

marketing partners inside and outside the company. In addition to being good at customer relationship management, they must also be good at *partner relationship management*.

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

As the world spins on, dramatic changes are occurring in the marketing arena. The boom in computer, telecommunications, information, transportation, and other technologies has created exciting new ways to learn about and track customers, and to create products and services tailored to individual customer needs.

In an increasingly smaller world, many marketers are now connected *globally* with their customers and marketing partners. Today, almost every company, large or small, is touched in

some way by global competition. Today's marketers are also reexamining their ethical and societal responsibilities. Marketers are being called upon to take greater responsibility for the social and environmental impact of their actions. Finally, in the past, marketing has been most widely applied in the for-profit business sector. In recent years, however, marketing also has become a major part of the strategies of many not-for-profit organizations, such as colleges, hospitals, museums, symphony orchestras, and even churches.

Pulling it all together, as discussed throughout the chapter, the major new developments in marketing can be summed up in a single word: *relationships*. Today, marketers of all kinds are taking advantage of new opportunities for building relationships with their customers, their marketing partners, and the world around them.

Navigating the Key Terms

Customer equity (21)	Market (8)	Partner relationship management (19)
Customer lifetime value (20)	Marketing (6)	Product concept (10)
Customer perceived value (14)	Marketing concept (11)	Production concept (10)
Customer relationship management (14)	Marketing management (9)	Selling concept (10)
Customer satisfaction (14)	Marketing myopia (7)	Share of customer (21)
Demands (6)	Market offering (7)	Societal marketing concept (12)
Exchange (8)	Needs (6)	Wants (6)
Internet (26)		

Travel Log

Discussing the Issues

1. Review the definitions of marketing discussed at the beginning of the chapter. Which definition most closely aligned with your own definition of marketing before you read the chapter? Why?
2. Why is understanding customer wants so critical for marketers? How are the concepts of value and satisfaction related to each other? Explain the difference between transactions and relationships.
3. Why is target market selection important for a customer-driven marketing strategy? How might target market selection impact customer satisfaction?
4. Compare and contrast the marketing concept and the societal marketing concept. Do you agree that marketers have an obligation to consider society's long-run well-being when creating marketing offers?
5. How does a company benefit from building relationships with its customers and partners? What are some ways in which a company can build more profitable customer relationships?

6. What recent changes in the marketing landscape do you think have had the most significant impact on creating customer value and building marketing relationships?

Application Questions

1. Consumers usually choose from a tremendous variety of products and services to satisfy a given need or want. Consider your need for nourishment. How does that need translate into different wants? What marketing offers are available to satisfy your needs that also appeal to your wants? How might other consumers in different market segments meet the same need for nourishment?
2. Companies measuring customer lifetime value determine the potential profit from the stream of purchases a customer makes throughout a lifetime of patronage. When banks began tracking the profitability of individual customers, some found that a subset of their customers actually cost them money, rather than generating profits. Should banks "fire" their unprofitable customers? What are the consequences

chp 2

3. Assess marketing's role in strategic planning and explain how marketers partner with others inside and outside the firm to build profitable customer relationships.

Under the strategic plan, the major functional departments—marketing, finance, accounting, purchasing, operations, information systems, human resources, and others—must work together to accomplish strategic objectives. Marketing plays a key role in the company's strategic planning by providing a *marketing-concept philosophy* and *inputs* regarding attractive market opportunities. Within individual business units, marketing designs *strategies* for reaching the unit's objectives and helps to carry them out profitably.

Marketers alone cannot produce superior value for customers. A company's success depends on how well each department performs its customer value-adding activities and how well the departments work together to serve the customer. Thus, marketers must practice *partner relationship management*. They must work closely with partners in other company departments to form an effective *value chain* that serves the customer. And they must partner effectively with other companies in the marketing system to form a competitively superior *value-delivery network*.

4. Describe the elements of a customer-driven marketing strategy and mix, and the forces that influence it.

Consumer relationships are at the center of marketing strategy and programs. Through market segmentation, target marketing, and market positioning, the company divides the total market into smaller segments, selects segments it can best serve, and decides how it wants to bring value to target consumers. It then designs a *marketing mix* to produce the response it wants in the target market. The marketing mix consists of product, price, place, and promotion decisions.

5. List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing.

To find the best strategy and mix and to put them into action, the company engages in marketing analysis, planning, implementation, and control. The main components of a *marketing plan* are the executive summary, current marketing situation, threats and opportunities, objectives and issues, marketing strategies, action programs, budgets, and controls. To plan good strategies is often easier than to carry them out. To be successful, companies must also be effective at *implementation*—turning marketing strategies into marketing actions.

Much of the responsibility for implementation goes to the company's marketing department. Marketing departments can be organized in one or a combination of ways: *functional marketing organization*, *geographic organization*, *product management organization*, or *market management organization*. In this age of customer relationships, more and more companies are now changing their organizational focus from product or territory management to customer relationship management. Marketing organizations carry out *marketing control*, both operating control and strategic control. They use *marketing audits* to determine marketing opportunities and problems and to recommend short-run and long-run actions to improve overall marketing performance.

Marketing managers must ensure that their marketing dollars are being well spent. Today's marketers face growing pressures to show that they are adding value in line with their costs. In response, marketers are developing better measures of *return on marketing*. Increasingly, they are using customer-centered measures of marketing impact as a key input into their strategic decision making.

Navigating the Key Terms

Business portfolio (40)

Diversification (45)

Downsizing (45)

Growth-share matrix (40)

Market development (44)

Market penetration (44)

Market positioning (50)

Market segment (50)

Market segmentation (50)

Marketing audit (57)

Marketing control (57)

Marketing implementation (55)

Marketing mix (52)

Marketing strategy (49)

Mission statement (38)

Portfolio analysis (40)

Product development (45)

Product/market expansion grid (44)

Return on marketing (58)

Strategic planning (37)

SWOT analysis (54)

Target marketing (50)

Value chain (46)

Value-delivery network (47)

Travel Log

Discussing the Issues

1. Define strategic planning. List and briefly describe the four steps that lead managers and the firm through the strategic planning process. What role does marketing play in strategic planning?

2. Review the Boston Consulting Group's growth-share matrix. Which one of the cells provides the primary revenues for the organization's growth? How can the BCG growth-share matrix be used to assess both the current product portfolio and plan for the future?