

# Delivering customer value through marketing

Class 6

# Home assignment

- Finish exam case analysis with focus on:
  - Communications strategy and plan
  - Channel management strategy and factors influencing it
  - Product management strategy
  - Pricing strategy
- Preparatory work – what CIM recommends

# Case analysis: Possible questions

- Product management strategy
  - New products development
    - Why it is necessary
    - How it creates competitive advantage
    - New product development process



- Branding
  - Why it is needed
  - How it creates competitive advantage

- Pricing
  - How products are priced
  - Pricing process
  - Pricing strategies for new markets
  - Pricing tactics (orientation)

- Channel management strategy
  - Why channel is important
    - Channel functions
    - Selecting an intermediary
  - Channel management strategies
    - Horizontal
    - Vertical
    - Alliances
  - New technologies in channel management

NPD

4Ps  
7Ps

PLC

Porter's  
5  
forces

Stakeholders  
analysis

- Communications management
  - Communication strategies and objectives
  - Communications plan
  - Communications mix
  - Communications media
  - Coordination of communications
  - Communications industry
  - Communications effectiveness
- Customer service expectations
  - Service and its marketing mix
  - Customer service plan
  - Customer care
  - Customer retention
  - Relationship marketing
  - Key account management

BCG  
GE

Ansoff's  
matrix

Porter's  
generic  
strategies

PESTEL  
SWOT

SERVQUAL

# Exam practice analysis

- Evaluate *key factors* which will influence Black&Decker future *product management strategy*. How can product management help Black&Decker meet its *growth objectives* in the future?

# Plan for today

- Key accounts management
- Marketing information for building relationships
- Customer service and customer care

# Key accounts

- Customers that in a b2b market are willing to enter into relationship exchanges which are of strategic importance to the focus of organisation (Fill)
- KAM is the process adopted by an organisation in order to provide effective management to strategically important customers which contributes

# Selecting key accounts

- Criteria (see p.238)
  - Profitability
  - Technical expertise
  - Image
  - Geographic proximity
  - Market experience
- Pareto's Law (80/20 rule)
- Size is not all
- How many key accounts can you manage

# Key account development

Relative strength

Customer attractiveness

High

Key development  
account

Key account

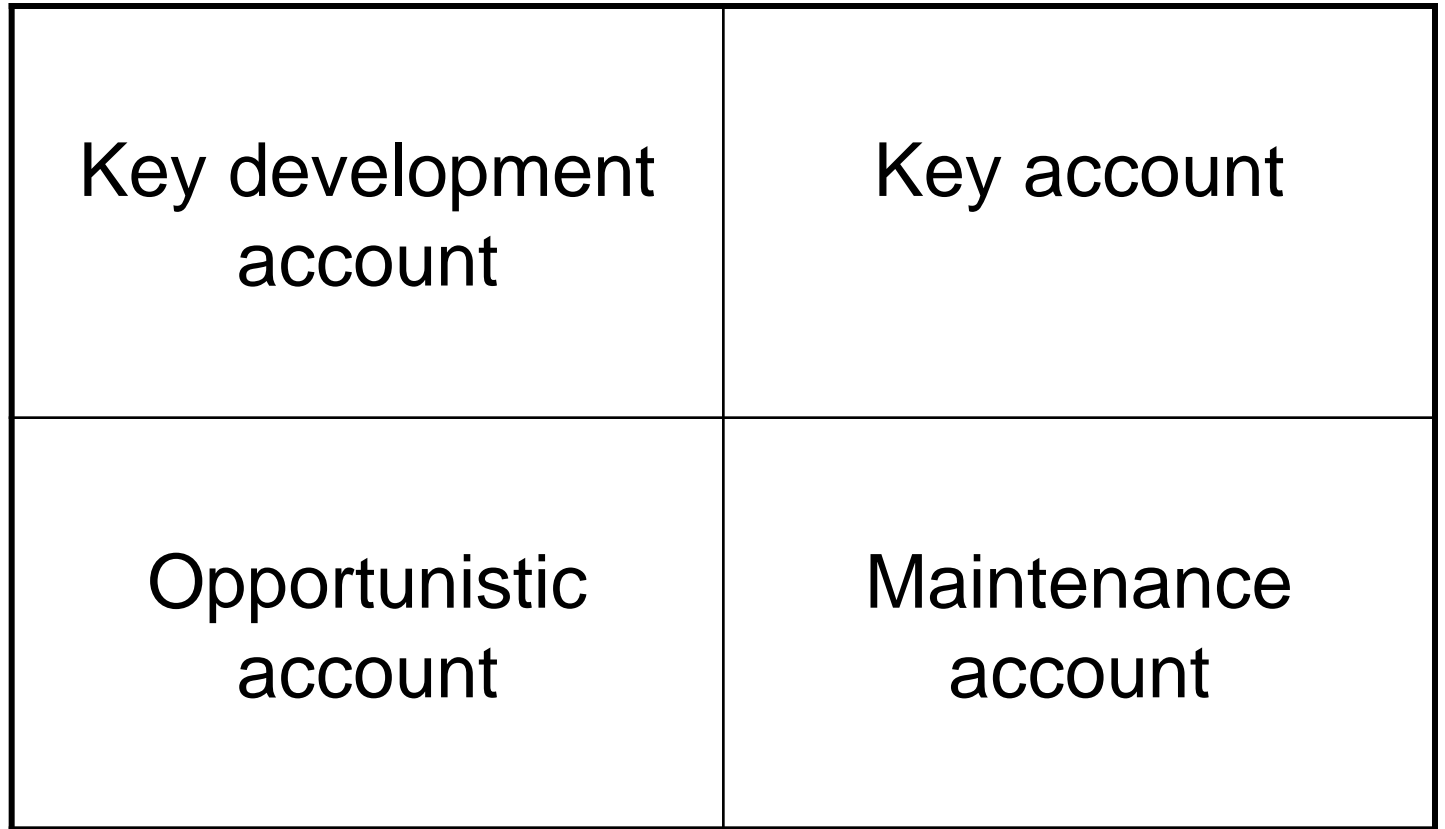
Low

Opportunistic  
account

Maintenance  
account

Low

High





# KAM cycle

- Stages – p. 241 table 14.3
- Organisational approaches to KAM – table 14.2
- Communications in KAM:
  - Regular
  - Coordinated and consistent messages
  - Communications at different KAM stages
  - Aim at building trust

# People role in KAM

- Personal selling
- Problem solving
- Relationship building
- Communicating

# Global Accounts Management

- Large companies that operate in multiple countries, are strategically important for the supplier and have some form of coordinated purchasing across different countries
- Customers are involved and collaborate
- Clear management, information supply and communications
- Coordinated and globally competent supply chain

# Relationship marketing

- Relationship marketing is to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties involved are met. This is done by mutual exchange and fulfillment of promises (Grönroos, 1994)
- Relationship marketing refers to all marketing activities directed towards establishing and maintaining successful and relational exchanges (Morgan and Hunt, 1994)

# Reasons for relationships development

- Creating expectations
- More demanding consumers
- Competition required knowing your markets and addressing them directly
- Maximizing effectiveness by retaining existing customers

# Relationship marketing principle

- The greater the level of customer satisfaction with the relationship, the more likely the customers will be retained by the organisation

# Transactional vs. relationship marketing

## Transactional focus

Orientation to single sales  
Discontinuous customer contact  
Focus on product features  
Short timescale  
Limited emphasis on customer service  
Limited commitment to meeting customer expectations  
Quality is the concern of production staff

## Relationship focus

Orientation to customer  
Continuous customer contact  
Focus on customer value  
Long timescale  
High customer service emphasis  
High commitment to meeting customer expectations  
Quality is the concern of all staff

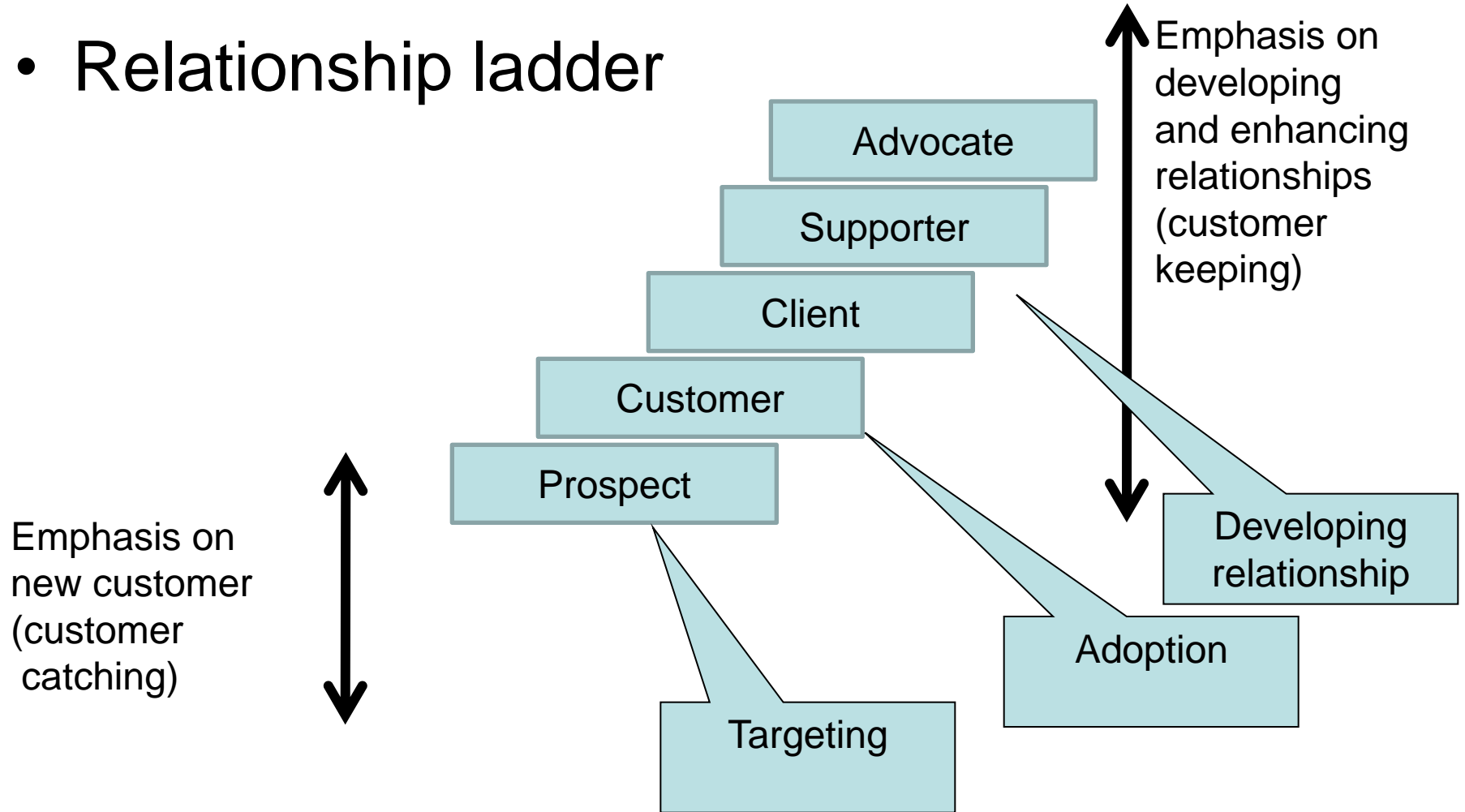
# Establishing a relationship

- Defining value proposition
  - Meeting the expectations
  - Decreasing customer uncertainties
- Identifying customer value segments
  - Closely defined target markets
  - Customer profile
- Designing value delivery system
  - Core values and peripheral values
  - Use of technologies to deliver value
  - Technologies can make switching from one company to another painless and easy
- Managing and maintaining satisfaction
  - Customer perception of value
  - Closing expectation gaps



# Planning for relationship management

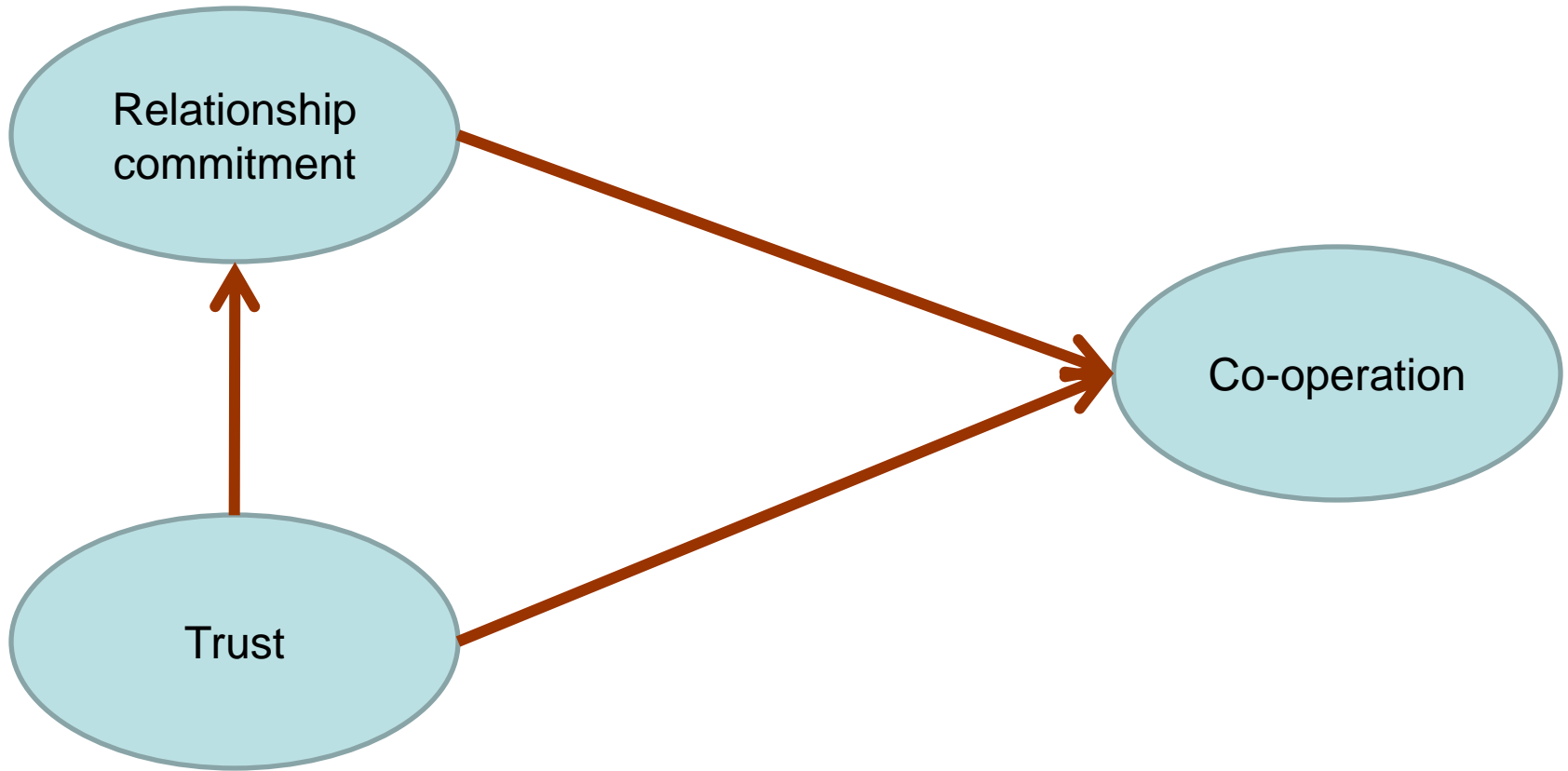
- Relationship ladder



# Key dimensions of relationship marketing

- *Reliability* – ability to perform the promised service dependably and accurately
- *Responsiveness* – willingness to help customers and provide prompt service
- *Assurance* – knowledge and courtesy of employees and their ability to inspire trust and confidence
- *Empathy* – caring, individualism and attention to customers
- *Tangibles* – physical facilities, equipment and appearance of personal

# Building trust



# Marketing information systems

- Collecting useful information
- Storing information
- Retrieving information when needed
- Using information to tailor offers to customers
- MIS consists of people, equipment and procedures to gather, sort, analyse, evaluate and distribute needed, timely and accurate information

# Sources of information

- Market research results
- Sales data, year on year comparisons
- Customers data
- Customers complaints
- Marketing campaigns costs and results
  
- Marketing intelligence

# Information outputs

- Specific data requirements
  - Format
  - Data sources external
  - Data sources internal
  - Frequency of reports

# Marketing decision support systems

- Software aiding decision making process by helping managers anticipate certain outcomes based on the information available

# Problems with customer relations

- Misconceptions/misunderstanding
- Inadequate resources
- Inadequate delivery
- Exaggerated promises



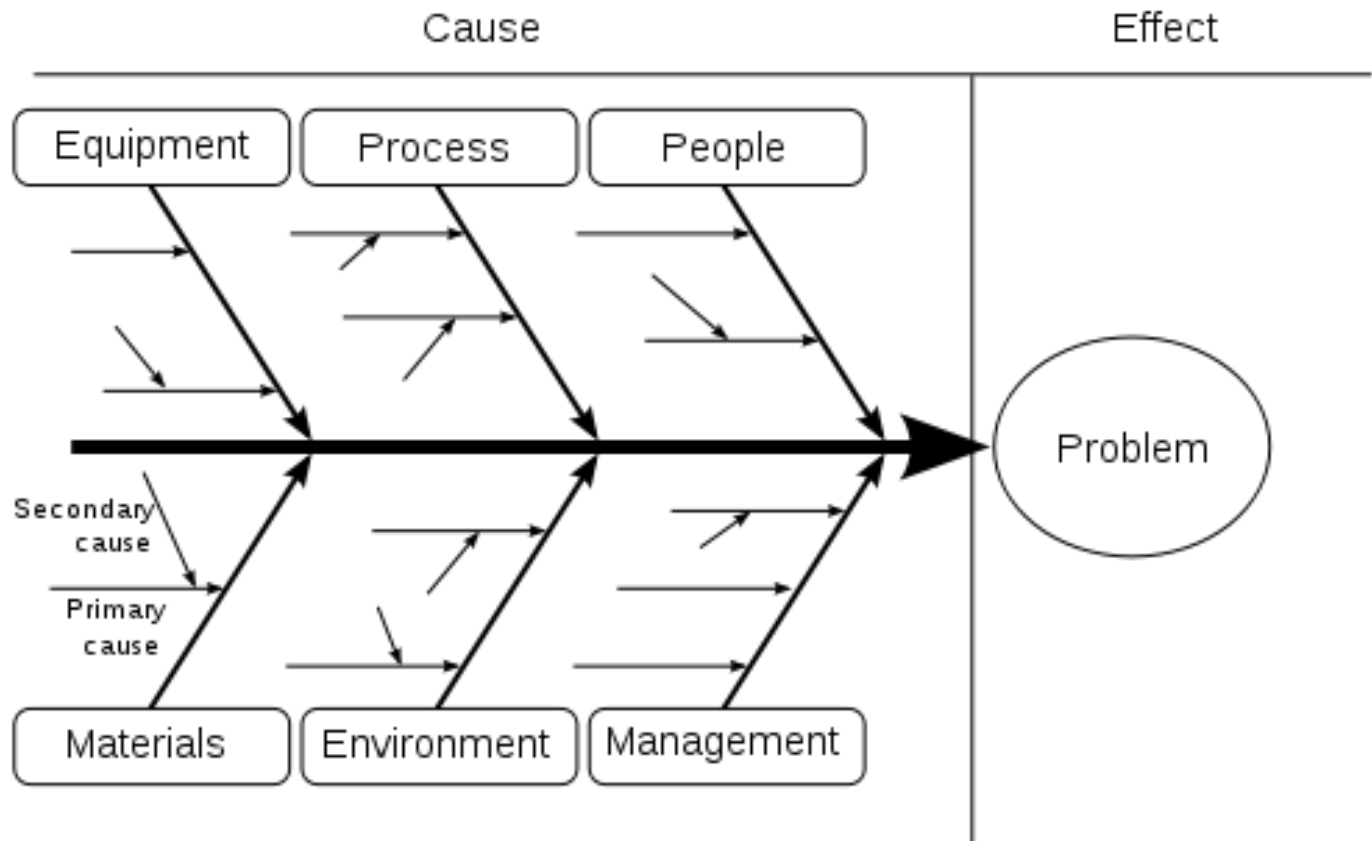
# Understanding and overcoming potential problems

- Ishikawa diagrams (fishbone diagrams or cause-and-effect diagrams) are diagrams that show the causes of a certain event
- Common uses of the Ishikawa diagram are product design and quality defect prevention, to identify potential factors causing an overall effect. Each cause or reason for imperfection is a source of variation.

# Understanding and overcoming potential problems

- Causes are usually grouped into major categories to identify these sources of variation.
- The categories typically include:
  - People: Anyone involved with the process
  - Processes/methods: How the process is performed and the specific requirements for doing it, such as policies, procedures, rules, regulations and laws
  - Equipment/machines: Any equipment, computers, tools etc. required to accomplish the job
  - Materials: Raw materials, parts, pens, paper, etc. used to produce the final product
  - Management: Data generated from the process that are used to evaluate its quality
  - Environment: The conditions, such as location, time, temperature, and culture in which the process operates

# Fishbone diagram



# Overcoming potential problems

- Staff
  - Motivation
  - Training
  - Productivity
  - Technology
  - Customer interaction (service teams)

# Customer service plan

- Assess your customer service level
- Understand your customers requirements
- Create service policies
- Deal effectively with your customers
- Educate your staff
- Allocate adequate resources
  
- Examples of service plan

# Customer care program

- Customer service
- Service standards
- Customer communications
- Customer interface

# Exam practice

- How can customer service plan help Black and Decker maintain its future growth?

# Home assignment

- Finish case analysis:
  - Porter's generic strategies
  - Ansoff's matrix
  - Marketing mix
  - SERVQUAL gaps
- Next Saturday
  - Answering possible exam questions using case analysis
  - Turn in case analysis (four A4 pages)