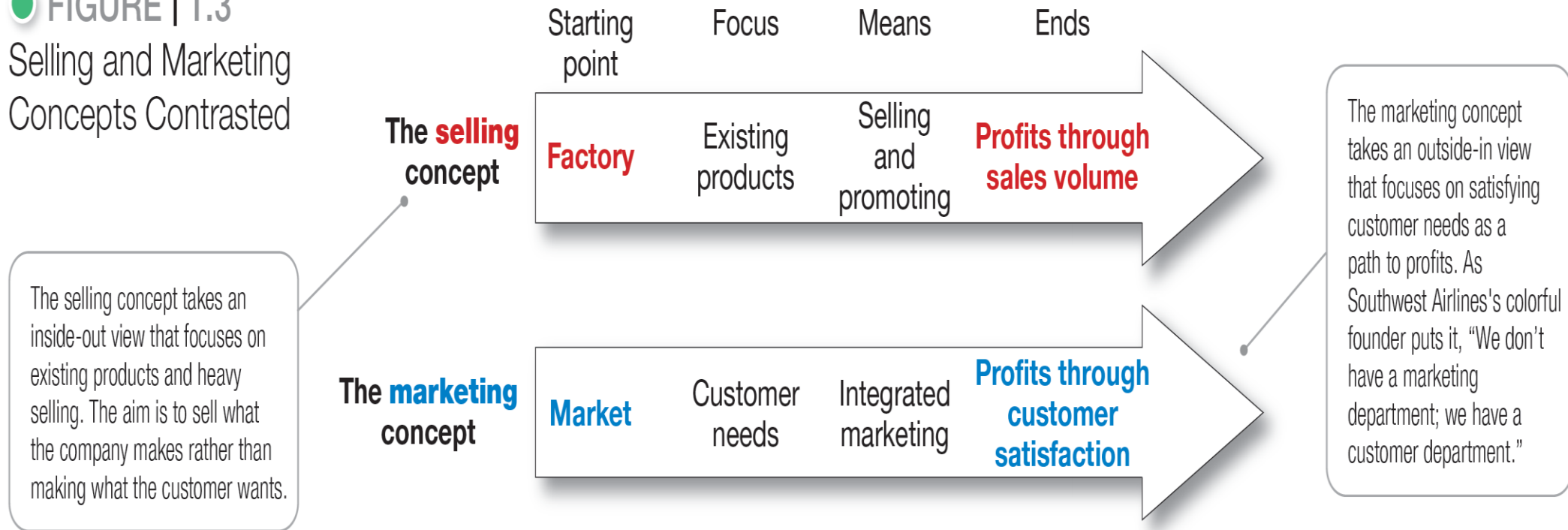
- **Production concept:** consumers will favour products that are available and highly affordable. Focus on improving production and distribution efficiency => FMCG (fast moving consumer goods, Lidl, low-cost airlines, etc.)
- **Product concept:** consumers will favour products that offer the most quality, performance and innovation. Hence, strategy focusing on driving continuous product improvements (ex: Apple, BMW, Nike, ... )

# 5 Concepts To Carry Out Your Marketing Strategy – not mutually exclusive!

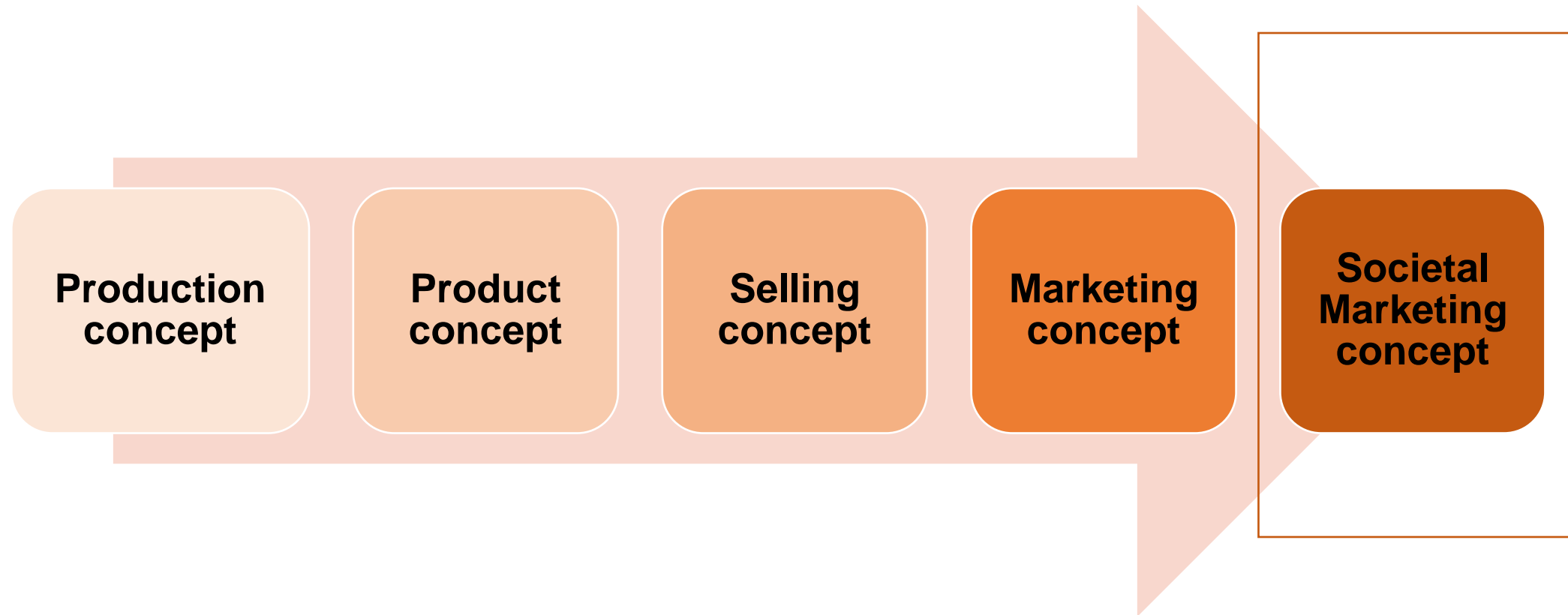


# 5 Concepts To Carry Out Your Marketing Strategy – not mutually exclusive!

● FIGURE | 1.3  
Selling and Marketing  
Concepts Contrasted



# 5 Concepts To Carry Out Your Marketing Strategy – not mutually exclusive!





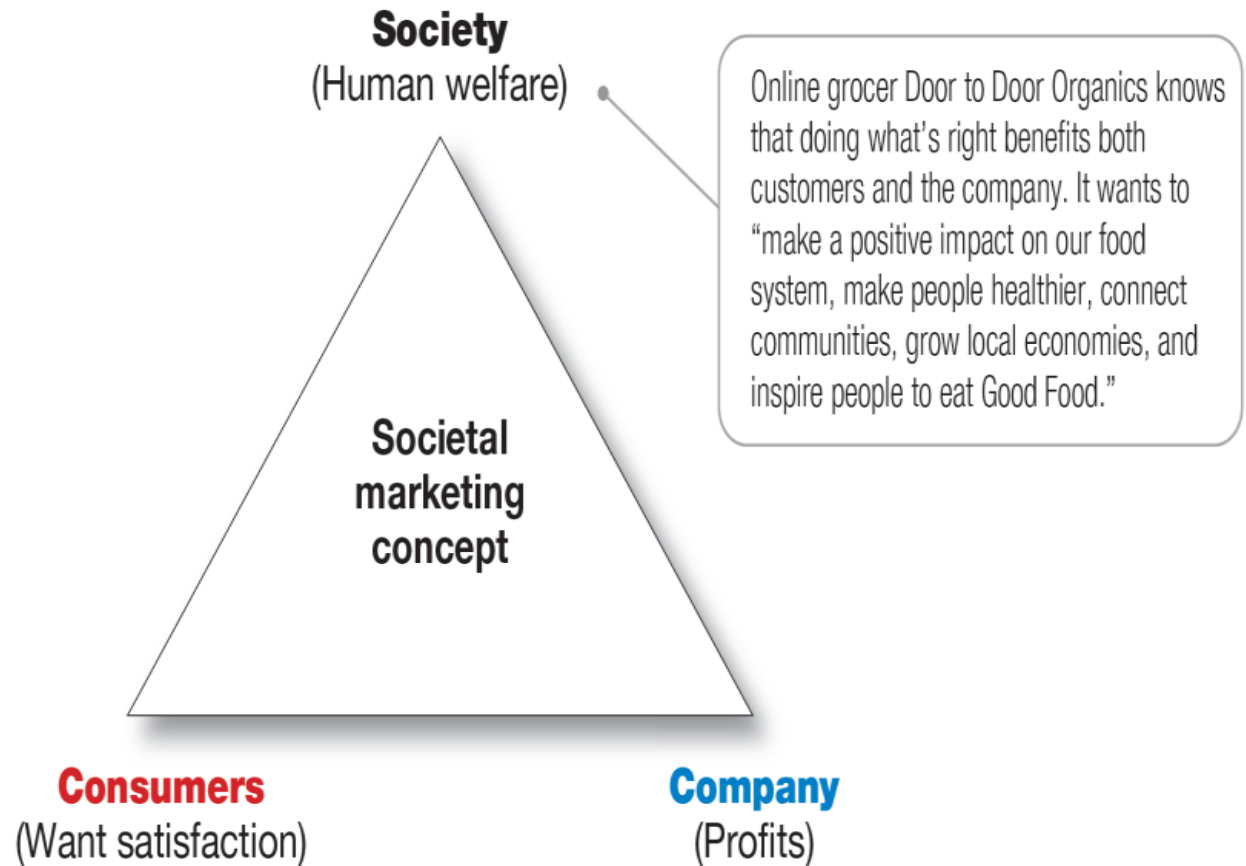
# 5 Concepts To Carry Out Your Marketing Strategy – not mutually exclusive!

## ● FIGURE | 1.4

Three Considerations Underlying  
the Societal Marketing Concept

### **Societal marketing:**

The company's marketing decisions should consider consumers' wants, company's requirements, consumers' long-term interests, and society's long-term interests.



## Group Discussion

- Discuss in small groups – how does the societal marketing concept influence your buying decisions, including brand selection and where you make purchases?
- What companies can you identify with social marketing?
- What do these companies do that ties to the societal marketing concept?

Real Beauty  
2004

 Real women. Real beauty





The cost of beauty  
2023



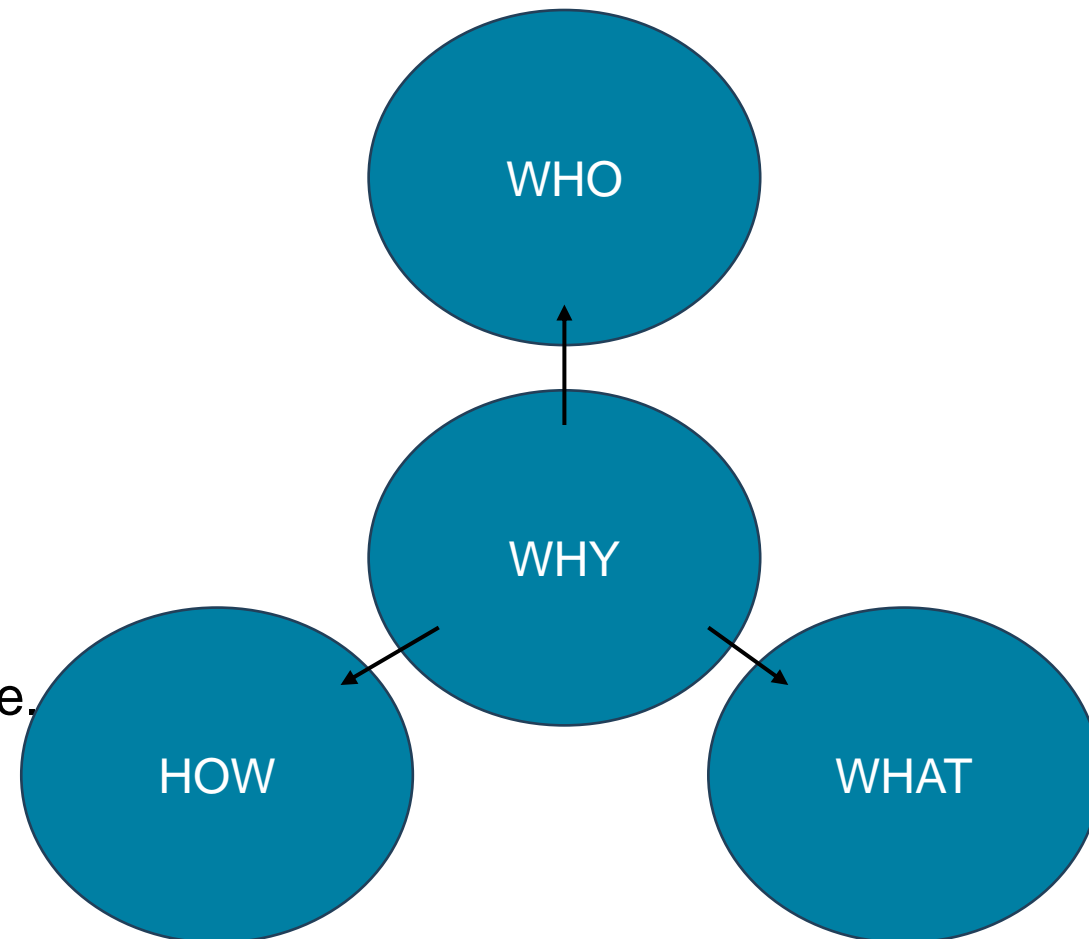
# Designing A Customer-Driven Marketing Strategy

## 4. Design an Integrated Marketing Mix: HOW

The **marketing mix** is comprised of a set of tools known as the 4Ps:

- Product
- Price
- Promotion
- Place

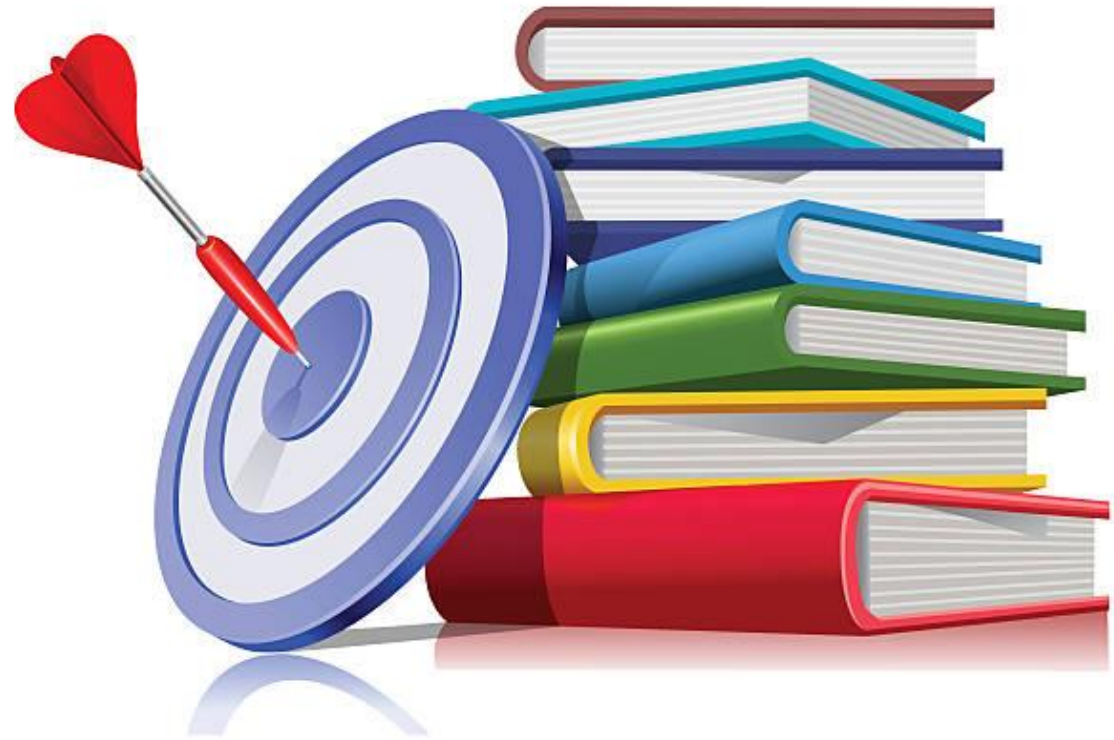
**Integrated marketing** program: a comprehensive plan that communicates and delivers intended value.





## Learning Objective 4

Discuss **customer relationship management** and identify strategies for creating value *for* customers and capturing value *from* customers in return.



# Managing Customer Relationships

**Customer relationship** management—the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.



Research show that it is 5x  
cheaper to keep a loyal customer  
vs. acquire a new one !

# Managing Customer Relationships

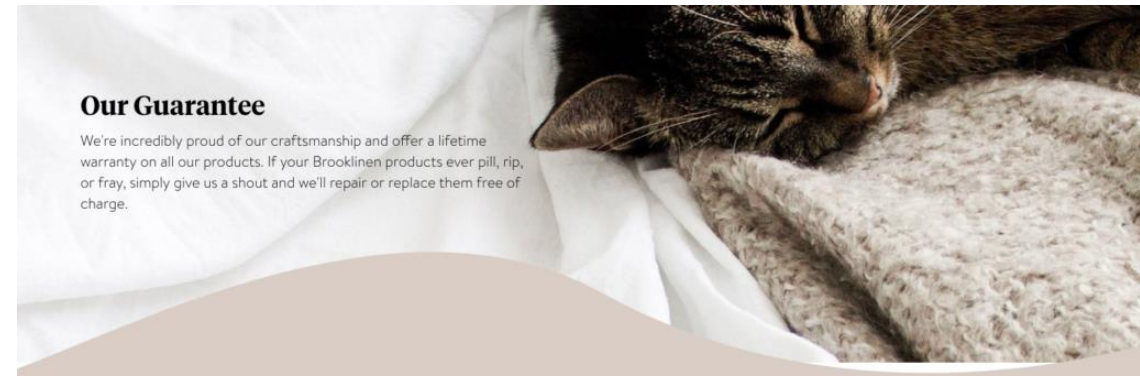
## Relationship Building Blocks

### Customer-perceived value

The difference between total customer perceived benefits and customer cost

### Customer satisfaction

The extent to which perceived performance matches a buyer's expectations



#### Our Guarantee

We're incredibly proud of our craftsmanship and offer a lifetime warranty on all our products. If your Brooklinen products ever pill, rip, or fray, simply give us a shout and we'll repair or replace them free of charge.

Patagonia & Brooklinen both offer lifetime free repair of their products.

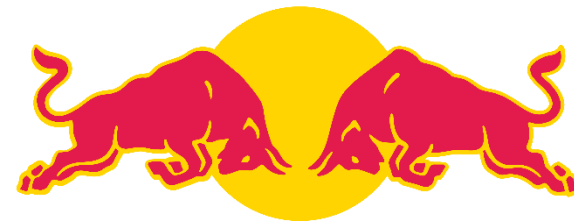


# Managing Customer Relationships

## Customer-Engagement Marketing


Fosters direct and continuous customer involvement in shaping brand conversations, experiences, and community.

# Red Bull



Red Bull MEDIA  
HOUSE





examples

What brands are excellent at customer engagement marketing?



# Managing Customer Relationships

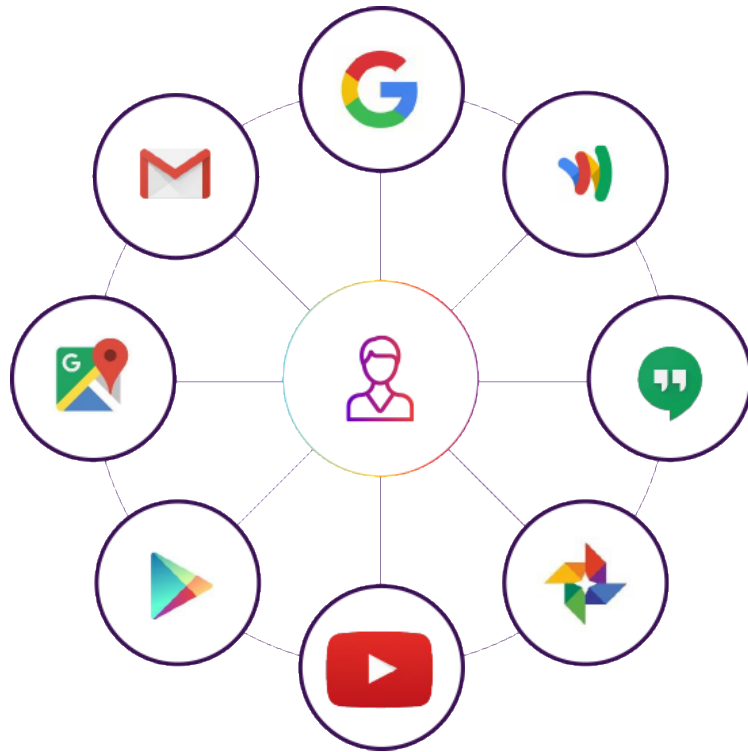
## Brand Eco-Systems and Experiences

Physical and digital, life-enhancing  
& connected seamless experience  
you will build around  
your consumer.

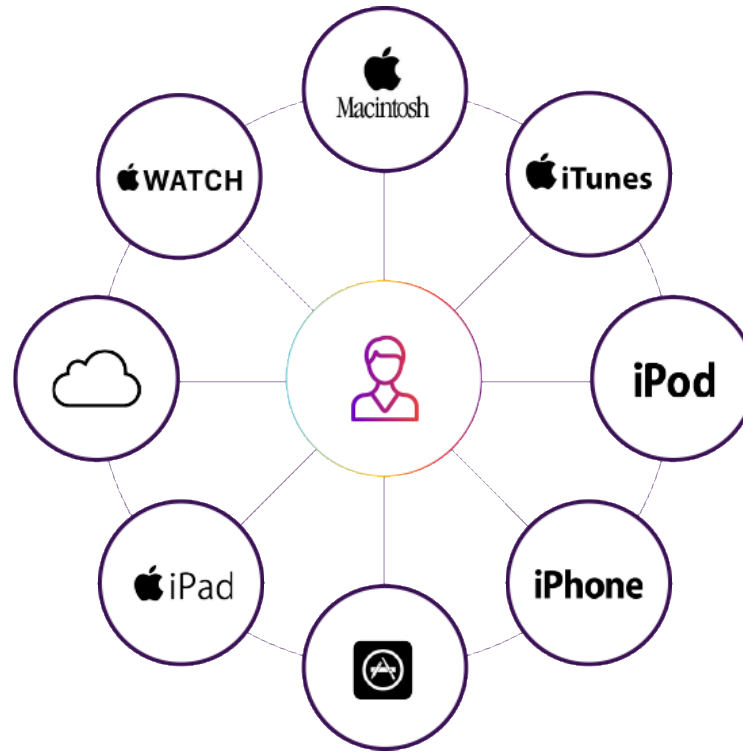
“In the past product was the  
end point of the consumer  
experience.  
Now, it’s the starting point.”

*Vice President  
Global Digital Innovation, Nike Inc.*

# PIONEER BRAND “ECO-SYSTEMS”



GOOGLE



APPLE



AMAZON

# Capturing Customer Value

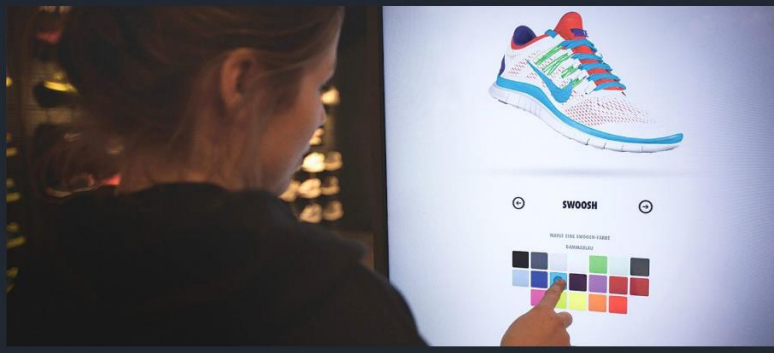
## Consumer-Generated Marketing

Brand exchanges created by consumers themselves.

Consumers are playing an increasing role in shaping brand experiences.



### 1. Nike : faire la cour(se) avec les consommateurs



# Capturing Customer Value

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



**DOT**



**COM**

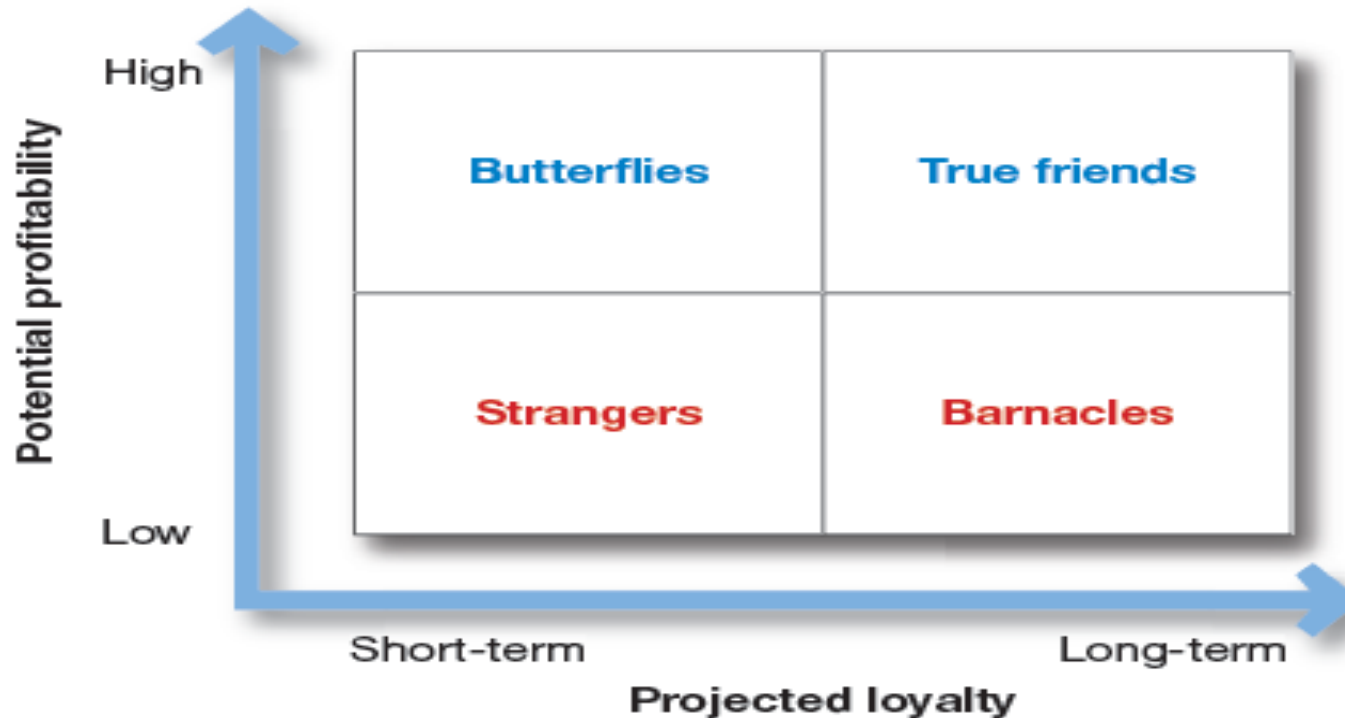




**Buy Less,  
Demand  
More.**

patagonia

# Capturing Customer Value



● FIGURE | 1.5  
Customer Relationship Groups

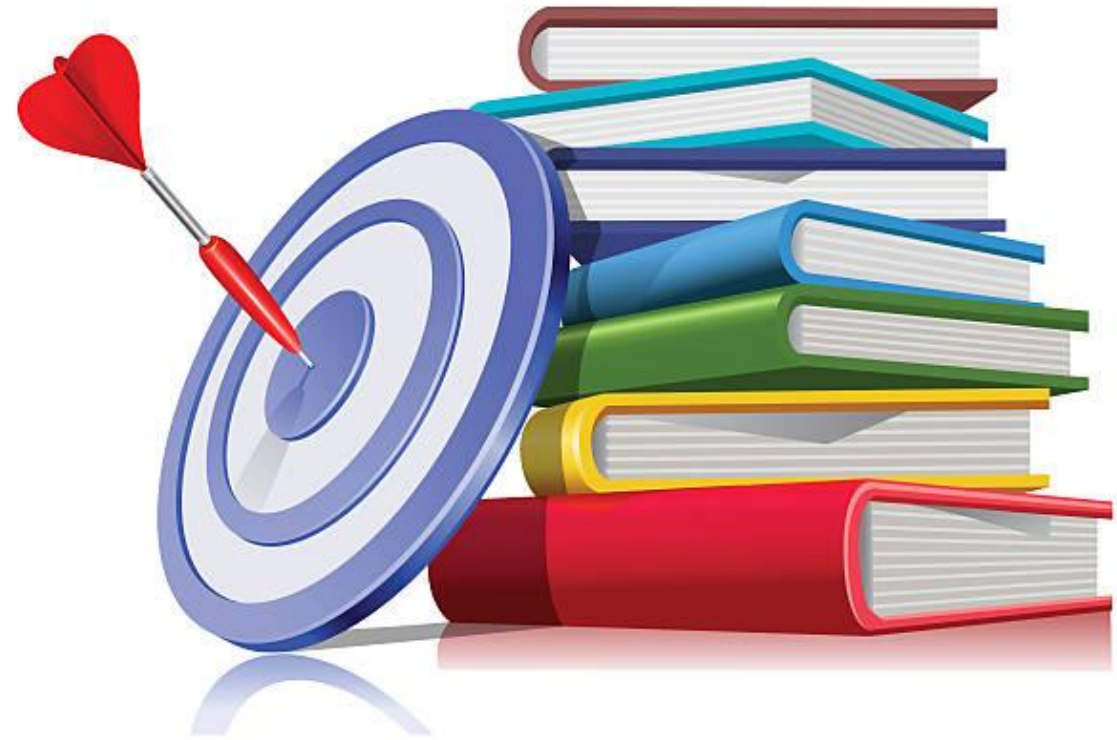


Different customers =  
different engagement and  
relationship strategies

**IMPORTANT. Goal is to  
build the right  
relationship with the right  
customer.**

## Learning Objective 5

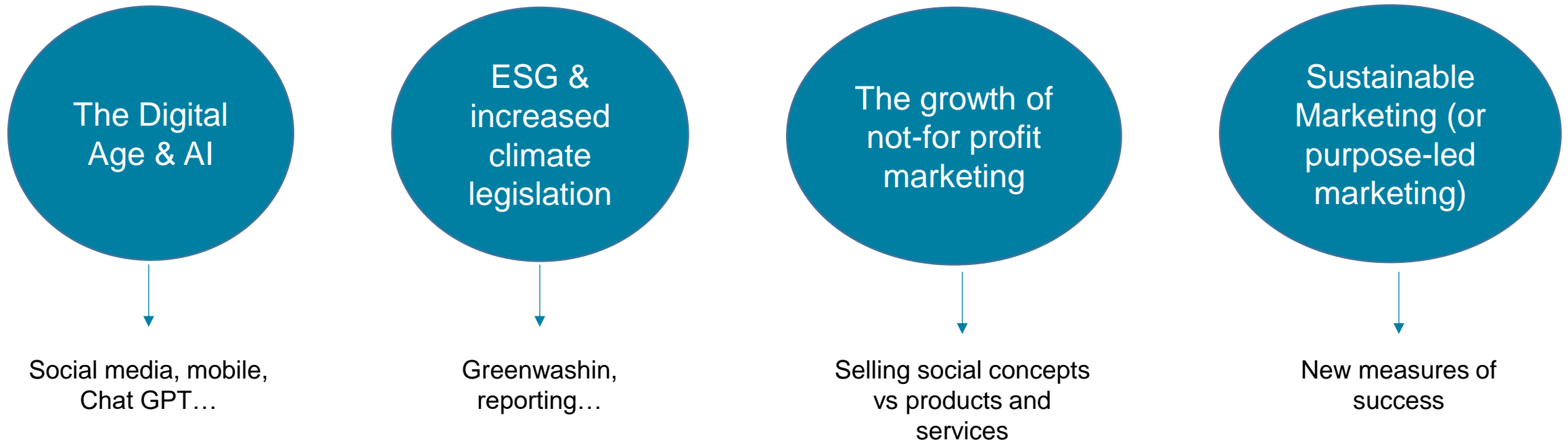
Describe the **major trends and forces** that are changing the marketing landscape in this age of relationships.



# The Changing Marketing Landscape

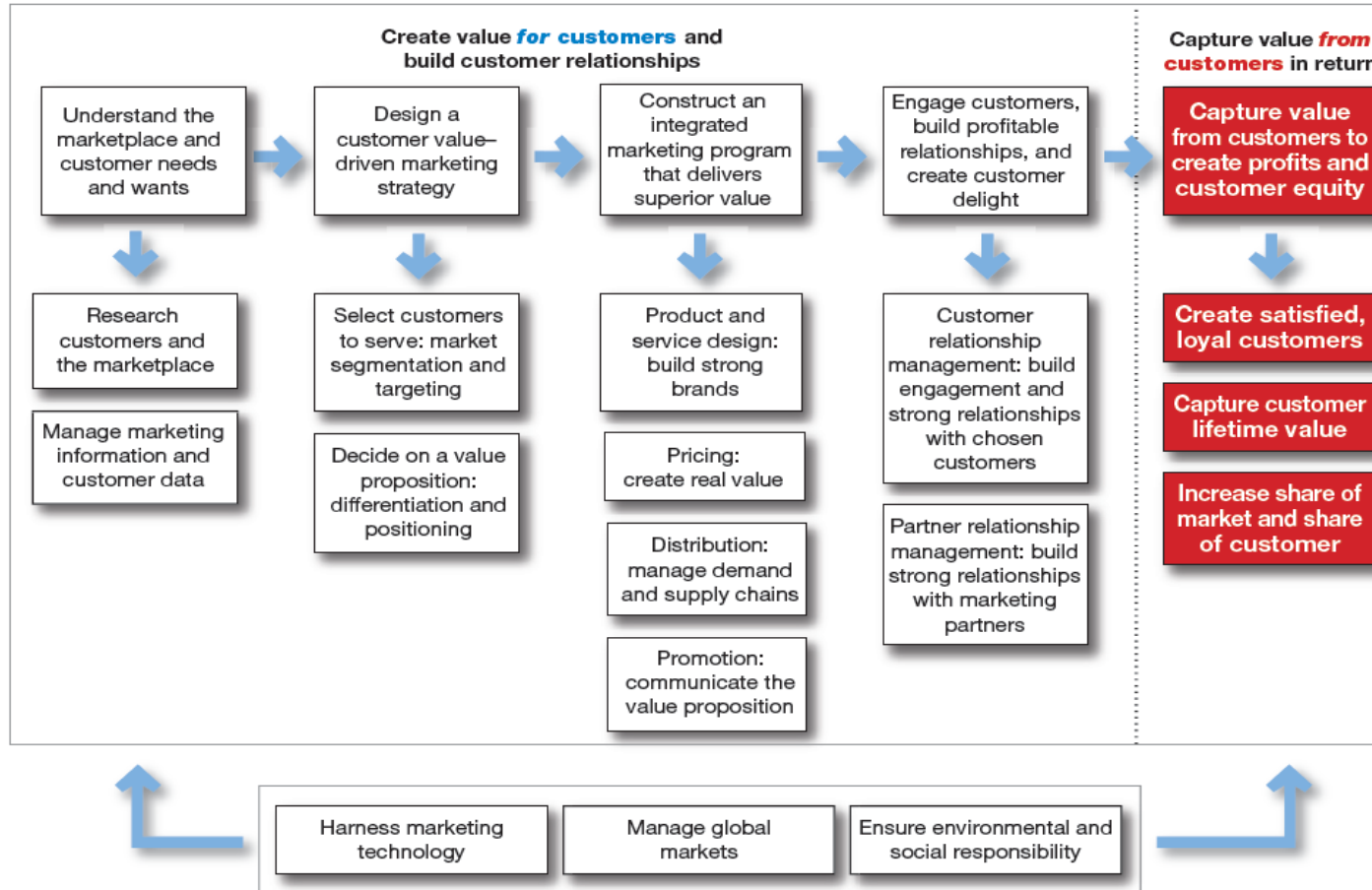
*“The pace of change is so rapid that the **ability to change** has now become a competitive advantage”* Richard Love, HP

## 4 Key Trends In The Market Today: How do these impact marketing?



# So, What Is Marketing? Pulling It All Together

● FIGURE | 1.6  
An Expanded Model of the Marketing Process





# So, What Is Marketing? Pulling It All Together

- **Step 1:** Analyse the marketplace and customer needs
- **Step 2:** Design a customer-driven marketing strategy (WHY, WHO, WHAT, HOW)
- **Step 3:** Design your marketing mix (4Ps) to provide superior value
- **Step 4:** Engage your customers & build strong relationships (loyalty)
- **Step 5:** Capture value from your customers in return

# Key points to remember

- Marketing helps **create value for customers** (by answering needs & desires to drive customer satisfaction) and capture value from customers in return (by selling products/services & building relationships).
- Marketing strategy must consider other key players in the marketplace such as suppliers, competitors, marketing intermediaries and consumers.
- Brands that build strong relationships with their consumers (vs. transactional relationships) earn loyalty and referral and create long-term brand value.
- The world is evolving rapidly. Brands not only need to keep up but be a driving force in shaping the new economy: societal marketing (or stakeholder marketing) which considers the welfare for society as a whole.





**SEE YOU NEXT WEEK**