

# Marketing Management

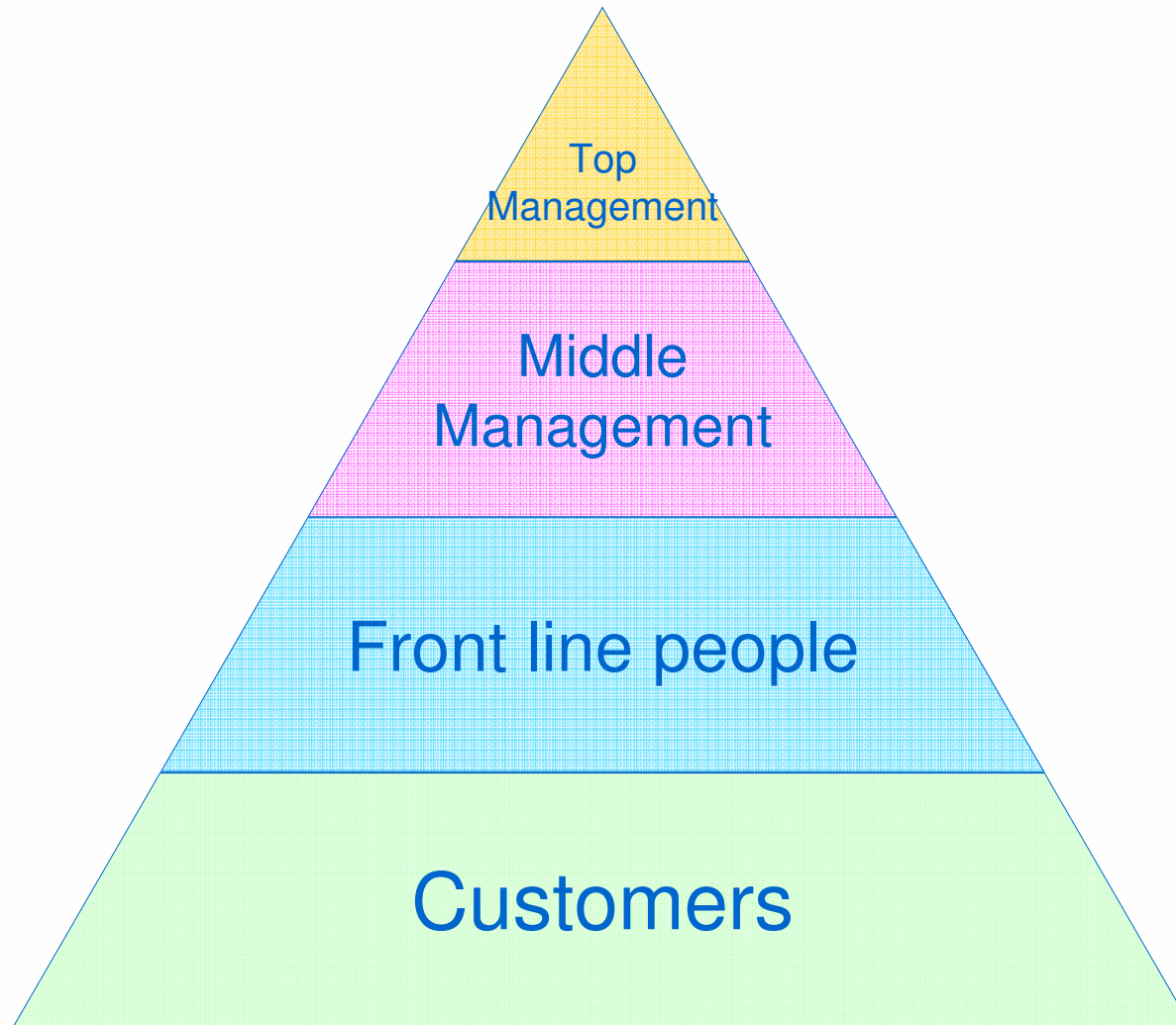
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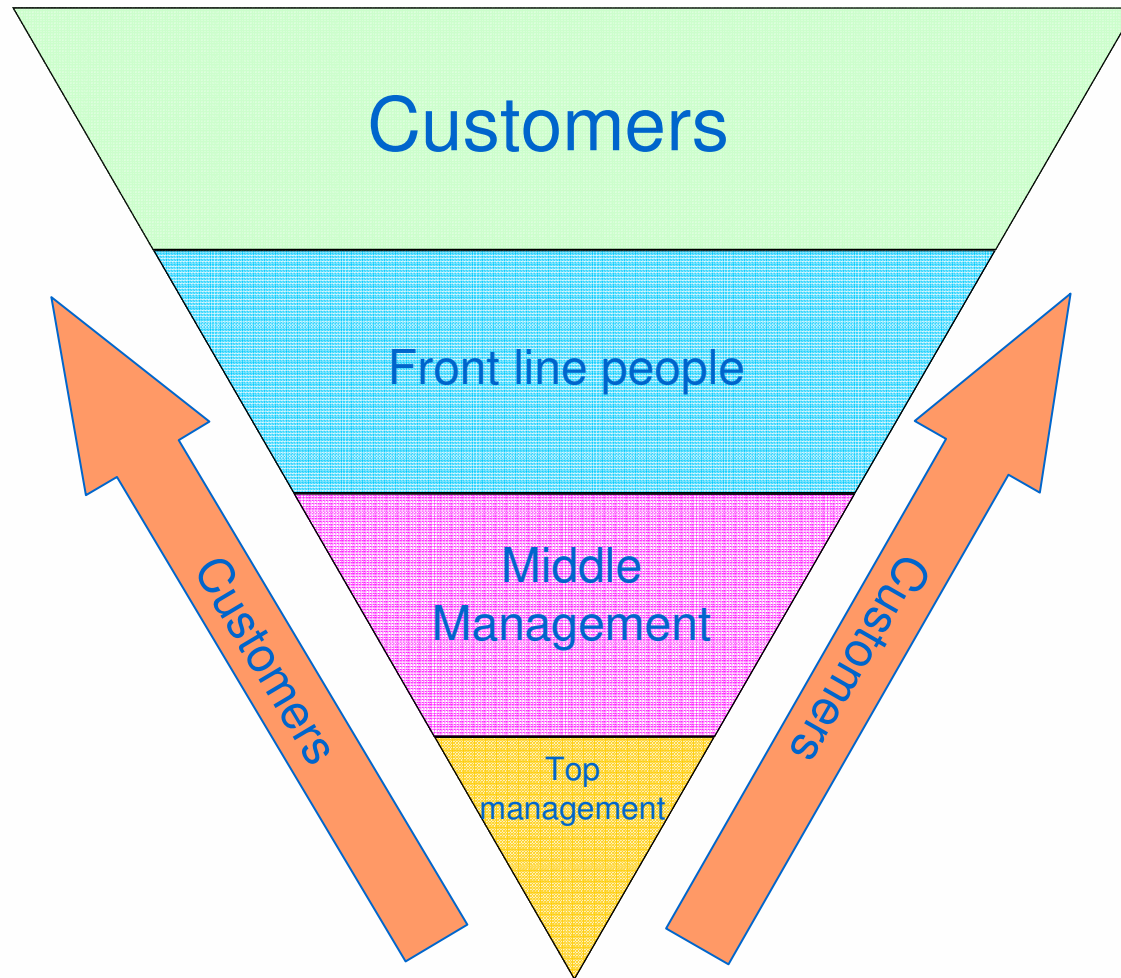
# **Creating customer value, satisfaction, and loyalty**

Chapter 5

# Traditional organizational chart



# Modern customer oriented organizational chart



# Customer perceived value CPV

- Difference between benefits and cost

# Total customer value

- Total benefits received

# Total customer cost

- All costs for getting the product

# Definition of loyalty

- Commitment to use the product in future

# Value proposition

- Whole cluster of benefits
- Customer experience
- Promise to have the same in future
- Value delivery system

# Total customer satisfaction

- Satisfaction is feeling pleasure or disappointment
- Satisfaction is a function of expectation to perceived performance

# Customer expectation

- Expectation from many sources
- Expectation should not be too high
- Expectation should not be too low

# Product and service quality

- Fitness for use
- Conformance to requirement
- Freedom from variation
- Totality of features and characteristics offers that satisfy needs

# Total Quality Management TQM

- Continuous improvement in all organization processes, products, and services.

# Customer profitability

- Person, household, or company
- Lifetime revenues exceed cost
- Individual, market segment, or channel

# Customer lifetime value CLV

- Net present value for customer during his life minus the cost with application of proper discount rate

# Customer equity

- Total discounted lifetime value for all company customers

# Customer relationship management CRM



Collecting all customers  
information

Customer  
Touch point

# Building loyalty



Basic Marketing

Reactive Marketing

Accountable Marketing

Proactive Marketing

Partnership Marketing

# Reducing Customer Defection

- Define and measure retention rate
- Distinguish causes of customer attrition
- Estimate profit loss associated with loss of customers
- Assess cost to reduce defection rate
- Gather customer feedback