

Marketing Management

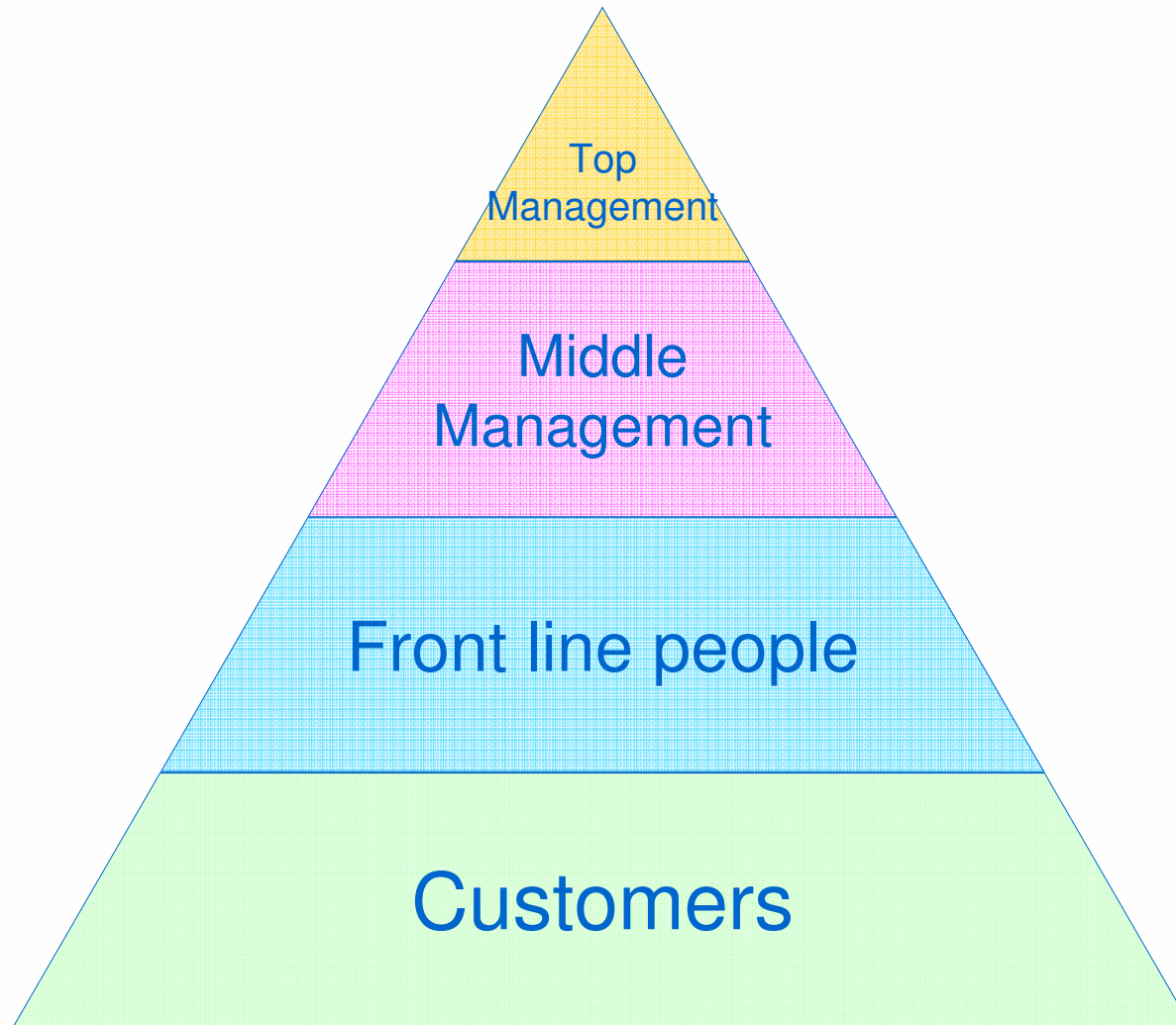
Hussain Al Awami, B.Sc. Pharm., M.Sc., MBA



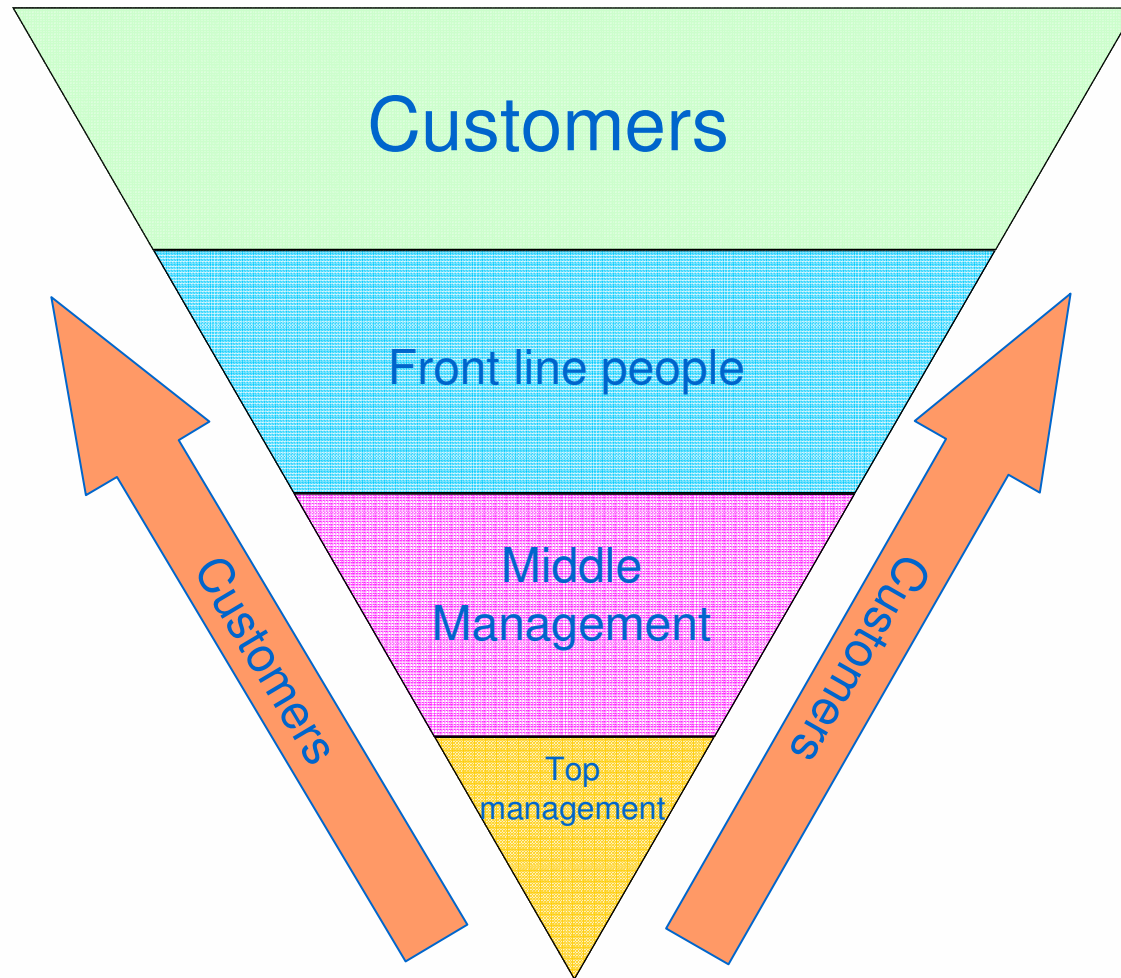
Creating customer value, satisfaction, and loyalty

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