The Marketing Concept

a business perspective

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What you need to know to be a more effective manager and build a more profitable business

Two e-books for different readers

[the application of the philosophy and theory of marketing]

People interpret the world through their own perspectives. Therefore, it is not surprising that an academic and a businessperson will approach the discipline of marketing from different points of view. After carefully considering the needs of both, Stephen Fanning [PhD], has written two e-books [1] *The marketing concept: an academic perspective* and [2] *The marketing concept: a business perspective*. Let's briefly explain.

The Marketing Concept: an academic perspective - is a comprehensive academic treatise – an academic reference – written for academics, educators, and students and those who may wish to investigate a marketing topic. *The Marketing Concept: an academic perspective* presents the philosophy, theory, and application of marketing through a distillation and synthesises of the best classic and contemporary academic marketing literature – it about acknowledging, respecting and building on the previous knowledge of other scholars.

In a world of questionable social media opinions, an academic treatise of this quality is extremely rare. Sure, it takes time and effort to read, however, the rewards are worth the effort.

T***he Marketing Concept: a business perspective* –** distils the academic literature presented in *The Marketing Concept: an academic perspective* in an easier to read format, it provides a succinct, yet detailed, discussion on *what is marketing* and how marketing may be applied. Therefore, this e-book is ideal for managers and businesspeople who want to 'cut to the chase' and then apply their knowledge and be more effective.

The contents of this e-book

The fundamentals of marketing - how organisations can best satisfy their own needs through best satisfying their customer needs is explained from a business perspective. Common marketing principles are introduced and explained, and then a template for adapting marketing practice to suit the situational factors of each business is provided. *The Marketing Concept: a business perspective* e-book then outlines how the situational factors can be measured and managed and included in the business-marketing planning process Then the steps to craft a unique product value proposition and a sustainable competitive advantage through a better understanding of the business-marketing planning process are outlined and explained.

Preface

[a manager's job is to manage']

It is generally agreed that business success is achieved through the cooperation of all business disciplines - with each business discipline contributing to achieve organisational objectives, overcome marketplace challenges, and contributing to the societies in which they operate.

This e-book will not attempt to discuss all business disciplines. Rather, it will focus on the marketing discipline and how marketing contributes strategically and tactically to organisational success – what is referred to as the marketing concept. Holistically, marketing refers to how an organisation goes to market, creates value, manages present and future revenue and reduces organisational risk by nurturing a brand. Therefore, marketing, as a business discipline, is often described as revenue management and as such plays an integral role in the survival and success of every organisation [a].

There are many who confuse 'marketing' with merchandising tools [e.g., advertising, selling, sales promotions, and discounting]. So, it may come as a surprise to discover that a common marketing objective is to reduce an organisation's dependence on advertising, selling tactics, sales promotions, and discounting. The information in this e-book will assist managers to achieve organisational objectives through a better understanding of consumer decision-making and the business-marketing planning process.

In large organisations managers often specialise - on a task, a business discipline, or a subset of a discipline. Specialists often have narrow yet specific subject knowledge, then through collaboration with other specialists a breadth of knowledge is developed. For managers in large organisations this e-book will provide a broader, more holistic, understanding of marketing. This, holistic view, will benefit those who wish to better understand their colleagues, add value to discussions, further their career, lead a team and be involved in the strategic planning process.

In small-medium organisations managers are often required to work simultaneously across multiple business disciplines – [i.e. 'wear multiple hats']. To be an effective manager in a small-medium business, managers need a considerable breadth and depth of business knowledge. Managers in small-medium organisations are generally closer to the customer and more involved in generating revenue - this e-book will assist them to manage the customer experience, manage present and future revenue, and nurture a sustainable competitive advantage.

Just to clarify:

[a] Throughout this e-book the term 'organisation' is employed to broadly describe a business entity – regardless of size - for both financial profit and not for financial profit - public or private sector. The term 'business' is generally employed when it is a business practice – as in doing business.

Marketing makes the world go round

[marketing is about buyers and sellers coming together to do business]

Marketing is an exchange process where both buyers and sellers come together to satisfy their needs and wants - marketing is about people coming together. Marketing is central to our lives as consumers and critical to the success of organisations. Generally, marketing is taken for granted - out of sight and out of mind and often only noticed when there is a problem – a process breakdown – a negative outcome – an interruption to supply and/or demand.

Collectively, marketing [i.e., the sum of all exchanges] provides the facilitating services that enables economies and societies to function; at the same time, societies provide the customs, rules, and platforms for exchanges to take place.

We will explore marketing from the perspective of consumers and organisations:

Consumers - Marketing is about understanding consumer behaviour - how people learn to shop, search, select, and employ products to satisfy their needs and wants and participate as a member of society. Through socialisation and consumption activities - consumers develop schemas – which guide human, cultural, and personal decisions [to be discussed in greater depth].

Organisations - Marketing is about understanding which markets to enter, what products to offer, who to serve, how to communicate, and how to compete – it's about creating value for customers, the organisation, channel partners, and for society.

Marketing is not just about an exchange it is also how consumers/customers evaluate their consumption experiences and how, based on their expectations, punish, ignore, or reward the organisations they encounter. Whilst it is generally recognised that an organisation provides services to their customers [b], it is often overlooked that satisfied customers advocate and **provide reward services for organisations**.

As we progress through this e-book, we will discuss essential marketing principles and how they can be applied. Furthermore, we will provide a template for adapting marketing practice to suit the situational variables of each business. And, we will explore how the situational factors can be harnessed to undertake the business-marketing planning process to craft a unique product value proposition.

To better understand marketing, we will discuss the evolution of marketing, then we introduce key marketing concepts, including - consumer schemas, customer satisfaction, the marketing concept, the total product, the situational factors, and the 9 objectives of marketing.

[b] a 'consumer' is all possible & actual customers, whereas 'customer' is employed when an exchange has been established].

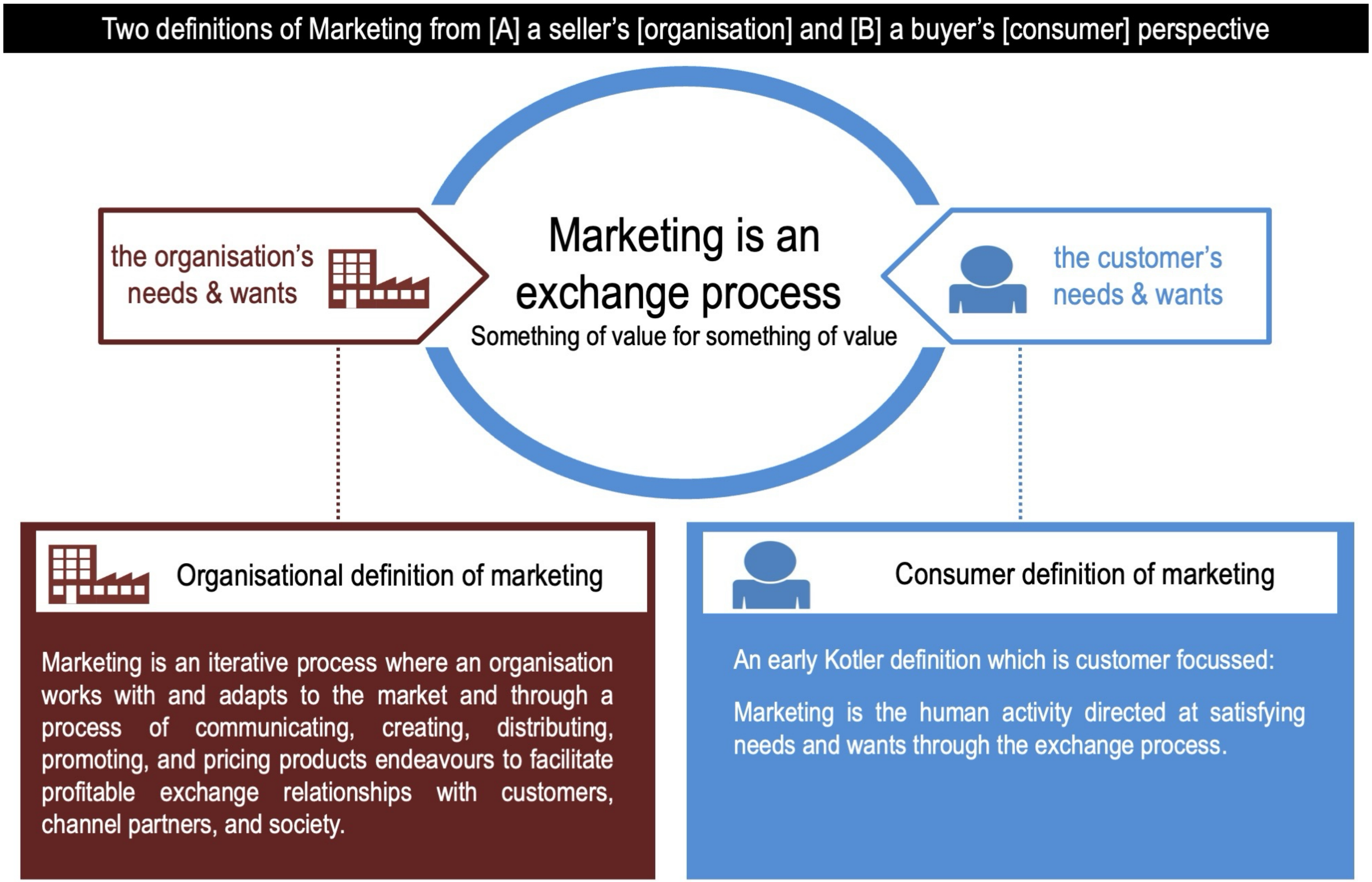
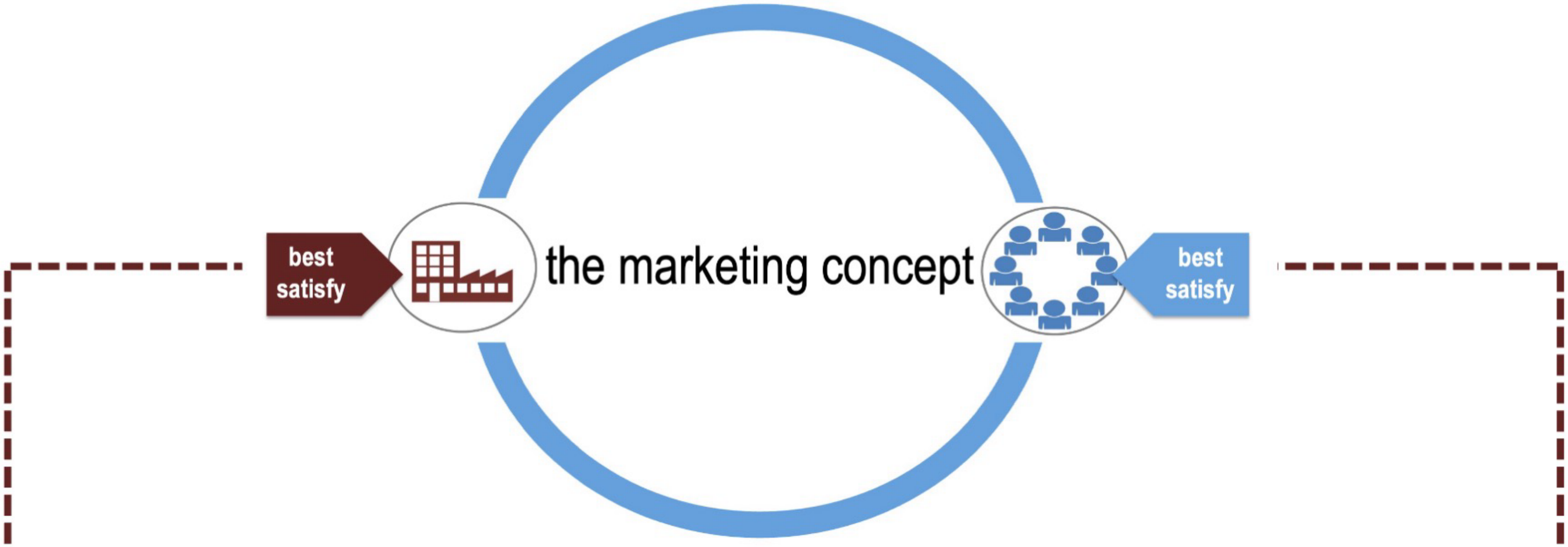


Figure 1: Marketing is about buyers and sellers coming together to satisfy their needs and wants. It must be emphasised that both parties will approach the exchange from their own perspective. The two definitions reveal that the organisational definition is more operational [a process] and contains information that consumers/customers have little interest.

The marketing concept is a simple premise - *organisations that best satisfy the needs of their customers are best placed to satisfy their own needs*



To be best satisfying, organisations must understand the dreams and demands of their customers; design and develop products that are distinct, discernible, and desirable; deliver on promises, act in a dignified manner and provide long-term dividends to customers, the organisation, channel partners, and society.

Products that best satisfy the needs and wants of their customers are generally the product category leaders with increased margins & revenue, lower costs as a percentage of sales, higher organisational/brand value, and reduced risks

Figure 2: For many years marketing academics have conceptualised the business discipline of marketing - this is referred to as the marketing concept.

Modern marketing: 12,000 years in the making

[how markets and consumers evolve]

Marketing is an ancient custom with established principles and practices. Marketing is directed towards satisfaction for the customer and the organisation. For managers, marketing provides a philosophy, guidance, and architecture to successfully manage exchanges between sellers and buyers.

Some think that marketing is limited to external marketing, and whilst the tactical merchandising tools of external marketing play an important role, they should be a congruent with the strategy and objectives of the organisation. Equally important, but often overlooked, is the role of internal marketing [training staff and channel partners] to ensure that what is externally communicated can be **delivered as promised**.

Also overlooked, yet fundamental, aspect of marketing is - that both sellers and buyers are actively involved in marketing – both have needs and wants. Marketing is an activity that a seller does **with** a buyer and not **to** a buyer. Moreover, buyers form pre-purchase expectations and then punish, ignore, or reward organisations according to their evaluations of the organisation's performance. Therefore, it is the collective actions of all buyers that determine the future of a product, a brand, and/or an organisation. Let's not mistake the brand image [the organisation's image that is promoted] with the brand identity [the customers' perceptions that are formed]. Importantly, external and internal marketing need to be included in the strategic business plan, the strategic marketing plan, and the tactical marketing plans. [discussed in detail later]

Given that the principles and practices of marketing have evolved over many years – it is prudent to begin our discussions by briefly exploring how markets and consumers have evolved. Then, we discuss the recurring marketplace patterns, and then the lessons for managers.

The seeds of marketing were sown around 12,000 years ago when nomadic hunter-gatherers began to evolve into sedentary peasant farmers. With time, they built shelters, domesticated animals, and plants, and for safety, security, and social reasons formed settlements – this event is known as the neolithic or agricultural revolution. Whilst the hunter-gatherers were pure consumers, the peasant farmer was primarily a producer-consumer – meaning they *consumed what they produced* and *produced what they consumed.* Peasant farmers were multiskilled; for example, they made their own homes, clothing, and footwear; they cultivated plants and animals, bred from the best, and modified their environment to maximise their effort. Peasant farmers were largely self-sufficient - they preserved and stored food; for example, cereals were cultivated and baked into bread, vegetables and fruits were dried and pickled, dairy was fermented, meat and fish were salted and dried. Interestingly, many of today's food products had their origins in this era – think cereals, breads, pickled vegetables. With a sedentary life, storage of food was necessary, an early example of how necessity is the mother of inventions was pottery for storage.

Figure 3: Marketing is an ancient practice; marketing has evolved with society and society has evolved through marketing.

As settlements grew and livestock numbers increased, the water in wells often became unsuitable for drinking - beer, wine, spirits were produced to reduce the risks from contaminated water. Informal markets emerged as peasant farmers exchanged surplus with kinship connections. The exchanges often took place on common ground particularly where two paths crossed. With time, the paths became roads and the informal markets expanded and became formal markets – people began to supply market services – the origins of the service industry. Others traded their skills and labour - the origins of the word 'tradespeople'. Some specialised in pottery, brewing, butchering, leather tanning, carpentry, transport. To record exchanges, writing was developed - icon-based *cuneiform writing* evolved and could be understood across multiple languages - similar today's software icons. In time, some craftspeople specialised in the production of metals [the Iron Age] - some metals were cast into tools and precious metals were crafted into jewellery and coins.

In the last 3,000 years - formal markets developed; conventions and regulations were introduced - coins and standard weights and measures were introduced to establish trust and enable a more convenient, consistent, and fairer exchange. The emergence of 'branded products' – yes branding has long been a part of marketing - helped communicate provenance, quality, and value. Trademarks identified the craftspeople involved [e.g., the thumb prints of potters].

Consumer awareness of a product is important; however, awareness is rarely a determinant factor when choosing a product. A recurring market theme is that buyers reflect on their needs and consider and estimate the value of known products [awareness]. However, they may search for better value within a category and then also consider and estimate products they discover. The costs, benefits, and risks of all alternative products are then considered. Typically, buyers approach sellers that they know and trust, treat others with caution, and avoid those they distrust. Interestingly, the term 'customer' describes a person who knows and trusts a product or seller, and subsequently makes a *custom* of frequenting.

With the industrial revolution, around 250 years ago, came the largest societal disruption since the neolithic/agricultural revolution. The industrial revolution influenced almost every aspect of life - including the separation of the consumer-producer to distinct activities of consuming and producing. Initially, the industrial revolution was characterised by a decline in the health of factory workers, however, with societal outrage and exemplars of increased profits through better practice, gradually the standard of living and the life expectancy began to rise.

The industrial revolution radically changed marketing practice; for example, it increased the physical and mental distance between producer and consumer, however, the fundamentals of being known, available and delivering on promises to build customer trust, remain key success factors.

Just to clarify: Marketing is a societal process. Both buyers and sellers are involved in the exchange process. Ultimately buyers determine the success of an organisation. To be considered - a product/organisation must be known. Trust reduces perceived risks. Being known, trusted, and available are key contributors of a unique product value proposition. Services are value adding activities to facilitate, enable, and/or enhance an exchange. Organisations that fail to build customer trust are locked into a high cost of sales business model – one that is more dependent on merchandising tools to achieve revenue objectives.

Identifying and applying recurring patterns

[let's apply what history has revealed]

Our summary of the evolution of marketing reveals many notable events that shaped markets and society. An earlier investigation of the notable events revealed *4 recurring pattens* that explain why products have a life cycle and how products evolve through continuous small-step improvements and/or disruptive big-step innovations. The 4 market quests/challenges are:

- To better serve the consumer/customer.
- To overcome the challenges facing society.
- For better use [application] of existing resources/knowledge/practices.
- For more effective distribution of - information, products, people.

Figure 4: The history of societies and marketing reveals 4 recurring patterns that are just as relevant today as they were in the past.

Given that markets and products are always evolving, there is a general recognition that products have a life cycle. When we explore the product life cycle concept, we discover that historically consumers search for best satisfying products and will adapt and adopt innovations when it is in their best interest – therefore market vigilance/scanning is needed.

A product's adoption and life cycle will have recognisable patterns; however, these will vary according to the nature of the product, the customer, and the market. Keep in mind consumers will reject products that are no longer perceived as best satisfying – consumers are self-centred and **only loyal to value**.

Products and markets evolve through [1] a series of small-step improvements or [2] big-step innovations. Most common are **continuous small-step improvements** and these require constant attention; however, **disruptive big step innovations** require an ability and willingness to carefully consider new ideas. Whilst, disruptive big-step innovations may provide new opportunities, they often present considerable resistance, organisational challenges, and disrupt the status quo of the market and often society - as Charles Dickens reasoned - the best of times and the worst of times can occur at the same time and place.

Let's discuss the rational for presenting the 4 recurring patterns. It is logical to assume that, if the 4 recurring patterns influenced *past* product developments, then they are likely to influence *future* product developments. When considering the future, the 4 recurring patterns are better described as *market quests or challenges*. Being mindful of the 4 recurring patterns/quests/challenges will assist marketing practitioners to audit the prevailing market conditions, plan for possible scenarios, and craft the strategy [c] and tactics that best satisfy the *emerging* needs of the customer, the organisation, the market, and the product category.

Interestingly, many of today's well-known products, organisations and public institutions emerged by addressing one or more of the 4 market patterns/quests/challenges. It is not just products that evolve, the values of societies evolve, and our values shape our perceptions and expectations of products.

One of the great patterns/quests/challenges facing society is minimising the environmental impact of commerce. Contrary to a frequently expressed view, markets and societies have always had a negative impact on the environment. History provides many examples, previously we mentioned the challenge of accessing safe drinking water. Although it should be mentioned that overcoming one challenge, may in time create a new problem and a new [and sometime a greater problem] quest/challenge for society. Also, societal values and expectations evolve and continue to evolve - what was once acceptable thinking/behaviour becomes unacceptable. Therefore, when a society is negatively impacted or has ethical concerns, new regulations are generally introduced – regulating market activities has long been part of the evolution of marketing [e.g., Greek and Roman times]. For marketing practitioners identifying and addressing the quests/challenges facing society and behaving in an ethical manner are key success factors.

The evolution continues

The evolution continues - we are presently experiencing several notable events and experiencing a process of natural selection. There are many examples, let's explore one: in recent years we have seen retailing evolve: [1] traditional marketplace retailers and [2] digital marketspace retailers, and then, [3] omni-channel retailing where retailers are customer focused rather than channel focused. Supporters of an omni-channel marketing approach, advocate that during the buying process customers no longer belong to one camp or another, instead they move freely between the marketplace and the online marketspace. When practiced well, an omni-channel approach combines customer convenience and customer experience in both the online user experience and the in-store sense of belonging. Omni-channel marketing employs evolving technologies to reintroduce customer convenience - for example, click & collect, pick-up/return-in-store, home deliveries, secure parcel lockers. Progressive marketing practitioners do not consider marketing as traditional marketing and digital marketing they simply see it as marketing - with one aim - to best satisfy the needs and wants of their customers and their organisation. Keeping in mind that customers are only loyal to value and will select which retailers to avoid; which retailers to ignore; which retailers to approach/reward.; and which retailers to reward with repeat business and referrals.

Just to clarify: Given the life cycle of products, a constant quest/challenge is to remain relevant, to be included in the consumer's considered set of products and then selected through perceptions of being best satisfying. Continuous small-step improvements and disruptive big-step innovations require marketing practitioners to be vigilant to the dreams, desires, and demands of their selected customers segments. Constant market vigilance/scanning and adopting the resources/knowledge/practices across a wide range of industries is required to design, develop, and deliver best satisfying products. The 4 market quests/challenges present a solid framework for scenario analysis within the business-marketing planning process. The evolution continues – be vigilant. Recognise that products have a life cycle. Have a process in place to audit and analyse situational factors. Be mindful of the 4 patterns/quest/challenges. Be committed to being best satisfying. Act ethically.

[c] I have elected to employ the term strategy rather than strategies. As often people use strategies for anything deemed important. There is only one organisational strategy. Try to avoid strategy proliferation

Consumer schemas

[the foundation of consumer behaviour + how brands are formed]

Schemas, emerged in the philosophy, sociology, and psychology literature before coming to the attention of consumer behaviouralists. Schemas are part of being human; they are mental models that guide feelings, thinking, perceptions, expectations, values, and future behaviour. A schema is formed when people attend, interpret, organise, and catagorise information, and consider associations and relationships. People collect and store this information in an *associative network* for efficient retrieval. Schemas support long-term memory and enable conversations, and future decision-making. Schemas help to manage stress during decision-making. Although schemas are relatively consistent, they evolve with new experiences and information, values-based schemas are often quite robust and contrary information is carefully considered.

Consumers naturally construct relevant schemas. Including, how a person collects information and constructs schemas about their *sense of self* [actual and ideal], about the organisations they encounter or are likely to encounter in the future, about market forces, about the products they purchase and how they form needs-based product categories and product preferences, and how they form brand schemas to meet their goals and minimise risks. We have just discussed – self-schemas, product category schemas, advertising schemas, and brand schemas – all of which enable consumers to be more judicious.

Obviously - consumer behaviour is of interest to marketing practitioners. One of the most important consumer schemas are **brand schemas** which takes the form of a mental taxonomy, and this helps to explain how brands are conceptualised by consumers, how **brand preferences** are formed into a hierarchical order, and why consumers recommend brands and occasionally develop **brand loyalty**.

Consumer schemas have a function; they provide meaning and guidance and a personal buying philosophy; however, their influence varies according to the consumer's involvement and the perceived risk of the product. Consumers do not treat all products, brands, and/or organisations the same way and may be receptive and search for new and relevant information – this is often referred to as **perceptual vigilance** and why so much attention is devoted to the visual representations of a brand. There is general agreement that consumers are **selective** in what information they search for, attend to, process, and retain for later retrieval; activities that are known as **selective exposure, selective comprehension, and selective retention**. Moreover, consumers will modify schemas to be **consistent** with their ideal-self and to reduce anxiety and/or cognitive dissonance [d]. Existing consumer schemas are generally quite robust – for example, if a consumer has formed a schema that a product//brand will not meet expectations or is inconsistent with their values - then it is unlikely they will attend to or be easily persuaded by contrary opinions.

To put this another way - customers naturally form brand schemas [i.e., brands] from past consumption experiences, and through observing and listening to others [+ marketing communication, social media, traditional and digital media]. Consumers often employ brand schemas as a heuristic [a mental shortcut] when purchasing low involvement products/brands, however, will conduct a more intensive search when undertaking higher involvement decisions. For managers, product involvement is an important consideration as products/brands with low consumer involvement require different promotional tactics to products/brands with higher levels of consumer involvement.

[d] Cognitive dissonance is a sense of mental conflict when actions don't match values. Because people feel uncomfortable and often question decisions, they search for information to justify their decision. Organisations should communicate with customers to reduce post purchase dissonance.

Why are schemas important?

Schemas are a crucial part of learning, long-term memory, and being a member of society. Consumer schemas assist consumers to consider their needs as consumers, the organisations they encounter, the prevailing market conditions, and the characteristics of the products. Schemas then assist consumers to organise marketing communication, organise product categories and preferences, search for and select products, form product expectations, and provide a frame of reference to evaluate products. Schemas evolve with each consumption activity. Consumer schemas assist people to understand and navigate the marketplace.

From an organisational perspective, schemas provide an insight to consumption patterns, and how consumers aggregate knowledge and store it for future consideration – helps explain how and why consumers form perceptions and approach or avoid certain products. Furthermore, why branding built on quality, value, satisfaction, and consistent, relevant messaging, is central to business success.

Understanding and managing customer expectations

building on our work on consumer schemas

Organisations face many uncertainties, however, there is one business certainty - **consumers enter each exchange with an expectation of satisfaction and if they experience dissatisfaction, they will rarely do business with that organisation again**. Moreover, dissatisfied customers often develop 'brand dislike' and they punish the brand/organisation by warning others to avoid the risk. In the past, they would warn their families, friends, and anyone who would listen – today, with social media dissatisfied customers have a greater reach.

The opposite of customer dissatisfaction is **customer satisfaction.** Satisfaction has long been recognised as critical to **organisational survival**; historically, satisfaction is inferred within the word **customer** – *a person who develops a custom of buying from a preferred seller.* Although we can never be certain of the exact financial impact of customer satisfaction; we do know that satisfied customers, generally, develop 'brand preference' and reward the brand with repeat purchasing and **brand advocacy** [positive word of mouth].

The key to growth

Customer satisfaction is recognised as a critical survival factor for all organisations. However, we will discover there is a significant difference between satisfying customers and **best satisfying customers**. Products that are perceived as best satisfying enjoy higher unprompted recall, higher primary demand, are perceived as lower in risk, and are the value benchmark by which all other products in a category/sector/segment are considered.

One area that is worth discussing is post-purchase consumer behaviour on social media. What is apparent is that people rarely post when they are ambivalent [neither dissatisfied or satisfied] towards a product/brand/organisation; they tend to focus their online attention on products/brands/organisations that are either dissatisfiers or satisfiers - particularly at the extremes. Given that many small-medium organisations do not have the need or the financial resources for broad reach traditional media - social media is a preferred option; therefore, it makes sense to nurture a best satisfying culture.

Another area that is worth discussing is the relationship between best satisfying and product/brand/organisation awareness. **Product awareness** is the percentage of consumers that knew or discovered a product/ brand/business. Product awareness plays a significant role when populating the considered set of products during the buyer decision process [also referred to as the customer journey]. This is particularly true when searching online, where the process of searching for and forming a considered set of products is more effective and efficient. Products that have price comfortability, high product awareness and perceived trust, within a selected segment, have a greater chance of being considered.

Product/brand/organisation awareness is generally classified as either **unprompted recall** or **prompted recognition** - both are important but require different tactics. The product/brand/organisation that is first recalled by *a consumer* without prompting in a particular product category is referred to as having **individual top-of-mind awareness**. The product/brand/organisation that has the highest unprompted recall by *all consumers* has **collective top-of-mind awareness** [this would require research]. There are product categories [e.g., fast moving consumer goods, fast-food, whitegoods] where the hierarchy of collective top-of-mind awareness is a good indicator of the **marketshare** of a product/brand and may be an important objective and marketing metric. There is a trap, awareness does not necessary equate to **future intentions,** therefore, to ensure research rigor, marketing practitioners should also measure the continuum of brand dislike < brand ambivalence > brand like and how this influences intentions to recommend.

The importance of individual and collective top-of-mind awareness varies across product categories and industries; for example, in local service dominant products [e.g., tradespeople, health, restaurants, professional advice] individual top-of-mind awareness plays an important role when customers are searching for a product/brand/business. Furthermore, word-of-mouth recommendations are often canvassed when searching for higher risk, higher involvement products for the first time. A key to nurturing product/brand advocacy is that past customers are [1] satisfied and [2] can quickly recall a product/brand/organisation. *Keep in mind that attracting new customers is important, however, never neglect satisfied customers who are likely to recommend.*

Initially satisfying and best satisfying may appear as an exercise in semantics, however, the impact of best satisfying on organisational performance is significant. The marketing concept is built on a simple premise:

Organisations that best satisfy the needs and wants of their customers are best placed to satisfy their own needs and wants.

Marketing practice must adapt to the situation

[we will discuss COMP factors throughout the e-book]

As a business discipline, marketing has established principles and practices. Generally, the **marketing principles** form a philosophy that can be applied to most businesses, whereas **marketing practices** must be selected and modified to suit the prevailing situational factors that the organisation encounters – i.e., applied to manage the unique situational factors facing each organisation.

Let's discuss the situational factors. An analysis of the academic marketing literature reveals 4 situational factors that marketing practitioners should measure and manage. The 4 situational factors are the characteristics of the Customer, the Organisation, the Market, and the Product [i.e., **COMP factors**]. It is worth mentioning that the situational factors will influence both consumers and organisations. Consumers will assess the situational factors depending on their degree of involvement with the product. Organisations will continuously assess the situational factors.

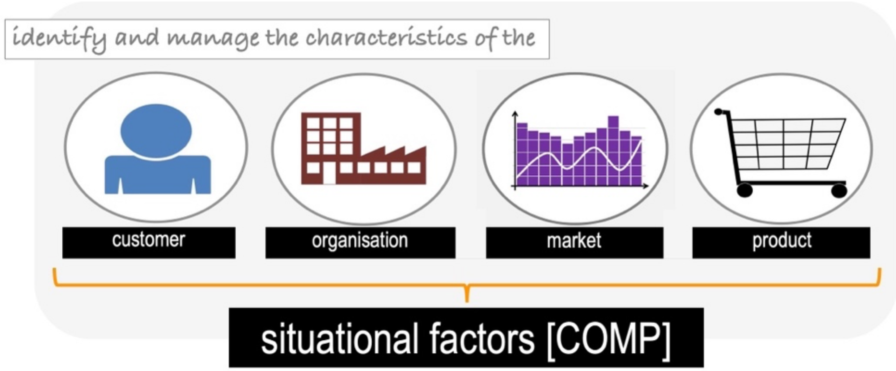


Figure 5: The situational factors influence consumers and organisations. Classifying them as COMP factors enables data to be better organised for future use.

At any given time, most organisations will experience some common situational factors, other situational factors will be common to some organisations, and other factors will be unique to a particular organisation. Therefore, to some degree, each business is a unique business with unique challenges. Consequently, when an organisation considers the challenges there will be *no one right way* and no absolute certainties. Moreover, there will always be exceptions what works for one organisation/industry/market/situation may not be universally applicable. Understanding the 4 situational factors will enable managers to better analyse the challenges and make better business decisions [more on COMP factors later].

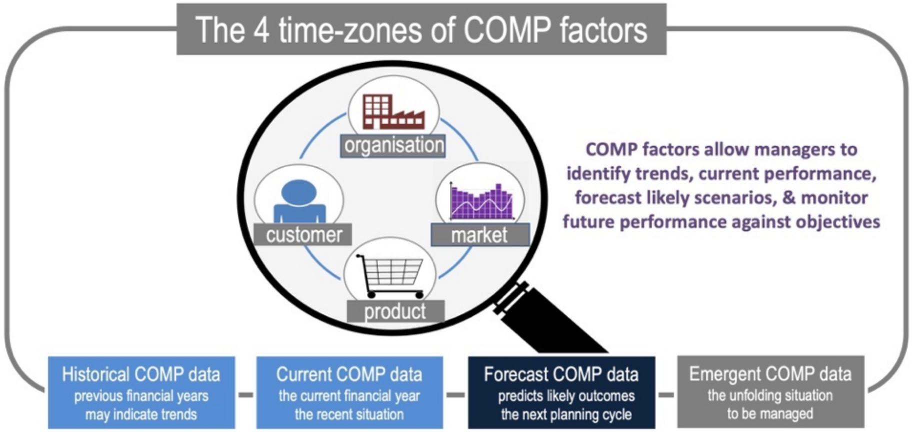


Figure 6: Historical, current, forecast, and emergent COMP data all have a role to play in managing the marketing objectives of the organisation. Note: how the colours indicate the relevant stages of the CADDIE business-marketing planning process

Managers are constantly nagged about the need for 'big data', whilst there are cases where big data may provide insight, most managers need meaningful, relevant, and manageable data. The COMP taxonomy enables marketing practitioners, with the assistance of other disciplines to effectively organise relevant data, to make more accurate forecasts, and take corrective action when needed.

Why are the situational factors important?

The situational factors effect/affect every aspect of business decision-making through the business-marketing planning process.

For example, the business planning process begins with each business disciplines audits. In the case of the marketing discipline, it begins with a marketing audit of the Customer, the Organisation, the Market, and the Product. Historic and current COMP data is employed to forecast the emerging situational factors and establish the marketing objectives outlined in the business plan, marketing plan, and marketing action plans.

A great deal of management attention is then devoted to analysing the emergent COMP data and managing the situational factors to meet organisational objectives.

Different market approaches - different business philosophies

there are 3 broad business-marketing approaches

Every organisation faces somewhat unique situational factors. Organisations consider their specific situational factors, the characteristic of the Customer, the Organisation, the Market, and the Product [i.e., COMP factors]. The business planners should/would, after collecting and analysing the COMP data, articulate/document/reiterate the appropriate market approach and the business-marketing philosophy for the organisation.

The business-marketing philosophy is a set of principles, attitudes, and behaviours that provide guidance strategically and tactically. A business-marketing philosophy should be documented and outline a set of practices that with time and with consistent communication, training, and education [i.e., internal marketing] will nurture a business-marketing culture based on best satisfying and through profitable exchange relationships. The business-marketing philosophy articulates the broad strategic intentions of the organisation and is a necessary start to the business-marketing planning process [more on this later] – this is not a public document, or internal puffery, rather, it provides guidance to managers and staff regarding organisational standards and behaviour. The philosophy will influence the **desired market position and the basis of competition**, for example:

- What products to compete with.
- How to compete.
- Where to compete.
- Whom to compete with.

In a contemporary [traditional/digital] marketplace it is thought that a business-marketing philosophy will be influenced by 3 *broad* business-market approaches. The 3 broad business-market approaches are labelled:

- The production approach
- The selling approach and
- The relational [often referred to as a marketing] approach

In the past marketing textbooks presented the view that organisations fall neatly into one of the 3 [sometimes 5] business-market approaches and that the approaches are mutually exclusive. More recently, it is thought that whilst one approach may dominate, there are generally elements of all 3 approaches and that the emphasis given to each approach will vary according to the situational factors. *For example,* if consumers change their consumption patterns with the economic conditions, then organisations should adapt with consumers. *For example,* there would be a greater emphasis on value and price when demand is low and a greater emphasis on selling when sales are below budget.

Figure 7: Marketing is often a blend of 3 market approaches, the influence of each approach would depend on the situational factors [COMP factors], for most organisations a relational approach would be best suited.

Sometimes you hear the expressions that 'the customer is king' and the 'customer is always right', however, a balance between customer needs and organisational needs is central to the marketing concept.

It should also be noted that **all** 3 approaches may be 'customer centric' and consistent with the marketing concept. Keep in mind - if it is not customer centric then it is probably inconsistent with ideals of the marketing concept. Furthermore - not every organisation or staff member will be customer centric or have the customer's best interest. Some organisations and staff members are totally self-centric and see the customer as a resource to be mined and/or scammed for personal benefit. At the extremes some organisations [or individuals] behave in a criminal manner and/or practices that are frowned upon by society.

With this caveat in mind, we will now provide a ***description*** of each of the 3 broad business-market approaches. Then we will provide the ***limitations*** of each of the 3 business-market approaches. And then discuss when the ***extremes*** of each of the 3 business-market approaches are practiced.

The production [low cost/price] approach

Description: As we discuss the production [low/cost] approach it is important to keep in mind [1] price is an important consideration for consumers, [2] achieving and appropriate price is important to organisations, and [3] controlling production costs is critical for all organisations. The production approach is founded on the premise that if a product meets a customer's core/basic needs and is available at an attractively low price - then volume and then profit can be achieved.

The production approach is popular with new market entrants with low-costs or low labour costs; the goal is to employ an attractive price to build awareness and gain volume with the intent to increase price as demand increases. Keeping in mind that as an organisation grows operating costs generally increase and this requires higher prices. Therefore, without careful management and a low-cost advantage, the production [low cost/price] approach has a limited life. Nevertheless, there are many exemplars of the successful application of the production [low cost/price] approach where organisation maintain lower operating costs through more efficient and effective processes including organisations employing digital services and engaging customers as co-producers of the service. There are also examples where a low cost/price option is employed to protect marketshare.

Limitations: Although there are exceptions, price is a consideration in most purchases. The production [low cost/price] approach cannot be implemented by all organisations as:

- Not every organisation has a low-production cost advantage.
- Not every product can be delivered intact [e.g., including via the internet].
- Not every organisation has access to a sufficiently large market.
- Not every organisation will benefit from an increase in volume.

Therefore, not every organisation can achieve or maintain the lowest price and still make a profit. Therefore, the production [low cost/price] approach should be implemented with caution.

Extremes: It is not part of the marketing concept when there is an extreme approach; for example, one that ignores the welfare of others and ignores the consequences of actions [e.g., societal/environmental impact] in pursuit of a low cost/price outcome.

The selling [communication/persuasion] approach

Description: [keep in mind: there is a personal selling/service element in many products] This approach is based on the premise that organisations need to communicate their unique product value proposition to the market to create awareness, interest, desire, and action. The emphasis on selling will vary according to the prevailing situational factors and product demand. Keep in mind, that there are unsought products with societal benefits that may require a more vigorous selling approach to cut through customer complacency.

Limitations: Although selling is an important communication task there are limitation on the approach [a] The selling approach is often implemented as a response - when an organisation no longer has a cost advantage, no longer has a compelling value proposition [based on being the lowest price], and/or when demand has dropped below production capacity. [b] The belief is that if a product is not desired and demanded then the organisation must aggressively sell the product and overcome customer objections. [c] Salesperson commissions are common with a selling approach; however, this can result in reduction of post-purchase service as salespeople become commission focused. Although there are short-term benefits the aggressive nature of this approach annoys customers and generally results in unacceptable levels of negative word of mouth.

Extremes: Marketing communication is persuasion it is about populating and advancing customers along the salespipeline, with a marketing philosophy it is the truth well told. However, to win some organisations engage in puffery where promises are false or exaggerated and whilst consumers are often wary or expect a little puffery, this practice heightens expectations and reduces evaluations of satisfaction. It is not part of the marketing concept when there is an extreme approach; for example, a culture that is aggressive, untruthful, and unethical in pursuit of the sale or one that is more focussed on volume and market share rather than best satisfying.

The relational approach

Description: The relational approach begins with the needs and wants of the customer and is directed towards the satisfaction of the customer and the satisfaction of the organisation. The relational approach does not imply that the organisation's needs are secondary; but rather that customer satisfaction is the best route to achieving organisational satisfaction. To achieve both customer satisfaction and organisational satisfaction requires an expanded view of profits and relationships. Fundamental to a relational approach is the establishment of profitable^4 exchange relationships^4 [the ^{4} indicates there are 4 components].

To explain this further we will now explore the topics of: *profitable4 exchange relationships4, the aims of a salesbaseline approach, the function of a salespipeline, and the time-zones of the buyer decision process.*

profitable4 exchange relationships4

Profits4: When businesspeople think of a 'profit' they tend to think of a 'financial profit' [for their organisation] in a financial quarter/year or from an exchange. Few businesspeople think about a profit for the customer, moreover, when they do, they think of the customer securing a discounted price. Although attaining a financial profit for an organisation is critical, from a marketing perspective a more comprehensive view of **who should profit** is needed. An organisation that is committed to building relationships should endeavour to achieve profitable outcomes for **all parties** - the customer, organisation, channel partners, and society. Profit for all parties is critical. If customers do not profit, they will not return, if the organisation does not profit, they will not survive, if the channel partners do not profit, they will find other partners, and if society does not profit then laws will be enacted.

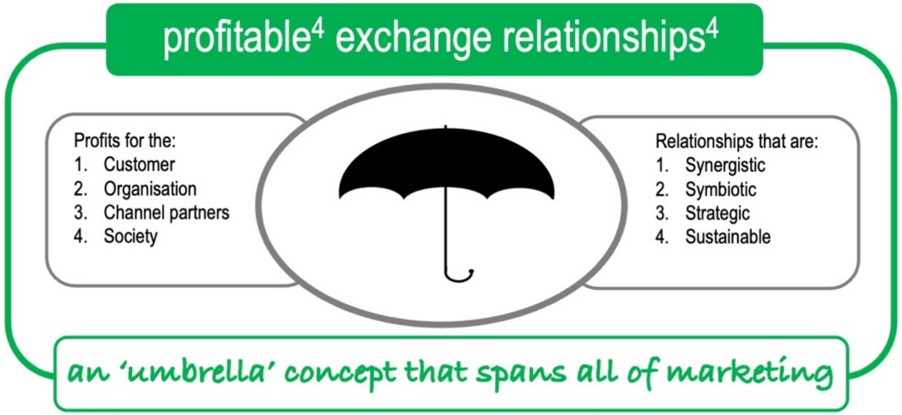


Figure 8: Establishing profitable4 exchange relationships4 is fundamental to a relational approach to marketing.

Relationships4: Throughout history relationships between buyers and sellers have been the cornerstone of commerce. Relationship thinking goes beyond seeing the customer as the 'demander' and the organisation as the 'supplier' in a supply and demand economy. Moreover, an analysis of the customer relationship management literature identifies 4 characteristics of profitable exchange relationships:

- Synergistic – all parties, within the exchange, should profit.
- Symbiotic - harmony and mutual benefit within the business channel.
- Sustainable - decision making has a consistent and long-term focus.
- Strategic - there is a selection of appropriate partners.

The characteristics of relationships suggests that the organisation should work towards building profitable business relationships for the benefit of all parties. Managing the salespipeline and building the salesbaseline are two common methods of managing profitable4 exchange relationships4.

The salespipeline: The salespipeline suggests that energy and effort are needed to populate and advance customers through the buyer decision process and along the salespipeline – the opposite is a salesdrain where customers drain away. The salespipeline is where consumers transform into customers. This transformation occurs when a consumer enters the buyer decision process as a suspect > then a prospect > to become a customer. However, becoming a customer is only part of the salespipeline process. The organisation should invest energy and effort to advance the first-time customer > repeat customer > member customer > advocate or evangelist for a product or organisation.

Figure 9: The metaphor of salespipeline is employed as energy is required to push sales in the right direction.

The salesbaseline: The salesbaseline is the sales volume/revenue that can be achieved without any other sales enhancing tactics. If an organisation measures, manages, and improves collective customer satisfaction [the satisfaction score of all customers] - then it follows that the salesbaseline will rise over time.

Building the salesbaseline also builds **brand equity** – the future revenue value of a brand based on experiences and perceptions of a product/brand by consumers. The salesbaseline approach highlights that both long and short-term activities should be measured and managed. Building the salesbaseline requires constant attention. The basic premise is to ensure that organisations are 'less dependent' on short-term tactics [e.g., price discounts, selling tactics and sales promotions], and are, in the longer-term, able to achieve a competitive advantage. 'Less dependent' means that although there will be variations in demand and some short-term sales revenue boosting tactics will be required, the organisation is less dependent on these tactics. The salesbaseline approach highlights that short-term sales tactics should be congruent with organisational **strategic, financial, and communication objectives** [more on this later].

Figure 10: the salesbaseline highlights that one eye must be kept on short-term revenue whilst the other is kept on long-term revenue.

Limitations: Although relationships are important the importance varies according to the customer and the product there are limitation on the approach [a] Customer involvement varies by customer, organisation, and product. [b] Relationships with channel partners and suppliers will vary. [c] Not all relationships are long-term or ongoing, some relationships are brief and are unlikely to be repeated - there is a tendency to regard one-off purchases as having limited opportunity to develop relationships - this is not necessarily the case. Therefore, there are different types of relationships and most often the opportunity to develop word-of-mouth referrals. There is also a tendency to consider that relationships only exist with high involvement more expensive products and to consider frequently purchased low involvement less expensive products less dependent on a relational approach. This is also not necessarily the case - think about your weekly purchases and consider what you place in your shopping cart each week and consider these purchases over a year.

Extremes: The problem lies when there is an extreme relational approach; for example, one that is overly focussed on the customer to the extent that price, sales revenue, and profit objectives are given insufficient consideration.

Just to clarify: Although there are similarities between the production, the selling approach, and a relational approach there can be fundamental differences.

The production approach is based on the premise that people will be attracted by a low-price; the selling approach is based on the premise that persuasion is needed to convince people; and the relational approach is built on the premise that organisations that best satisfy the needs of their customers will be best placed to satisfy their own needs. An organisation will often have elements of all three approaches, however, to be consistent with the marketing concept it is implied that customer satisfaction is central to the business-marketing philosophy.

Previously we discussed the mutual relationship between products and brands. It is worth highlighting that the relationship qualities [i.e., synergistic, symbiotic, strategic, and sustainable] also apply to the relationships between products and brands. That both are of greater value because of the synergistic relationship, that products and brands enhance the value of the other, that there is a strategic plan, and that the tactics and strategy that are employed have both a short-term and long-term focus.

Best satisfying as a business philosophy

[actions speak louder than words]

Previously we discussed a **relational approach**, the importance of **profitable exchange relationships**, how it requires commitment and energy to advance a consumer/customer along the **salespipeline**, and how customer satisfaction is central to improving the **salesbaseline**. We stated that an expanded view of profits is needed and how it is critical that all parties collaborate and profit [the customer, organisation, channel partners, and society]. Furthermore, this collaborative/relational approach should nurture relationships that are synergistic, symbiotic, sustainable, and strategic.

There is a difference between satisfying and best satisfying products. Clearly, best satisfying products – those with a unique product value proposition help nurture best satisfying brands – brands with a unique brand value proposition. This congruence between best satisfying products and best satisfying brands influences short term and long-term communication both internally and externally.

What is best satisfying? To be best satisfying, organisations must understand the dreams, desires, and demands of their customers; design and develop products that are distinct, discernible, and desirable; deliver on promises, act in a dignified manner; and provide long-term dividends to customers, the organisation, channel partners, and society.

Distinct means that whilst a product may have similar characteristics to other products [within the category] there should also be unique characteristics which set the product apart; **discernible** means the value proposition of the product is evident and value judgements can be made; **desirable** means that the product has qualities that are attractive and of value to selected customer segments.

With time, best satisfying products evolve into best satisfying brands. The process begins when an organisation accepts the marketing concept and then crafts an organisation philosophy based on best satisfying. The next step is that the business undertakes a marketing audit of the situational factors to determine [1] the attractiveness of the category, [2] the ability to compete in each market segment, and then [3] after assessing the business capabilities – the business selects the most attractive market segment[s] [to match their capabilities] and rejects the least attractive market segments [more on this process later].

Business success is dependent on meeting short-term and long-term objectives – achieving both requires one eye on the present and one eye on the future. A best satisfying approach requires an understanding that every action - what is promised - what is seen - what is experienced - communicates a message and therefore, there is a need for consistency with the philosophy of the business. Short-term messaging is about motivating actions internal and external. Long-term messaging is about positioning the brand, for future consideration by consumers. Messaging is not just what you say – actions speak louder than words.

Satisfying needs and wants

Why is best satisfying important?

Marketing as a business discipline is both revenue management and risk management. There is a consensus that over the short and long-term satisfied customers increase the revenue of the business, reduce the cost of sales activities, increase the value of the business [brand equity].

A business exists to satisfy consumer **needs and wants**, therefore, an understanding of needs and wants is critical. The terms needs and wants are often used interchangeably in everyday conversations. *Although they are related and there are some similarities, there are also important differences.* The differences influence the design, development, and delivery of the marketing strategy and tactics. Although satisfying needs is a critical survival factor, it is often a buyer's subjective wants that determine the direction the buyer will take to best satisfy a need. Needs can be biogenic [for the body] and/or psychogenic [for the mind], often all products in a product category will address a core need. Whereas a 'want' indicates the direction that a consumer will take to satisfy a need and therefore will influence the selection of a product.

A food example is often employed to explain the differences – the need is to satisfy hunger and provide sustenance, however, the direction to satisfy the need [the want] will be influenced by several factors including availability/convenience, purchase ability, cultural and personal preferences, and the consumer's desires. As our food example highlights, wants may be the determinant choice factor.

For a consumer to enter the buyer decision process there must be the recognition of a need - needs are the consumer motivation to go to market, HOWEVER, for a product to be selected from a list of alternatives, the consumer must 'want' a particular product and more than they want other products. Therefore, organisation must understand the needs and wants of all customer segments and then design and develop a product with a unique product value proposition [UPVP] for a selected segment[s]. To be the product of choice organisations must **clearly communicate** how their product offering will best satisfy the needs and wants of their selected customer segment[s]. Then, the organisation must deliver on organisational promises and customer pre-purchase expectations.

The relationship between products and brands

[a little like the chicken and the egg riddle]

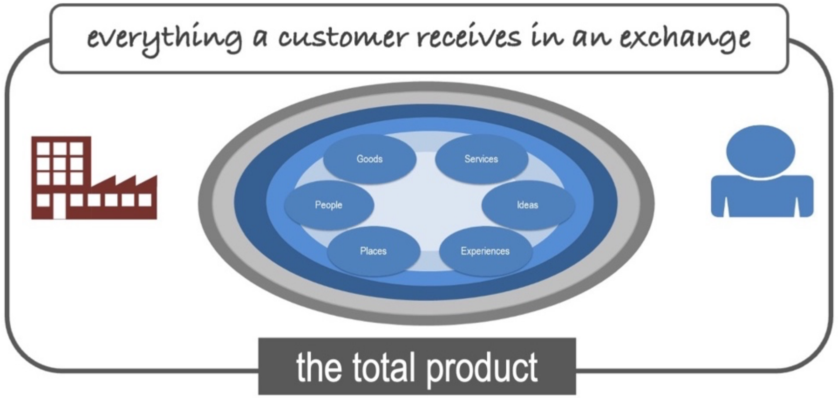


Figure 11: Products and brands can be considered from the perspective of the customer and the organisation. It is difficult to consider a product without considering the brand or consider a brand without considering the product.

Products and brands are terms that many use indiscriminately and this results in considerable confusion. Whilst products and brands are closely connected and mutually dependent, there are significant differences, and both require careful and distinct management. Although products vary greatly, from the simple to the complex, from essential to luxury products, and by price - the structure of products is consistent across most product categories.

Considering a product as the **total product** enables managers to better manage short-term and long-term revenue. The total product is constructed from brand considerations, product considerations, product layers, and product components.

The total product concept can be explored from the perspective of the customer [buyer] and/or the organisation [seller]. From a customer's perspective [B2C, B2B, G2C] the total product is the **total benefits** [material and non-material] and the **total costs** [money, time, and efforts] within an exchange. When considering the total product consumers take into consideration their personal situational factors, therefore, different consumers may estimate value differently.

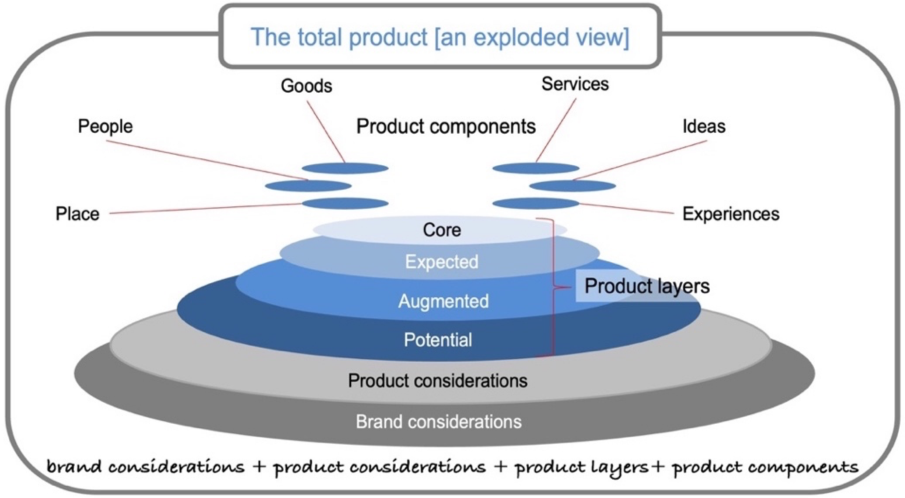


Figure 12: An understanding of the total product will assist when designing, developing, and delivering a unique product value proposition. The total product concept also helps explain the relationship between products and brands. We can see the construction of the total product [above] and how a product sits on a foundation of brand considerations.

Let's now explore the total product from an organisation's perspective. The total product is the totality of what is delivered to the customer in an exchange – what is promised, what is expected, what/how/where the product is delivered, and the total benefits and costs to the customer. Expectations and evaluations of quality, value, and satisfaction are critical evaluation factors. Most often, the total product has a history and consumers, unconsciously, form positive and/or negative brand associations.

Given that customers naturally code consumption experiences into product and brand schemas it is a critical task to design, develop, and deliver a best satisfying product and then be able to communicate what a best satisfying product looks like, sounds like, and feels like to enable staff, channel partners, and customers – to visualise the outcome. The total product is like a *schematic diagram* and part of a business plan. This process is often referred to as branding.

We will discuss the total product throughout this e-book, and within our discussions of the buyer decision process. Some may try to separate marketing and branding into two distinct tasks, however, as you will discover - marketing is how an organisation goes to market, and consumers will unconsciously form their own brand schemas and attitudes.

The importance of managing the total product

Marketing practitioners who fail to design, develop, and deliver a total product with a unique product value proposition are often subjected to an endless cycle of discounting and higher merchandising costs as a percentage of sales.

Few products can be best satisfying for all customers; therefore, organisations segment the market, identify which segments are most attractive to their organisation, and then design and develop a product for the selected segment[s]. The premise is that, for a selected customer segment, the total product should be a best satisfying product that establishes a unique product value proposition, one that sets it apart from competing products - distinct, discernible, and desirable.

Crafting the total product is a constant process as an organisation's products are continually monitored by its competitors and, therefore, the total product should be considered as the basis for marketplace competition. It should also be recognised that a neglected total product will soon become a shrinking asset.

There are four areas that marketing practitioners should explore when crafting a total product – brand considerations, product considerations, product layers, and product components, each will be briefly discussed:

Brand considerations – products and brands should work in harmony to achieve short and long-term marketing objectives. The relationship between products and the brand should be synergistic [both the product and brand are enhanced], symbiotic [the product and the brand complement each other], strategic [the objectives of the organisations provide direction], and sustainable [the viability of the product and the brand are primary].Therefore, the characteristics of the brand that must be measured and managed to nurture the brand [i.e., brand metrics]. Often products are part of a longditudinal [ongoing] line of connected products – a product line. Collectively, a brand is the collective mental associations and attitudes of all consumers to a product or product line. Therefore, a brand is more enduring than a product. generally, consumers will have a wide range of brand attitudes [brand attitudes are how consumers think, feel, and behave], to assist in the planning process marketing practitioners aggregate individual brand attitudes to develop collective brand attitudes. This brand information is often presented in a visual format [brand mapping]. Branding objectives are to contribute to the strategic, financial, and communication marketing objectives of the organisation - i.e., brand equity. Brand equity is the collective lifetime value of all customers – the future purchase intentions of all customers. Long term, an organisation should nurture brands to create a synergistic relationship between products and brands and to align brand identity with brand image. This is achieved by consistently delivering on quality, value, and satisfaction. It is important to distinguish between brand image and brand identity. Brand image is an organisation's intended message – the image of how it wishes to be perceived. Brand identity is the collective consumer attitudes formed by post-purchase evaluations of the product/brand experience. Brand identity is the actual message as decoded by consumers and may be a composite of positive and negative attitudes towards a brand. Individual consumers make future purchase decisions based on their personal attitudes to a brand and often described as customer lifetime value.

Branding is also about reducing future risks through customer loyalty services, future repurchasing intentions, and willingness to recommend a product/brand – i.e., **brand advocacy**. The breadth and depth of attention given to managing brand considerations will vary by the COMP factors; however, this list of possible brand considerations highlights the importance of brands at a strategic and tactical level.

A best satisfying brand reduces consumer perceptions of risk. What is often overlooked is that best satisfying brand reduce financial risks for the organisation and some degree of financial surety. Therefore, it is fair to say that branding is a risk reduction strategy and should be consider as a strategic asset of the organisation. In addition, other branding tasks include communicating brand preference and nurturing brand advocates. A financial objective is to ensure that the organisation is less dependent on merchandising tools and discounting to meet revenue objectives – we referred to this as the salesbaseline approach.

The characteristics of the brand may include factors such as:

- brand image, brand identity, brand personality.
- brand value proposition [brand quality, value, satisfaction], segment attractiveness and relevance.
- brand competitors and competitive position [competitor brand mapping].
- brand awareness, recognition, comprehension, and recall [unaided and aided].
- brand associations, strength, stature, social self-expression,
- brand purpose.
- brand relationships [brand dislike/ambivalence/like], brand community, brand risk-trust, brand inertia, and brand switching patterns.
- brand architecture [family brand structure, individual brand names, private-label brands], brand extension [brand leveraging, brand dilution], and brand licensing [co-branding].
- brand protection against counterfeiting.

Product considerations – What sets a product apart from other products. They are the characteristics of the product that needs to be considered, measured, and managed when designing, developing, and delivering a product - relative to the product category and selected customer segment[s].

The following are topics that would be of interest to product specialists:

- product involvement,
- product value proposition, product uniqueness,
- product classification, products [consumable or durable], product category, product class, product line – product mix, product line extension,
- product leadership, product positioning, product/brand status,
- product adoption, product life cycle, product recipient, product inseparability, product variability, product modification, product planned obsolescence, product stewardship, product desirability, product visibility, products – utilitarian/hedonic value,
- product decision type, products – autotelic/instrumental value,
- product properties, product complexity, product comprehension, product delivery duration, product perishability, product familiarity,
- product warranties [see The Marketing Concept: an academic perspective].

Product layers – a product is constructed around 4 layers. Product layers identify how a product is constructed, what basic needs does the product address, how it provides customer value, how it is distinct from competitors, and the future design.

- **The core layer** – the basic product to satisfy the core need of a product category.
- **The expected layer** - what do customers expect as the industry standard at a particular price point.
- **The augmented layer** - the point[s] of distinction and unique product value proposition that distinguish a product from competing products.
- **The potential product layer** – future products being developed to satisfy the evolving demands of consumers.

Product components are the 6 elements or qualities that constitute a product; a mix of goods, services, ideas, experiences, people, and place components that make up the product. Marketing practitioners employ a mix of components create a product that is distinct, discernible, and desirable - a unique product value proposition that can be distinguished from competing products. If we look across a range of products, we can see how, according to the product, each product component can be a dominant product component and when it is not a dominant product component it is a determinant product component.

Let's define each of the components:

- **Goods** can be a dominant [e.g., shoes] or determinant product component. Goods as a product component are material product properties that may be evaluated by the senses. Goods are acquired for an immediate or long-term consumer benefit and may be classified as **consumables** or **durables.** Whilst goods are material and provide utility or a service they are surrounded by non-material product components. Once manufactured, goods may be packaged, stored, handled, distributed, & exchanged; may require B2B & B2C marketing channel services. Goods may be classified as possessions & valued as assets.
- **Services** can be a dominant [e.g., haircut] or determinant product component. Services as a product component, are the performances, acts, deeds, &/or efforts that provide a benefit for internal or external customers. Services may result in a solution to a problem, produce a desired result, produce something material or facilitate the delivery of a product. Services can be performed by people and/or machines. Services can be directed towards people &/or machines. Services may be visible, however, often are hidden from the customer and not noticed unless not performed. Services may result in something material, but a service is never a possession that can be stored prior to sale or resold after a sale.
- **Ideas** can be a dominant [e.g., education] or determinant product component. Ideas as a product component is the knowledge that is transferred from one party to another, the product information that enables a product to be considered, compared, and purchased. Ideas communicate the value proposition of the product and position a product in the marketplace. Ideas as a product component are often the reputation of the organisation/brands. Ideas include what consumers value. Therefore, price is an idea that is embedded within a product.
- An **experience** can be a dominant [e.g., theatre] or determinant product component. As a product component an experience is an event, occurrence, or encounter that leaves a consumer with an emotion, impression, knowledge, or attitude. All products have a customer experience, which influences the customer's post-purchase behaviour. Some products may be designed to provide an extreme experience.
- **People** can be a dominant [e.g., accountant] or determinant product component. People as a product component are the human qualities, skills,

and interactions that enable the production, and delivery of a product. The people component includes the social value of a product. People design & develop products; can influence consumer preferences. People can be part of the service, ideas & experience components. People vary in skills & attitudes & managing customers and employees requires considerable attention.

- **Place** can be a dominant [e.g., holiday destination] or determinant product component. Place, as a product component is the setting in which the product is purchased and delivered. Place may be a material or non-material site. Place can be natural or man-made. Place also is an idea that identifies the provenance of the product. Place is more that the location where the customer meets the organisation. It can be the marketplace or marketspace. It can be the product's provenance – and the ideas that this communicates.

A common question is which product component is most important? The most important component would vary from product to product and each product component would play a role. The importance would also vary from customer to customer. When there is a **missing product component** it will always be the 'goods' component. When people discover this, they are often surprised as often consumers consider products as goods and don't really think of products as a mix of product components.

Nevertheless, of all the product components the **services component** could be described as the 'glue' that binds most products - nothing happens without services - this is especially true in the online marketplace. In the last 30 years academics have slowly [agonisingly slowly in some cases] moved their focus away from goods dominant thinking. Services marketing scholars state that services are acts, performances, and/or deeds that facilitate and/or support the delivery of a product. A **facilitating service** – is a service that assists a product to be produced and delivered. A **supporting service** – is a service that assists the customer during the production and delivery process.

There are 4 characteristics that distinguish the service component from other product components; services are **intangible, inseparable, variable,** and **perishable**. Services are a process involving a service provider [organisation] and a service recipient [another organisation or a consumer]. Generally, there is real-time interaction between the organisation and the customer, the interaction may be face-to-face or remote. With greater involvement of people there is the possibility of variability in quality, and this needs constant management attention. Whilst a service may result in a material outcome [e.g., bricklaying] the actual service is non-material and cannot be isolated from the product, cannot be warehoused, and cannot be resold.

There are exceptions - Sometimes, consumers will purchase multiple total products - each from distinct organisations and then unconsciously mentally bundle them as one consumption experience [e.g., tourism, shopping malls]. Bundled products are referred to as aggregate products and require special management attention to ensure that the distinct organisations are working towards common objectives.

There are many examples of aggregate products. For example, imagine the different total products involved in a holiday to Singapore - [e.g., flights, airport service, taxis, hotels, meals, attractions - etc] and each episode will contribute to the overall [aggregate] evaluation and satisfaction of Singapore as a holiday destination. The success of Singapore as a holiday destination is dependent on the aggregate evaluations of multiple episodes/transactions and the post-purchase behaviour of visitors to Singapore.

Figure 13: The 3 categories and 9 objectives of marketing practitioners – operationally known as marketing metrics

Introducing the objectives of marketing practitioners

[elaborated in more detail as we progress]

Regardless of the size and structure of the organisation, all organisations work towards common objectives. An analysis and synthesis of academic marketing literature reveals 3 categories of marketing objectives [strategic, financial, and communication] - each category has 3 contributing objectives [i.e., 3X3 objectives]. The objectives are the **marketing metrics** that marketing practitioners measure, consider, and manage.

Although the **9 marketing objectives** are common to all organisations, what will vary is the complexity of the tasks undertaken to implement, measure, and manage the objectives.

- **In larger organisations** - marketing practitioners are often specialists who focus on specific tasks and report within an organised hierarchy.
- **In medium sized organisations** - marketing practitioners are more likely to be generalists who focus on multiple tasks.
- **In smaller organisations** - managers are likely to concurrently work across business disciplines and a wide range of tasks including marketing tasks.

We will discuss the objectives of marketing practitioners in greater detail, but for now let's identify each of the 3 categories and 3 contributing objectives. The marketing objectives categories are, strategic, financial, and communication.

The 3 **strategic objectives** of marketing practitioners are:

- **Product leadership -** Products that are distinct, discernible, and desirable from alternative products and provide meaningful benefits at a cost which customers are comfortable with. Keep in mind the 4 recurring patterns or market quests. Products that are leaders in a category enjoy the benefits of increases in primary demand.
- **Customer intimacy [customer centricity] -** Understanding customers' dreams, desires, and demands and building quality profitable exchange relationships, and creating customer ambassadors.
- **Operational excellence** - Producing a product and taking it to market more effectively and efficiently than competitors.

The 3 **financial objectives** of marketing practitioners are:

- **To increase sales revenue** - Increase sales revenue [salesbaseline] – the % of sales through satisfaction and referrals. Not to be confused with sales volume which is often achieved through discounting.
- **To reduce organisational costs as a percentage of sales** - Cost may increase as revenue increases, but it is critical that costs are reduced as a percentage of sales.
- **To build the value of the business** - That the business fundamentals demonstrate a strong, healthy organisation and an attractive place to work, do business, and invest.

The 3 **communication objectives** of marketing practitioners are:

- **Attract the right people -** This means - attract the best staff and customers.
- **Retain the right people -** This means - retain the best staff and customers.
- **Enhance relationships with customers, staff, channel partners, and society -** This means - that all parties must profit and that relationships are synergistic, symbiotic, strategic, and sustainable.

The marketing objectives should be expressed in quantitative and qualitative terms in the strategic business plan, the strategic marketing plan, and the tactical marketing action plans.

In a business plan the marketing objectives are articulated holistically, in the strategic marketing plan they are articulated with greater breadth and depth, and in the various marketing action plans they are articulated in specific detail.

The marketing action plans would specify actions and outcome of each strategic business unit or key tactical task - what needs to be measured and managed by whom and to whom, when, and who is responsible for corrective actions.

Most organisations would identify, measure, and manage the appropriate marketing metrics/analytics to meet the marketing and organisational objectives.

Why are the 9 marketing objectives important?

Regardless of size of the organisation there are common objectives, common marketing metrics - each requires ongoing collection, frequent analysis, everyday management, and regular planning. Noting that depth and complexity of the marketing metrics will/should increase with the size of the organisation. Marketing metrics are critical when undertaking the business planning process, crafting the marketing plan, and the various action plans. It is important to work towards achieving all 9 objectives because performing below expectations in one objective is likely to influence the performance in other objectives.

The irony of marketing

[debunking an enduring and common marketing myth]

Some argue that advertising is an investment and YES - a well-executed advertising campaign for a best satisfying product can be an investment. However, advertising 'influencers' *rarely* mention, particularly on social media, that the quickest way to kill a product/brand/organisation is to increase advertising when there are high levels of product dissatisfaction and brand dislike. This is particularly true when a 'creative' message heightens expectations beyond what can be delivered. What happens is - that an increase in sales results in an increase in unfulfilled product expectations, an increase in complaints, and an increase in costs as organisations manage episodes of dissatisfaction – not to mention the impact of negative word of mouth.

It is critical to ensure that what is communicated is consistent with the long-term brand intentions as articulated in the business-marketing plans. It is also critical to first understand the expectations of the selected market segment[s], document the specifications of the total product, ensure that what is being delivered is as specified, and then communicate a product promise that communicates expectations that can be delivered. However, not all advertising is an investment. Unfortunately, many people advocate that advertising is the same as marketing and some promote it as the foundation of marketing practice. However, if an organisation is relying on sales pitch advertising to reach revenue objectives, then perhaps, the organisation has bigger problems. Some refer a dependency on advertising as a 'sales sugar fix'.

The irony is that a key objective of marketing strategy should be about **reducing** an organisation's **dependence** on advertising, discounting, selling tactics, and sales promotions [i.e., reducing costs as a % of sales]. This is often referred to as '**earned awareness**.

- A brand that has earned a reputation for satisfaction is more likely to be considered when a consumer recognises a category need.
- A brand that has earned a reputation for best satisfaction will be given preferred consideration including the consideration to pay a price premium preferred products/brands will be the value benchmark on which alternative products/brands will be considered.

Therefore - from both a consumer and organisational perspective, a best satisfying brand is a **risk reduction strategy**.

Quality, value, and satisfaction

[defining key terms]

Quality: In everyday conversations we often employ the term 'quality' to communicate that a product is 'fit for purpose' or 'of an acceptable standard'. However, marketing practitioners may also employ the term '**a quality**' to refer to an element, a feature, a property, a characteristic of a product. **Qualities are what a customer receives in an exchange.** Consumers may evaluate each quality individually. Total quality is the perception/assessment/evaluation of all the qualities embedded, positive and/or negative, within a product. Strange as it may seem - if your remove all the qualities you have removed the product.

Value: Although often used interchangeably, quality and value are quite different concepts - a product may be recognised as a quality product, however, if it is unaffordable, it will not be perceived *as of value*. Value is the sum of the qualities received [i.e., the product] compared to the sum of the costs outlaid [i.e., money, time, and effort]. Therefore, value is a balance between the product and the costs - the same product at a lower price or an augmented product at a higher price. The organisational dilemma [often referred to as the innovator's dilemma] is when new product qualities add costs that consumers do not wish to pay a price premium to obtain and more basic products at lower prices take market share from established products/brands.

Satisfaction: Keep in mind - no one would enter an exchange if they expected to be dissatisfied. Therefore, every transaction should have satisfaction for the customer and the organisation as the goal; however, satisfaction is a post-purchase evaluation of pre-purchase promises and expectations. This evaluation compares what was delivered with the expected total qualities and the expected total costs [i.e., expected value V delivered value].

Internal marketing

[the sale before the sale]

Training and education of customer-contact staff is often referred to as **internal marketing** - this task is particularly important when there is a significant service component and/or a need to customise the product. Some describe internal marketing as '*the sale before the sale'* because internal staff must be committed to a product/organisation to be persuasive. The general idea is to communicate product knowledge, develop employee engagement, improve service quality, enhance customer relationships, and contribute to the marketing objectives of the organisation [more on marketing objectives later].

To varying degrees, all organisations require staff *training* [teaching skills and behaviours] and *education* [the knowledge needed to exercise judgement]. Whilst there is the need for generic workshops there is also a need for discipline specific training and education, moreover, balance is needed across all discipline areas. Given the critical importance of revenue management, an appropriate amount of effort should be devoted to marketing workshops.

To implement and maintain the preferred business-marketing philosophy requires the appropriate commitment from the organisation [the O in COMP]. This requires regularly auditing the performance of the organisations and identifying any gaps and determining the learning needs of the organisation. This is often discussed in marketing literature as the 5-gap theory. Then designing, developing, and delivering the appropriate training and education with the business philosophy, products, and objectives in mind.

Closing the quality, value, satisfaction gaps

It is generally agreed that there are 5 marketing management gaps, they are:

1. **The knowledge gap:** is there a thorough and up to date understanding of consumers/customers?
2. **The standards gap:** are the product delivery specification, standards, & processes documented & communicated to staff?
3. **The delivery gap:** is staff performance measured, is it delivered to documented specifications, and what needs to be improved?
4. **The communication gap:** are the communicated customer promises consistent to what is delivered?
5. **The total gap:** is there a gap between the customer's evolving expectations and what the customer believes has been delivered?

Sometimes employees may need to learn a new culture

Let's discuss one critical area of internal marketing that is often overlooked by non-marketing staff – training new recruits. Recruiting staff from other organisations can introduce new and worthy ideas, however, it can introduce challenges. When recruiting staff, organisations generally draw from a pool of candidates, most have been **enculturated** by a previous employer. Therefore, it is likely that many new recruits will arrive with conflicting attitudes and behaviours. This occurs when recruits are sourced from organisations where the culture, product categories, customer segments, and market conditions are different. Consequently, within any organisation there will be a diversity of marketplace attitudes and therefore behaviour – this has challenges.

New recruits from either a production approach or a selling approach tend to view customers as a resource to be mined, often with little emphasis placed on customer satisfaction. Whereas the relational approach is about profit for the customer, organisation, channel partners, and society and relationships that are synergistic, symbiotic, strategic, and sustainable. Unlike the other business approaches a relational approach considers both short-term and long-term marketing objectives. Implied within a relational approach is that every interaction between an organisation and a consumer communicates a message; keep in mind an organisation's actions have greater weight than an organisation's words.

A common service quality challenge is when a recruit has the power to influence existing staff, and the recruit has a strong self-belief and *extreme* marketplace attitudes. Introducing extreme marketplace attitudes may cause cognitive dissonance as existing staff then question their values – this can undermine the culture of an organisation and lower the morale of staff. Therefore, training and education should recognise the challenges of delivering a desired business-marketing philosophy through communicating customer needs, providing clear written quality specifications, and then appropriate management supervision to ensure specifications are delivered correctly.

It is important to reiterate that marketing is not something you do *to* someone but rather something you do *with* someone. Moreover, impatient organisations are often tempted to reach for a 'business sugar fix' - discounting and/or overpromising to meet short-term revenue objectives.

Just to clarify: All staff training should be based on meeting the objectives of the customer and the organisation; focussed on nurturing the uniqueness of the product/organisation and a thorough understanding of the schemas that influence consumer behaviour, and that consumer and market expectations evolve.

The business lessons are: Philosophically organisations go to market differently according to the situational factors. Often the approach is an amalgam of 3 main approaches. It is prudent to audit the organisational approach. Nurture organisational culture through internal marketing, education, and training. Take care when employing and watch out for extremists – who may undermine the culture of the organisation.

Marketing as best practice

Marketing, as best practice, adopts a relational approach and is directed towards satisfying [profitable] outcomes for the customer, the organisation, channel partners, and society. Although satisfaction is central to marketing, the idea of best satisfying is a higher-order objective and often overlooked.

Figure 14: Although marketing is often thought of as a department or as a function it is better to consider it as a business philosophy.

The journey to best practice in marketing begins with an audit of current performance – key questions are:

- Does your organisation have:
  - A thorough understanding of the customer?
  - A customer centric culture to consistently deliver customer satisfaction?
  - A commitment to nurturing quality relationships with customers?
- Developed a meaningful unique product value proposition [UPVP]?
  - Is the UPVP communicated - internally and externally?
  - Is the UPVP internally understood, and importantly, consistently delivered?

To continue our discussion on satisfaction - please think about the opposite of customer satisfaction - think about the organisational consequences of dissatisfaction - think about the consequence of leaving customer satisfaction to chance - think about the chaos if every staff member had their personal view of customer service - think about an organisation that does not measure metrics associated with the customers' experience. It is worthwhile to remember, that whilst the marketing concept has a relational focus – training and education is required to ensure that what is promised is delivered.

The idea of best satisfying is straightforward - consumers are self-centric and naturally search for and select products they perceive will satisfy their needs and provide the best perceived value. In most purchase decisions, there will be a considered set of products with a hierarchy of preference, however, generally only one product will be selected. The selected product will be the product that is perceived to be best satisfying - relevant to the buyer's situational factors. Moving from an objective of satisfying to best satisfying is an important step towards creating a unique product value proposition which provides buyers with [1] reasons to buy and then importantly [2] reasons to recommend.

Markets are complex, everchanging, and competitive; and past performance is no guarantee that in the future a product will remain a best satisfying product – products have a life cycle. Moreover, a product and/or brand that is no longer perceived as best satisfying will mentally descend the hierarchy of the considered set of products - AND as a result customer lifetime value and advocacy will decline. Unfortunately, as products descend the considered set, many organisations increase advertising, sales promotions, selling tactics, and discounting – increasing selling costs [% of sales] and reduces margins.

This last statement highlights, perhaps, the most overlooked and misunderstood aspects of marketing – that a key objective of marketing is to nurture a brand to *reduce a dependence* on merchandising expenses. A key to understanding this statement is the expression '*reduce a dependence'* as short-term tactics will still be needed as situations arise; however, the long-term strategy and short-term tactics should be congruent and working to achieve best satisfaction for the customer and the marketing objectives of the organisation.

A quick summary of key points

We have stated that markets and societies have, are, and will evolve. Be cognizant of the 4 recuring patterns/quests. Audit prevailing conditions against each criterion – look for gaps. Consumers search and select best satisfying products. Satisfying customers is critical, however, best satisfying is higher-order thinking. Develop a culture of best satisfying - internal and external customers. Best satisfying requires vigilance - markets evolve - products have a life cycle. Best satisfying is relative to the selected market segment. Organisations that fail to adapt, adopt, and best satisfy - are on the path to extinction.

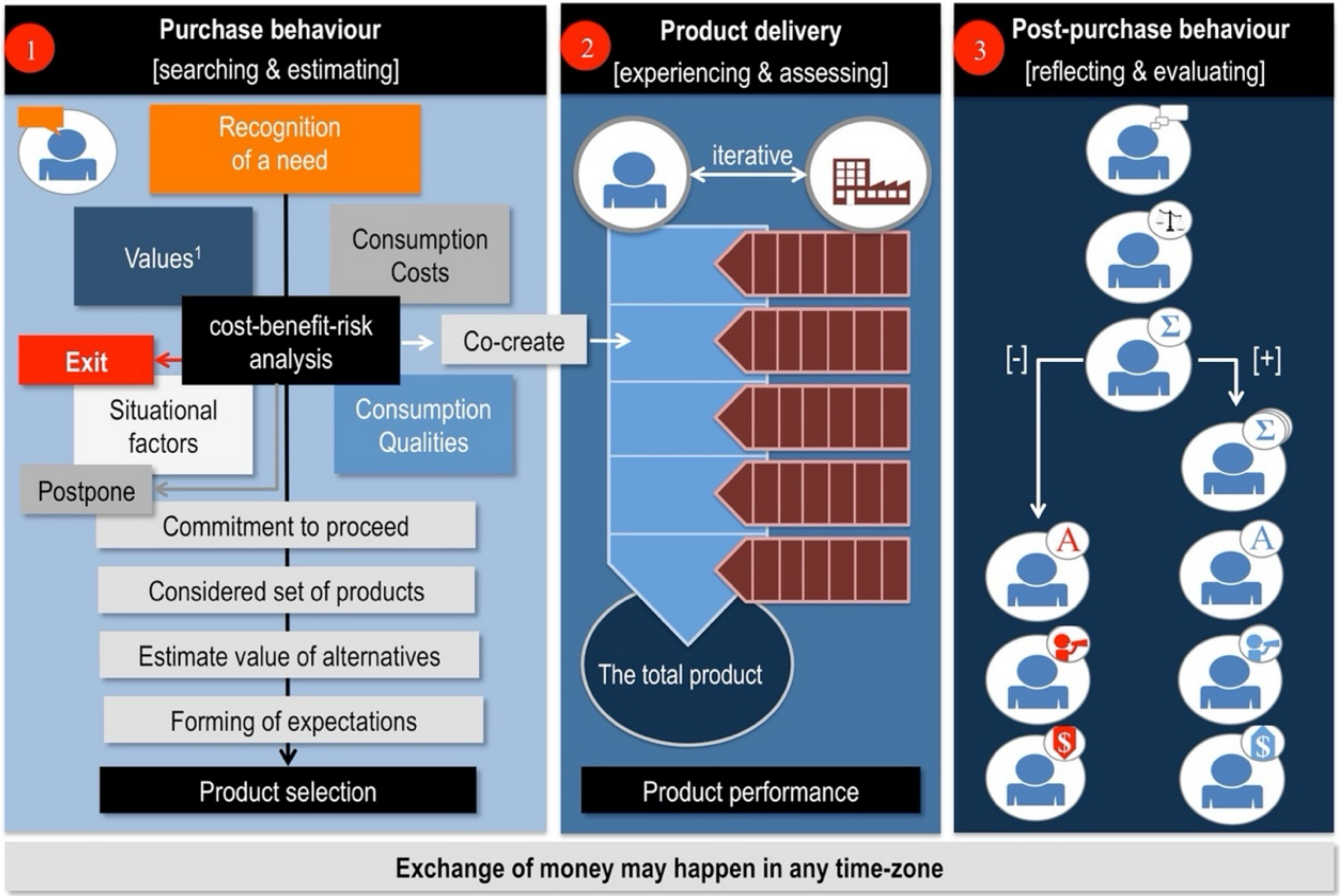
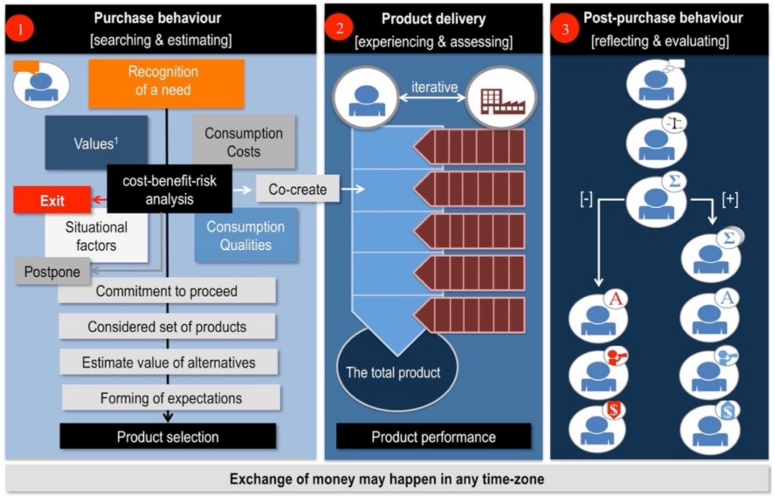


Figure 15: the 3 time-zones of the buyer decision process identify the relationship between buyers and sellers and how pre-purchase expectations are assessed in the product deliver time-zone and evaluated in the post-purchase time-zone.

The buyer decision process



Consumer behaviouralists generally collect, arrange, and present research of the consumers' journey under the heading of *the buyer decision process*. The buyer decision process has 3 time-zones with each time-zone is named after the key consumer tasks:

The 3 time-zones

- **Searching for & selecting products:** the buyer decision process begins with the recognition of an unmet need, a need that is of sufficient intensity that a consumer is motivated to attend to it, if the need is an everyday need the process is relatively simple, however, some needs require intensive problem solving. Consumers generally conduct a costs-benefits-risks analysis and may exit the buyer decision process, postpone the buyer decision process, or commit to the buyer decision process. If the consumer commits, they will search and evaluate alternatives, construct a list of considered products, and estimate the value before selecting a product.
- **Experiencing & assessing the product delivery:** After selection the product deliver time-zone is about experiencing the product and assessing the product. This time-zone varies in time according to the characteristics of the product; for example, a snack bar would be purchased, delivered, and consumer quickly when compared to a motor car that is experienced and assessed continually over many years.
- **Reflecting, evaluating and future purchase behaviour:** In the post purchase time-zone customers reflect on their purchase and evaluate the outcome of what was expected and was received. Three outcomes emerge [1] dissatisfaction, [2] ambivalence, [3] satisfaction. Clearly the different outcomes will motivate future purchase behaviours. Previously we discussed consumer schemas. People learn and develop schemas from personal experiences and observing the experiences of others. A knowledge of *consumer schemas* is central to an understanding of the buyer decision process

From an organisational perspective. It is relatively straightforward to manage one customer's journey through the buyer decision process, however, managing many customers at different stages and advancing at different speeds requires energy, effort, and processes. This requires a series of processes that guide consumers comfortably through the buyer decision process. Managers often refer to this process as **populating the salespipeline**. This involves attracting the attention of a consumer who suspects the product may be of interest, converting a suspect, to a prospect, to a customer and then nurturing the customer, to a repeat customer, to an advocate for the product/brand/organisation. Holistically, populating the salespipeline is part of the **salesbaseline approach** and is critical to meeting the strategic, financial, and communication objectives of the organisation.

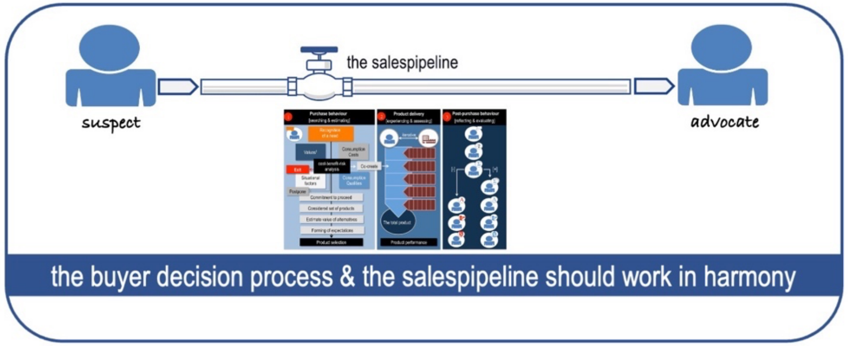


Figure 16: managing the buyer decision process and the salespipeline should work in harmony at all touchpoints.

Managing the salespipeline goes beyond the customer acquisition tasks of attracting new customers and includes the communication objectives of retaining and enhancing relationships with [internal/external] customers, developing repeat customers, and nurturing repeat customers to become advocates. Whilst most organisations can identify the costs associated with attracting customer and most recognise the importance of customer satisfaction, unfortunately, there are many organisations that are unsure how much money, time, and effort they invest [or should invest] to retain and enhance relationships. In some smaller organisations, managing the salespipeline and salesbaseline is straightforward, however, in most organisations customer relationship management software [CRM] can assist to manage the salespipeline and salesbaseline. Keep in mind software will not restore a dysfunctional organisation.

Each time-zone has a number of steps

Each of the three distinct time-zones of the buyer decision process have a number of steps. Although each step in the buyer decision process will be structurally similar for all products, the process [and time involved] will be adapted to 1] the customer's situational factors and 2] the degree of customer-product involvement; for example, there are clearly differences between purchasing a snack bar and purchasing a motor car. A key task for organisations is to understand the relevant consumer/product schemas and then design and develop the appropriate process to guide consumers comfortably through each step of the buyer decision process.

Product decision-making is a balance between price and attributes

Pricing, price, and value are classic topics and central to the 3 time-zones of the buyer decision process. Let's have a quick discussion; **pricing** is the organisational process of establishing the **price** of a product – the price must sit above the **floor price** - a price where an organisation will break-even and the **ceiling price** a price where most consumers would not consider the product of value.

The classics refer to the sweet spot as **the balance** of price, product, and volume [i.e., a price which is comfortable for a customer and provides an appropriate return for the organisation]. Keeping in mind that a more attractive product at higher price may appeal only to a small market segment if consumers are uncomfortable with the price. The term 'balance' is well chosen as it indicates that both organisations and consumers must weigh up price comfortability with product attributes across known and competing/considered products. The premise is that consumers undertake a process of *searching, estimating*, and *selecting* products based on the perceptions of value across price and product dimensions. Strategically, an organisation may favourably position a product through an attractive price or an attractive product. Tactically, an organisation may offer a price reduction, a product increment, and employ merchandising tactics [e.g., advertising, sales promotions, discounting, educational videos] to communicate product value and stimulate demand/sales. Obviously, from a manager's perspective understanding the volume/price and breakeven points are critical pricing considerations.

For organisations caution is needed, markets are dynamic and tactical advantages are transient; for example, price reductions and product increments can quickly be 'neutralized'. However, healthy markets are a consequence of the competitive nature of marketing and changing consumer demands, therefore, continuous attention to the **price/product balance** is critical to retain customers, maintain market share, and achieve the appropriate revenue and profit.

The consumer will then, after considering their personal situational, consider all product qualities will 1] exit the buyer decision process 2] postpone deciding, or 3] estimate the value of alternative products and select the best value product.

Consumption qualities & consumption risks

A product may have up to 8 **consumption qualities** – what is often overlooked is that in the pre-purchase time-zone, consumers simultaneously estimate qualities and risks [i.e., the likelihood or probability of receiving or not receiving the consumption qualities] and in the post-purchase time-zone they are evaluated as positive or negative outcomes/qualities. There are exceptions, however, rarely will a product have all 8 qualities/risks. The 8 consumption qualities [risks] are:

- **Functional qualities:** perceived utility and price, incorporating attributes such as performance, reliability, and durability.
- **Social qualities:** consideration that other peoples' perceptions of the choice will be favourable and congruent with the reference group that they belong to or aspire to belong.
- **Epistemic qualities:** desire for novelty, avoid boredom, desire to learn something new.
- **Emotional qualities:** associated feelings or affective states that are aroused [e.g., music, literature, art], by the choice of a product category or brand [e.g., buying local produce].
- **Temporal qualities:** ones that saves time or makes use of time – because the person either has limited or excess time – convenience or DIY.
- **Physical qualities:** ones that provide a positive or negative health outcome.
- **Spiritual qualities:** ones that may provide a spiritual benefit such as attending a religious service or visiting a holy place, an historic site.
- **Sensory qualities:** ones that appeals to the senses [e.g., the smell of homemade biscuits], aesthetic qualities [e.g., a work of art], manmade or natural places.

Loyalty & advocacy

Although people often preach about building loyalty through advertising - consumers **are only loyal to value.** Customer loyalty exists only so far as the organisation's products maintain the price/product/value balance. Loyalty also varies according to the product characteristics; for example, the organisational benefit from repeat purchasing reduces as the desire for epistemic qualities increases [epistemic qualities are the desire for novelty - e.g, few people eat only at one restaurant or go to the same holiday destination]. Importantly, although customers may not return, they may continue to engage in product/brand advocacy depending on their evaluation of satisfaction.

Another key consideration is the relationship between price and product, which suggests that price is a product component - i.e., the idea that price is part of the mix of product components that needs to be considered before any transaction will take place.

Perceptions of trust and actual trust are different. We mentioned that customers naturally trade with those they know and trust – actual trust is a customer's post-purchase evaluation of the organisation's performance - it develops through multiple episodes of customer satisfaction this is referred to as *cumulative customer satisfaction*. Building trust is a key cost reduction strategy. When a customer trusts a product/brand/business, they behave in a loyal manner and this has a value to the organisation [i.e., customer lifetime value]. Loyal customers provide repeat business – they return. Loyal customers have a propensity to purchase higher value products. Loyal customers recommend and advocate for the product/brand/business.

Services by satisfied customers

Loyal customers perform valuable services for the organisation. Generally, people talk about *customer service* as *services for customers* – services that add value for customers. Whilst services for customers are important, a higher objective for most organisations, is to motivate *services by customers.* Furthermore, it should be recognised that achieving the financial objectives of an organisation is dependent on future services performed by satisfied customers. *Services by* satisfied *customers* will increase revenue, lower the cost of sales, and build the value of the business - and thus deliver organisational satisfaction. This processes to increase revenue, reduce costs as a percentage of sales, and build the value of the business through customer satisfaction is generally referred to as building brand equity.

Figure 17: One of the key objectives of marketing is to build the value of the business.

Figure 18 the circle of satisfaction outlines the key steps in achieving a sustainable competitive advantage. To achieve a competitive advantage and achieve satisfaction for the customer and the organisation then each step must be measured and managed.

The circle of satisfaction

[elaboration of earlier discussions]

We have discussed the marketing concept and how both buyers and sellers are involved in marketing and how marketing decisions are influenced by the situational [COMP] factors. We have also discussed the various market approaches and how they influence both strategy and tactics. As we have progressed, we have discussed the topics of needs and wants, quality and value, expectations, satisfaction, managing the salespipeline, a salesbaseline approach, the total product, and the buyer decision process. Now it is time to bring together what we have learned through the concept of *the circle of satisfaction*. A concept which explains the steps towards a sustainable competitive advantage.

When a consumer recognises an unmet need, they will automatically reflect on their need, consider their knowledge, and then conduct a cost, benefits, risks analysis of the product category. The time spent will differ according to the customer, customer involvement, and the product category. After considering their personal situation and searching and considering the available alternatives the consumer may postpone or exit the buyer decision process or may select what they perceive to be the best satisfying product. In addition to the organisational promises, other situation factors such as the consumer's ability and willingness to spend, knowledge of the organisation, the market conditions, and the nature of the product are considered. Moreover, all consumers who enter an exchange do so with **positive expectations** of quality, value, and satisfaction – *no one would enter an exchange if the expected to be dissatisfied.*

Understanding customer expectations, delivering quality, and ensuring value are critical to customer satisfaction. Most organisations, who have accepted the principles of a relational approach to marketing would also enter an exchange with the intent of satisfying the customer. Therefore, *any episode of dissatisfaction is not only a deviation from the customer's expectations but also a deviation from the organisation's expectations.* For many managers this notion of mutual satisfaction represents a paradigm shift.

Let's explore satisfaction to a greater depth. In our day-to-day conversation we often employ the term 'satisfaction' in a broad sense, and there is a general understanding of what is meant. However, in business we need to be more precise. There are 4 types of customer satisfaction that a managers should discuss, measure, and manage.

The 4 types of satisfaction are episodic, cumulative, collective, & aggregate satisfaction. Each type of satisfaction has a role to play in achieving the strategic, financial, and communication objectives of the organisation. Therefore, precise communication is needed to go beyond the vagueness of everyday conversations.

The following is a brief description of the 4 types of customer satisfaction:

- **Episodic satisfaction** - one episode – one product - one customer.
- **Cumulative satisfaction** - multiple episodes – one product - one customer.
- **Collective satisfaction** - multiple episodes - one product - all customers.
- **Aggregate satisfaction** - multiple episodes – multiple products - one mental bundle - one customer.

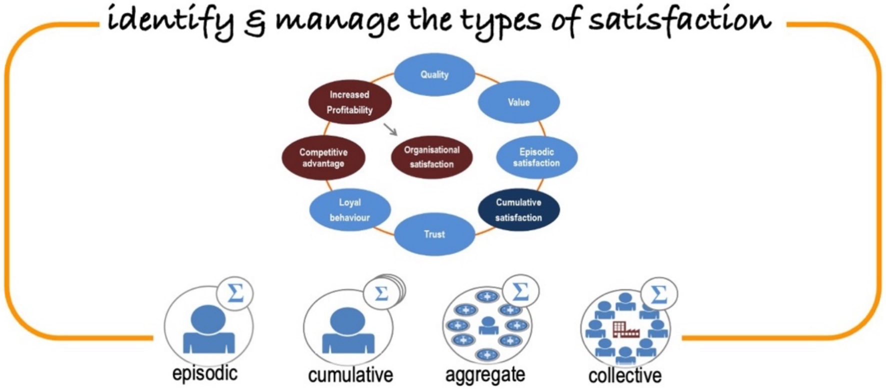


Figure 19: the 4 types of satisfaction that should be measured and managed to achieve best satisfying objectives.

Earlier we explored the marketing concept – which is built on the premise that organisations that best satisfy the needs and wants of the customer are best placed to satisfy the needs and wants of the organisation. We highlighted the significance of satisfaction and the continuous and circular nature of marketing. Therefore, it is handy to conceptualise the process of delivering best satisfaction as if it was a *circle of satisfaction*. The premise of the circle of satisfaction is that an organisation can only achieve a competitive advantage through a continuous process that consistently delivers quality, value, and customer satisfaction.

Satisfaction influences frequency of purchase and frequency of purchase influences the type of satisfaction. Whilst some types of products are only purchased once or occasionally [e.g., a refrigerator], there are other products that are purchased more frequently [e.g., groceries]. For a product to be selected there must be a need and the perceptions of quality, value, and satisfaction. To be repurchased, there must be an initial episode of satisfaction that motivates the customer to repurchase, then after each subsequent purchase - satisfaction is re-evaluated - referred to as *cumulative customer satisfaction.*

Cumulative customer satisfaction results in trust, and trust leads to loyal customer behaviours. Consumers buy from those they know and trust. Marketers often analyse loyal behaviour and refer to it as *customer lifetime value* a prediction based on (average purchase value × average purchase frequency rate × average customer lifespan) × average margin. Interestingly, feedback from repeat customers is that they often have the best interest of the organisation. As most organisations have more than one customer, delivering cumulative satisfaction to all customers is critical and is referred to as **collective satisfaction**.

Previously we discussed the total product - the totality of what a customer receives in an exchange. There are occasions when a customer will 'mentally bundle' or 'aggregate' multiple total products/exchanges from different organisations into what is referred to as an *aggregate product* [e.g., a holiday to a destination where multiple vendors are mentally bundled into one evaluation].

Products that could be classified as aggregate products present new management challenges and a new type of satisfaction - **aggregate satisfaction** and collective aggregate satisfaction. Furthermore, identifying, measuring, and managing *collective aggregate satisfaction* is critical to ensure that all organisations are performing to a documented standard and that post-purchase behaviour is favourable – a task that Singapore Tourism does particularly well.

Just to recap, whilst many understand the value of customer satisfaction to an organisation, what is less understood are the types of customer satisfaction and the roles they play in achieving organisational satisfaction [1] episodic satisfaction, [2] cumulative satisfaction, [3] collective satisfaction, and [4] aggregate satisfaction. Moreover, organisations should have processes in place to measure and cultivate each type of satisfaction.

Which type of satisfaction is the most important?

When an organisation adopts a relational/salesbaseline approach to achieve organisational objectives - **all 4 types of satisfaction are important**. All contribute to the 9 objectives of marketing practitioners, contribute to brand equity, and contribute to a competitive advantage.

Keep in mind [1] organisations only get one chance to make a good first impression, therefore episodic satisfaction is a critical first step and [2] a number of products may satisfy customer needs; however, some brands develop a reputation for 'best satisfying'.

Figure 20: Whilst customer satisfaction is a critical survival factor - best satisfaction is a key success factor to ensure top-of-mind awareness, meet marketing objectives, and build brand equity.

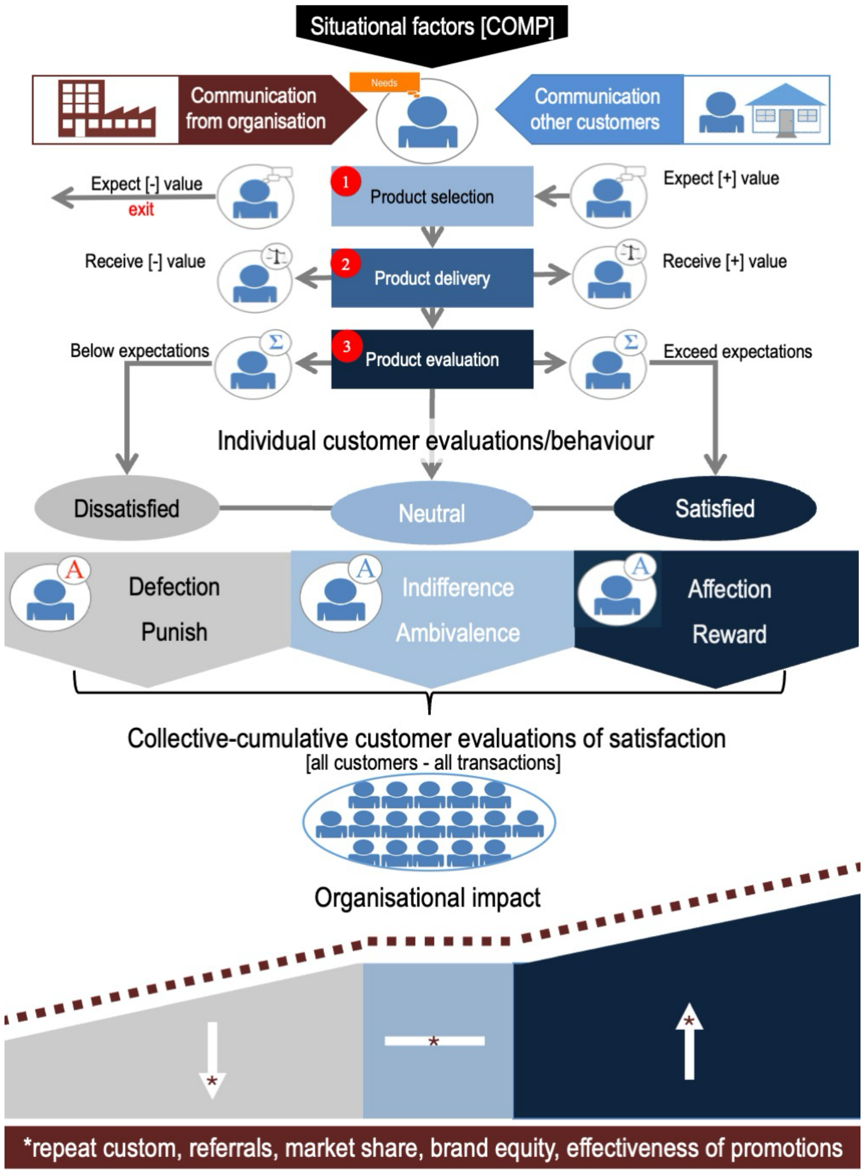


Figure 21: is a key slide.

summarises our discussions, including the effects of collective-cumulative customer satisfaction on organisational performance.

Generally, the starting point in any exchange is the recognition, by a consumer, that there is a need and/or a want with sufficient strength to motivate the consumer to act. All purchases are influenced by the prevailing situational factors – the characteristics of the customer, organisation, market, and product. Some purchases will be quick low-cost rebuys, whilst other purchases take considerable effort, time, and money. When searching consumers will be more sensitised to communication from organisations and more attentive to the messages of other consumers – they ask, search, listen and observe and are particularly mindful of their self-image. With all this information consumers will undertake a costs/benefits/risks analysis. Consumers are searching for value, and if value cannot be achieved, they will exit the buyer decision process. Just because a consumer identifies a need does not mean a product will be purchased. Needs are often postponed when situations change.

*A consumer who progresses along the buyer decision process considers their personal situational factors and then **differentiates products** to form a discernible hierarchy of preference. For a product being part of this considered set of products is crucial - brand awareness is important, it is also important to be discoverable and available. Some argue that this is the point that marketing stops but that is naïve – up to this point the organisation is promoting their product - marketing is about delivering on promises.*

In the product delivery stage consumers are assessing the organisation's abilities, particularly in products with high service and/or experience components.

In the product evaluation stage consumers will evaluate the qualities they received, the value [what is received V the costs of purchasing], and whether the value received was consistent with their pre-purchase expectations. This is an evaluation continuum where evaluations fall into one of 3 categories. At one end of the continuum is [1] dissatisfaction, [2] then neither dissatisfaction or satisfaction, and then [3] satisfaction. The satisfaction of multiple encounters by on customer is referred to as cumulative satisfaction. Each customer will then behave according to their evaluations. When the evaluations are negative then there is a greater chance of negative word of mouth and complaints, and little chance of repeat custom. When the evaluation is neutral little attention is given. When the evaluation is positive then it is more likely that repeat custom and positive word of mouth will occur.

*Most businesses have many customers; therefore, it is the collective-cumulative satisfaction [i.e., all customers all transactions] that determines the future of an organisation. As, dissatisfied customer seldom return, new customers are needed to make up the shortfall - to achieve this requires an increase in merchandising costs i.e., an increase in costs as a % of sales – resulting in lower margins. As products with lower levels of satisfaction are **price takers** margin pressure is further impaired when they discount to achieve volume. If margins are unacceptably low, then the product/business may longer be viable*

A quick summary of key points

Let's summarise a few of the key points we have discussed in the previous pages. Brand equity is the future revenue value of a brand based on experiences and perceptions of a product/brand by consumers. Brand equity may vary from a negative value to a positive value. Therefore, brand equity is the value of the future behaviour of all customers, a non-material asset that is the result of everything an organisation promises & delivers, a key measure of the value of an organisation, and a quantitative measurement of past performance and likely future performance.

Many advocate that brand equity is achieved through an advertising campaign, they seem confused with creating brand awareness and recognition - sure both are important communication tactics. Some talk about brand equity in qualitative terms - as if the brand was a person. However, as we have outlined brand equity is the result of a constant strategic process - it is not something you can turn on or off.

Brand equity is a quantitative measurement of past performance and a predictor of likely future performance - the sum of the collective minds of the consumer and how consumers think in terms of quality, value, trust, and satisfaction. Brand equity is built on a philosophy of best satisfying - best satisfying the customer and the organisation. Therefore, a brand is a risk reducing strategy for both the consumer and the organisation.

Keep in mind that the opposite of a salespipeline is a salesdrain where the pool of customers is drained over time through the actions of [dissatisfied or ambivalent] customers. A salesdrain if often evident when a business has been sold, and the new owners don't continue the practices that made the business successful – gradually the reservoir of customers is drained.

Throughout the 3 time-zones of the buyer decision process consumers>customers [1] estimate, [2] assess, and [3] evaluate what they give, get, and expect as part of an exchange. Whereas what an organisations designs, develops, and delivers to their customers is referred to as the total product. Organisational success or failure is dependent on crafting a best satisfying total product.

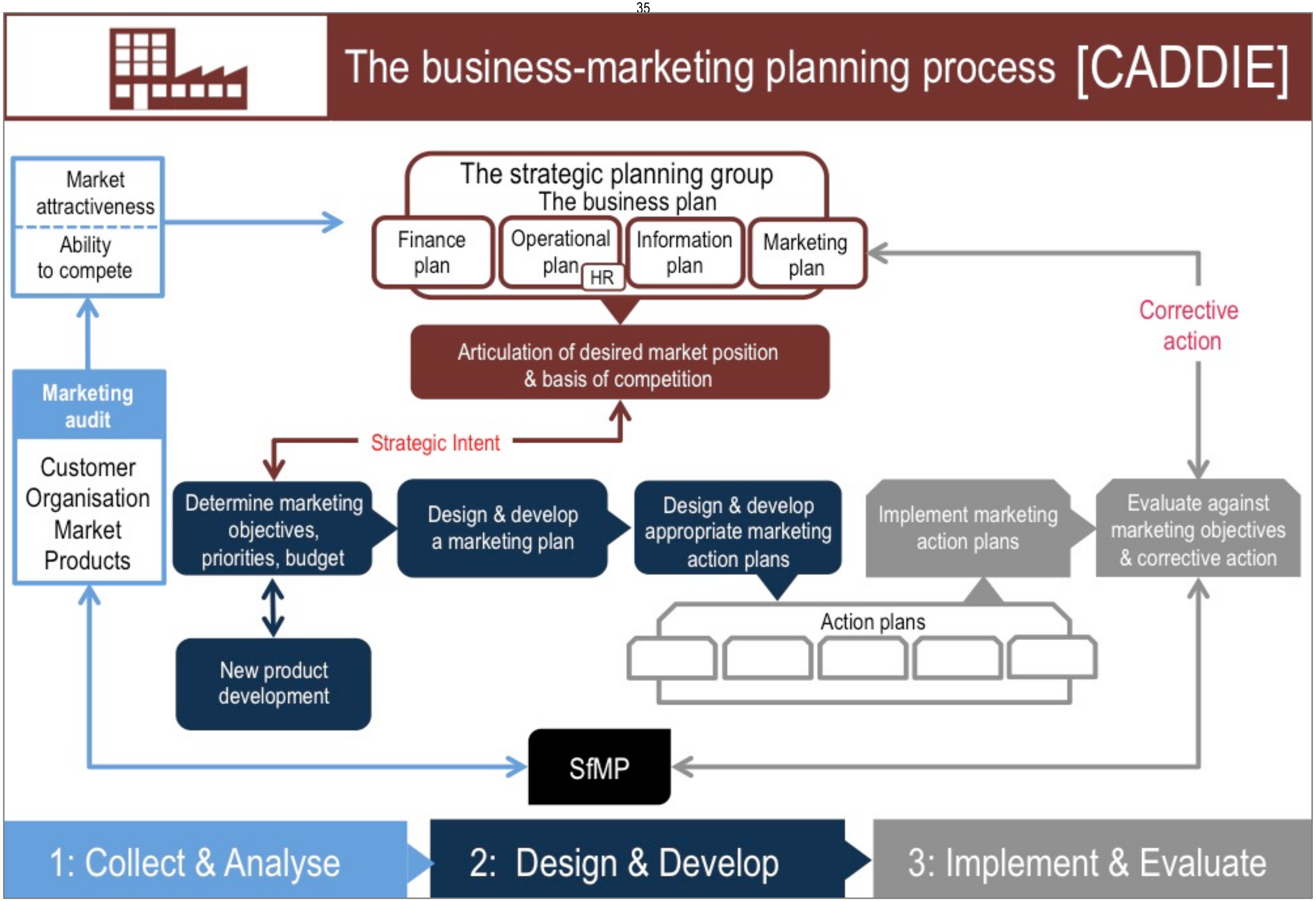


Figure 22:The overview of the CADDIE business-marketing process. Note the 3 stages CA DD IE

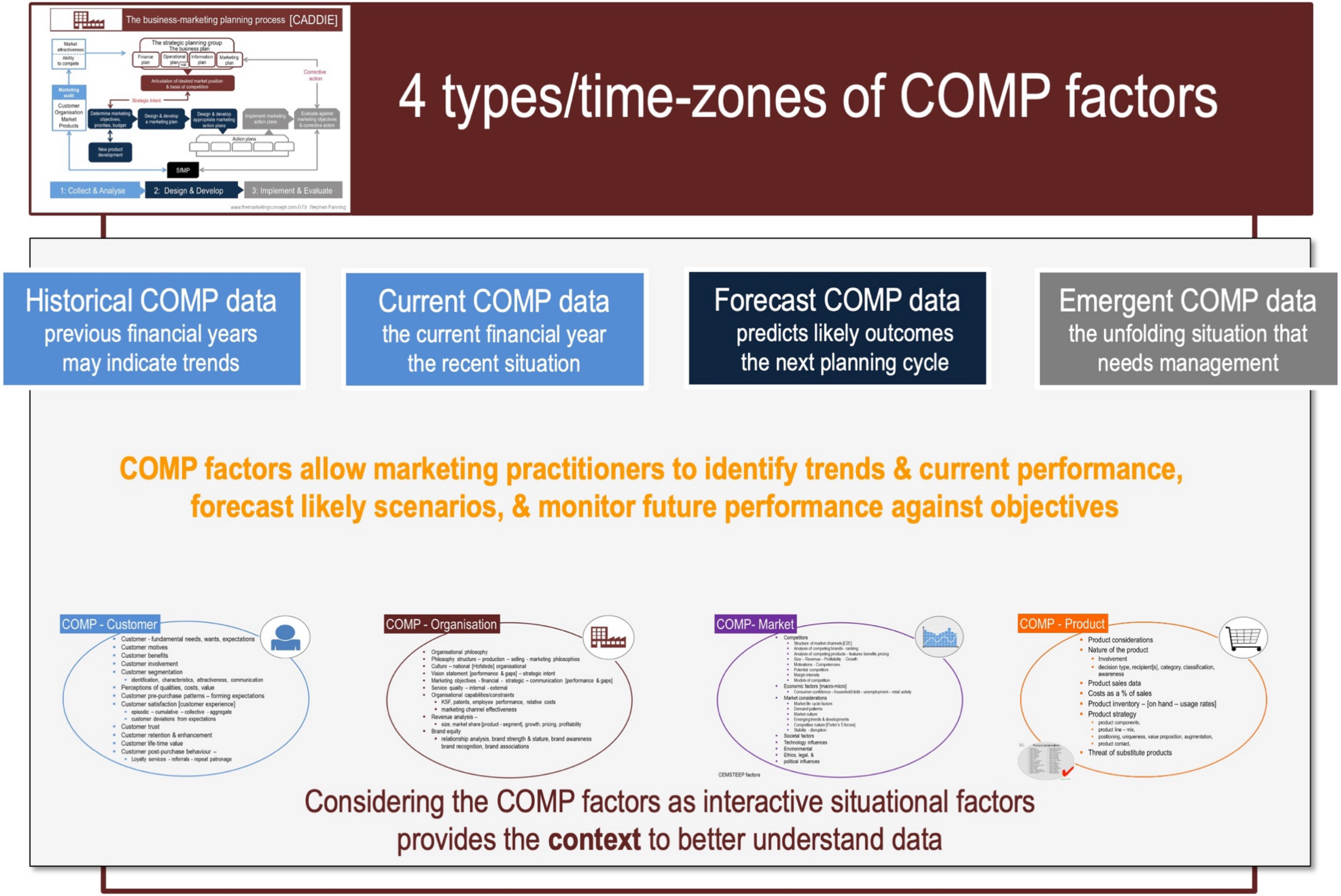


Figure 23: The COMP data and the business-marketing planning process - they work together throughout the [ongoing] process.

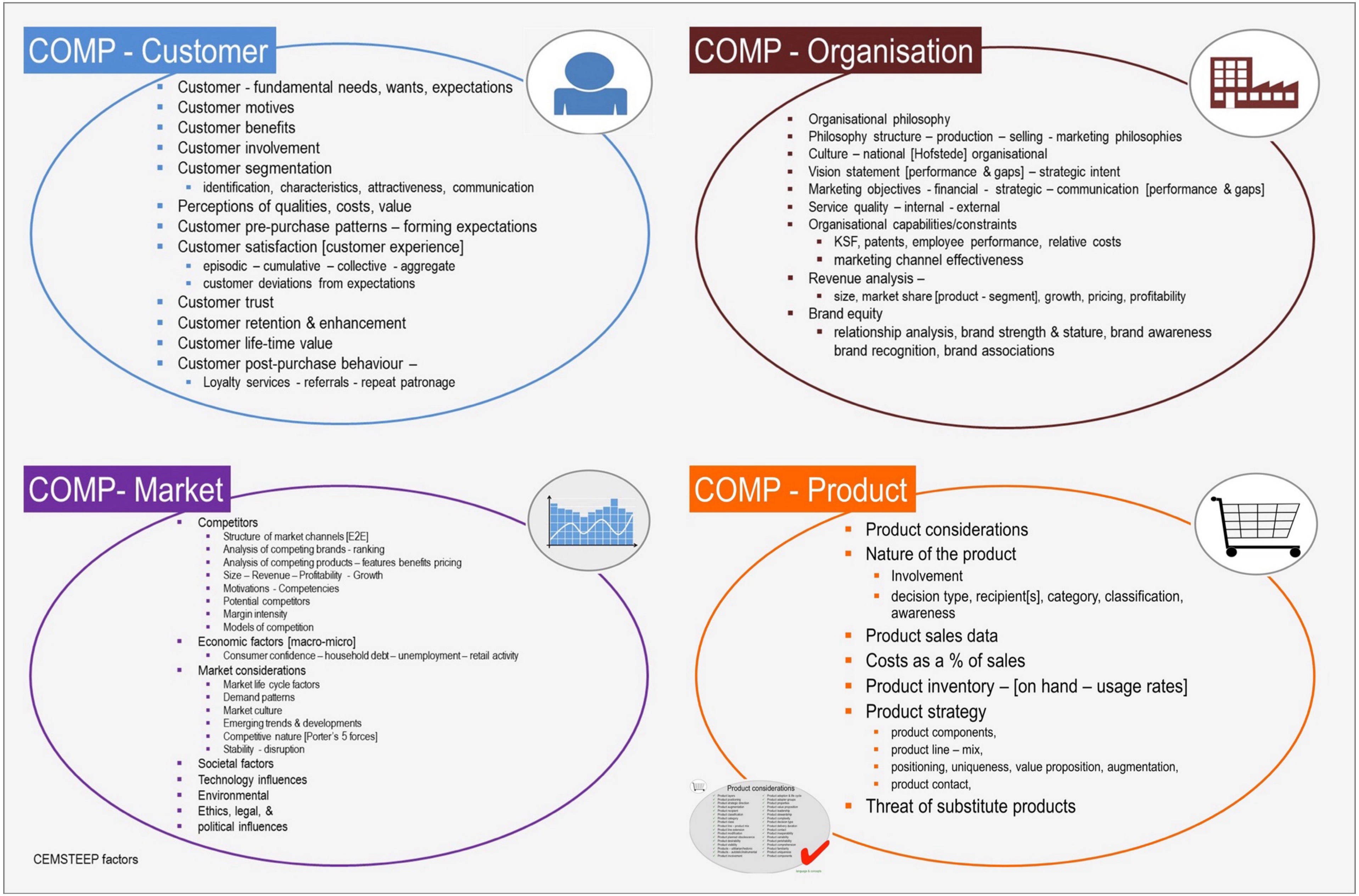


Figure 24: Typical COMP data that needs to be collected and analysed throughout the business-marketing planning process

The CADDIE business-marketing planning process

[Overview]

There are significant differences between how larger organisations and how small-medium organisations undertake the business-marketing planning process. Larger organisations are more likely to undertake the business-marketing planning process in a systematised manner with documented procedures, whereas small-medium organisations are more likely to undertake the business planning process in an *ad hoc* manner and with less rigor [a generalisation]. Moreover, it is not just the size of the organisation, another concern is the degree of marketing knowledge. *For example,* some managers consider marketing to be advertising and promotion, rather than how an organisation goes to market and creates value. The degree of knowledge and the application of that knowledge will impact the scope, quality, and the effectiveness of the business-marketing planning process

It is also worth restating two important considerations:

- A relational approach to marketing is about best satisfying both the customers and the organisation. Previously we stated that that to be best satisfying, managers must understand the dreams, desires, and demands of their customers; design and develop products that are distinct, discernible, and desirable; deliver on promises, act in a dignified manner; and provide long-term dividends to customers, the organisation, channel partners, and society.
- An objective of the salesbaseline approach to marketing is to reduce 'dependence' on short-term merchandising tools [e.g., advertising, selling, sales promotions, and discounting].] and in the longer-term achieve a competitive advantage by reducing costs as a % of sales.

Managers of small-medium organisations often justify why they do not undertake the business-marketing planning process:

- ***'My business is a small business'*** – A: Some owners of small businesses almost apologise for being a small business and promote a belief that the business planning process is only for larger organisations – perhaps working *on* the business in addition to working *in* the business would be rewarding.
- ***'My business is unique'*** – A: to a degree - all organisations are unique, and nurturing uniqueness after carefully understanding the needs of the selected market segment[s] is an important first step.
- ***'We don't have a product we are a service business'*** – A: there is a misconception that services are not products, however, the service sector dominates the economy, moreover, enabling and facilitating services are part of every product [think - goods, services, ideas, experiences, people, and place components] and require special attention.
- ***'We don't do advertising all our work comes from referrals'*** **–** A: if you are achieving this and making a profit then your organisation is practicing marketing at an advanced level – but planning will reduce future risks
- ***'Our markets are dynamic – we need to be agile'*** – every organisation needs to be agile and respond to the changing situational factors – some more than others. However, the business-marketing planning process is about understanding the emergent COMP factors, having processes, and the **strategic intent** for the future.

Clearly, there is a need for better marketing education, including how the business-marketing planning process is essential for small, medium, and large organisations. Marketing, as a business discipline, is both a science and an art and there is a need to recognise that rigor and effort are required throughout the business-marketing planning process. As we progress, we will explore how the **CADDIE business-marketing planning process** provides a much-needed template to undertake this process. And how, many organisations would benefit from this methodology/process for designing and developing marketing plans.

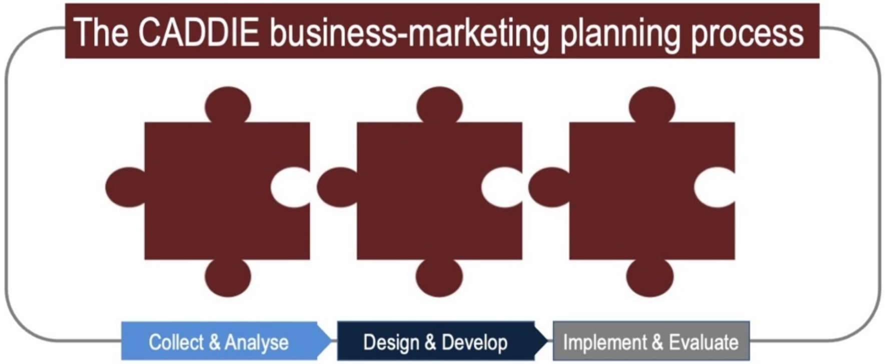


Figure 25: The 3 stages of the CADDIE business planning process

The CADDIE acronym is employed as a mnemonic to remember the important steps within the business planning process and the business-marketing planning process:

- **C**ollect the appropriate data from internal and external sources [marketing metrics and analytics].
- **A**nalyse the historic and current data and report findings.
- **D**esign the desired the market position and basis of competition.

- **D**evelop the strategic business plan and the strategic discipline plans and the tactical discipline action plans.
- **I**mplement the action plans with clear outcomes and responsibilities.
- **E**valuate the outcomes and take corrective action to achieve the agreed outcomes.

Holistically, the business planning process operates at three levels:

- The strategic business planning level [all disciplines participate]
- The strategic discipline planning level [including the marketing discipline].
- The tactical discipline planning level [including sub-disciplines].

Strategically - who is involved

All levels interact – all levels have a role – all disciplines are involved – it is an iterative process of communication. *Overall responsibility* for the strategic business planning process rests with the **strategic business planning group**, generally lead by the CEO and made up of senior managers [discipline leaders] representing the business disciplines of the organisation [e.g., finance, operations, information, and marketing].

Initially, the strategic business planning group leader would request that each discipline conduct a **discipline audit** and report on the historic and prevailing/current situational factors that impact the organisational performance. The discipline audits will generally follow an approved template/format and then be synthesised into an overall situational analysis. Good data management will enable data collection.

Then, the strategic planning group with representatives of each discipline would meet to articulate the preferred business philosophy, craft a strategic business plan that outlines the strategic objectives of the business and the objectives for each discipline. It would also be the responsibility of the strategic business planning group to ensure that the necessary organisational processes and resources are in place to enable the strategy to be implemented.

Discipline leaders from the strategic business planning group would then be responsible for the respective strategic and tactical discipline plans. The discipline leaders would meet with their respective discipline planning groups to craft the strategic discipline plans [for example, the finance plan, the operational plan, the information plan, and the marketing plan]. Clearly, each discipline plan would need to be congruent and working together to achieve the organisational objectives. Once the strategic discipline plans were approved; each discipline planning group would then craft the appropriate tactical discipline action plans. Often the **tactical action plans** would be a continuation of previous years dealing with **'everyday'** performance and require 'everyday research' [for example, product quality, internal and channel marketing, customer retention, external marketing, sales and salesforce management, software for marketing practitioners, the relational sales process].

However, markets are dynamic, and situational factors will emerge that may impact the organisational performance, in these cases **'as needed'** tactical action plans would be crafted and may require additional 'as needed' research.

What should be apparent is that the strategic business plan guides the strategic discipline plans and, in turn, each tactical action plan. After implementation of the tactical action plans, discipline members of the strategic business planning group would then monitor performance and report progress to the strategic business planning group.

[CA] The CADDIE process: Collect and Analyse

A marketing audit is a key component of the business-marketing planning process. Several marketing scholars have commented that the quality of a marketing practitioner's knowledge can be assessed on their knowledge of and their ability to conduct a marketing audit. Furthermore, they suggest that there is a correlation between the rigor of a marketing audit and market success.

Some scholars express dismay with online posts which suggest that 'marketing's ROI cannot be measured'; they state that this suggestion is a lack of knowledge regarding the marketing audit process. Keeping in mind that a marketing audit helps an organisation to collect quality data in a systematic process.

As we now know the situational factors weave their way through all consumer and business decision-making; therefore, it is prudent that the strategic business and strategic marketing planning processes begin with an audit of the situational factors. A marketing audit collects and analyses historical and current marketing data – often referred to as marketing metrics [measuring strategic outcomes] and as marketing analytics [measuring tactical outcomes].

The objectives of a marketing audit are to:

- Assess the present performance of the organisation
  - Including against forecast.
- Identify possible trends
  - Areas requiring further research
- Assess the market attractiveness and the ability to compete in each selected market segment.
- Report findings for consideration by the strategic business planning group.

The data collected and reported to the strategic business planning group will be broad in nature, the data collected for the strategic marketing plan will be broad with more marketing depth, and the data collected and reported for the tactical marketing action plans will be specific to each tactical marketing plan and to far greater depth.

We have focussed on the COMP factors we will now discuss why they are crtical to the business-marketing action plan. There are 4 situational factors that are part of every marketing conversation. As we have discussed, both consumers and managers consider the COMP factors, however, they do so from different perspectives.

Importance of a consumer perspective: Consumers/customers consider their own situational factors throughout the buyer decision process. Customers consider their personal characteristics, for example - their needs and wants, ability and willingness to purchase, purchase priorities, the costs/ benefits/risks, and the degree of personal involvement with the considered product. Customers also consider the relationship and reputation of the organisation, brand preferences, the impact of prevailing market characteristics [consumer confidence], and the characteristics of the product, Marketing practitioners consider the consumer/customer characteristics and create customer groups – generally referred to as segments. Organisations organise this information to identify customer segments and then design, develop, and deliver products to appeal to the selected segment[s]. Moreover, this information is employed to craft communication that positions the products in the consumers' mind - branding. Keeping in mind that central to great brands are great products.

It must be emphasised that whilst a customer may purchase a product from time to time, organisations live or die on the success of their products – therefore, from a manager's perspective substantial attention and care is required when undertaking the business-marketing planning process.

The marketing audit is likely to be arranged around the 4 situational factors [COMP]. Let's elaborate on the COMP factors from a marketing practitioner's perspective:

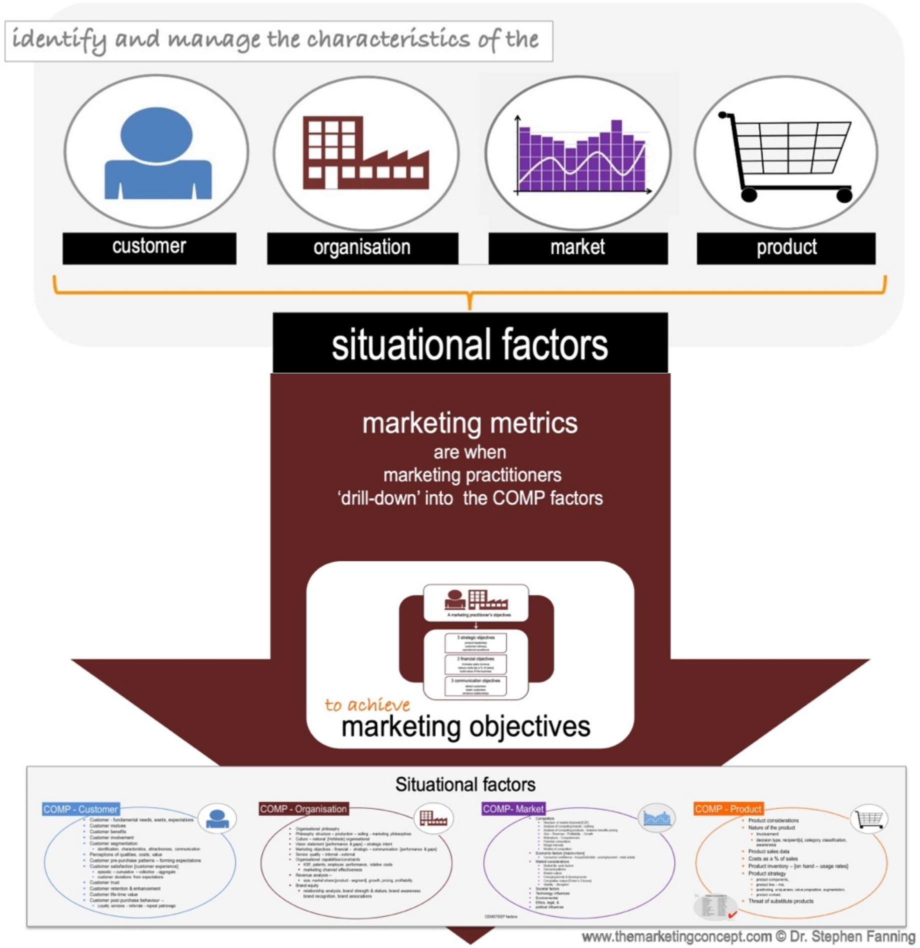


Figure 26: The situational factors [COMP – the characteristic of the Customer, Organisation, Market, and Product] allow managers to drill-down and measure marketing metrics [see earlier diagrams for more comprehensive list]. This data is employed in [1] the strategic business plan, [2] the strategic discipline plans and [3] to manage specific areas within the tactical marketing action plans to ensure that the organisation meets the strategic, financial, and communication objectives as articulated in the business plan.

The COMP factors in more detail

- **[C]** The characteristic of the customer: this includes overall customer segments, selected segments, past consumption patterns, present consumption patterns, future consumption patterns [forecasting of consumption patterns in the next planning cycle]. The customer perceptions of involvement, risks, quality, costs, & value with a product/brand. The degree of episodic and cumulative satisfaction and trust with a product/brand
- **[O]** The characteristics of the organisation: this includes the nature of the organisation the philosophy, culture, key success factors, performance, resources, future strategic intentions, and ability to meet objectives. Furthermore, includes a revenue analysis reach, size, segmentation variables, market share, growth, pricing, profitability, and the characteristics of the brand - brand equity factors such as a relational analysis, risks-trust, brand identity, brand image/intentions/personality, brand value proposition and segment attractiveness, awareness, recognition, recall, strengths, stature, competitive position, and associations. Customer loyalty services - future intentions purchase, spending, willingness to recommend
- **[M]** The characteristics of the market: this includes competition, economic, market considerations, social factors, technology influences, environmental, ethical [+legal] and political factors. The characteristics of the market, past and present, includes market life cycle, demand patterns, market forces, emerging trends, degree of stability-disruption. In addition, includes the predicted future market conditions in which the organisation will operate & must adapt & respond.
- **[P]** The characteristics of the product: this includes the product classification, the nature of the product category, the degree to which the products satisfy consumer needs and wants, the organisational offerings, the product layers, considerations and components, unique product value proposition, product awareness and adoption, lifecycle and threats, performance, It also considers a detailed sales analysis including sales X product, territory, frequency, nature of transactions, average sell price and margins.

Having access to relevant and timely information is particularly important in today's dynamic marketplace/environment with short planning cycles, increased competition, higher consumer expectations, and increased public accountability [at all levels]. Given the increased importance of data, it is therefore critical that marketing practitioners clearly identify and articulate their requirements to ensure that their data requirements are delivered. Furthermore, the COMP data evolves as the business-marketing planning process progresses. Data types are: **historic** COMP data, **current** COMP data, **forecasted** COMP data, and **emergent** COMP data; each of these is briefly discussed below.

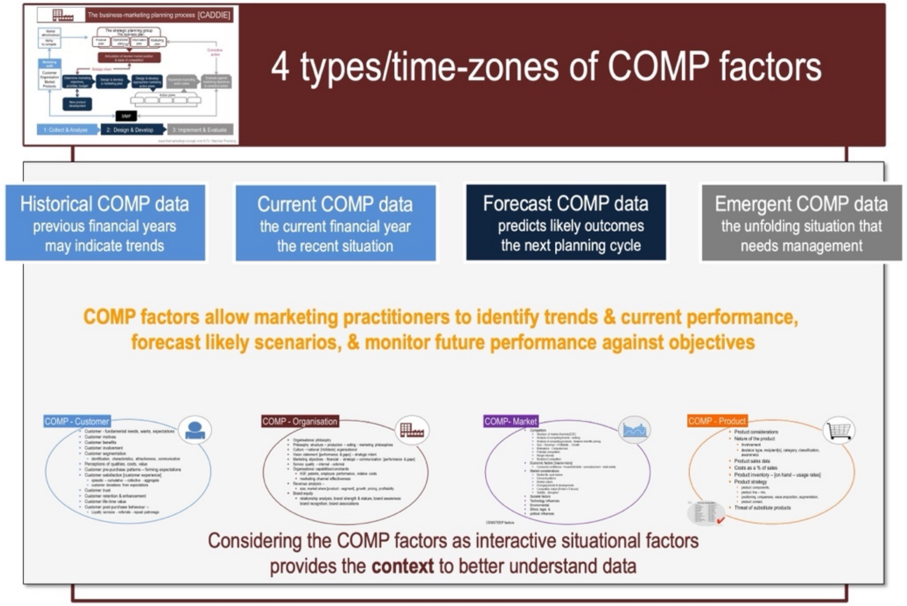


Figure 27: This diagram highlights the 4 types of data employed over the life cycle of the business-marketing planning process [CADDIE].

The evolving nature of data*:* In the Collect & Analyse stage of the CADDIE process there are 2 categories of COMP factors [1] **Historical data** – relevant data from previous financial periods, [2] **Current data** – relevant data from the present financial year These are then analysed and then considered in the Design & Develop stage where the are presented as the [3] the forecasted data for the next financial period, forecasted data is presented in the strategic business plan, the strategic marketing plan, and tactical marketing plans. Then, as the financial period progresses during the Implementation & Evaluation stage the [3] **forecasted data** is compared with [4] the **emergent data** to indicate if the actual performance of the product/brand/organisation and expected performance are on track. It is during the Implementation and Evaluation stage that performance gaps are identified and, appropriate corrective action is undertaken. As we can see collecting and analysing data is an ongoing process and each type of data plays an important role in the CADDIE business-marketing planning process.

- Marketing strategy and marketing tactics are interconnected. The importance of identifying and analysing appropriate marketing metrics to make informed strategic decisions cannot be over emphasised. Furthermore, drilling-down into the appropriate marketing analytics and evaluating the effectiveness at a tactical level is also critical. Keep in mind that an organisation will only achieve the objectives of the strategic business plan and strategic marketing plan if outcomes are measured and analysed, and corrective action is taken at a tactical level. The metrics and analytics should be appropriate for the task being measured - for example, [1] customer satisfaction will require the appropriate metrics and effect on the salesbaseline and the appropriate analytics at a tactical level, [2] organisational sales performance may need to be explored to identify branch and salesperson performance, [3] external communication will require the appropriate marketing analytics for each external communication tactic.

It is worth noting that the COMP data that was once collected and analysed to manage, measure, and improve the day-to-day tactical performance of the organisation will, in time, become the historic and current marketing metrics. Therefore, marketing analytics that were once micro and tactical in nature are often collated into a macro and strategic - marketing metric format.

Let's recap: Marketing practitioners consider the situational factors of their organisation throughout the CADDIE business-marketing planning process. The CADDIE process begins with the collection & analysis of historic and current customer, organisation, market, and product [COMP] data. Next the CADDIE process involves forecasting the likely future customer, organisation, market, and product [COMP] data. With the COMP forecast the organisation designs the appropriate organisational objectives and then develop the appropriate business plan and the subsequent marketing plan [strategic] and marketing action plans [tactics]. Once the marketing action plans have been implemented the emergent COMP data is collected & analysed and evaluated and appropriate corrective action is taken.

[DD] The CADDIE process: Design and Develop

Sufficient money, time, and effort should be invested in designing and developing the business strategy. Keeping in mind that many argue that a product/brand has only one strategy.

The Strategic Business Planning Group design and develop the strategic business plan for the organisation, this is a crucial document. The strategic business plan will outline the future directions of the organisation and after an iterative communication process will set parameters for each discipline to begin the discipline planning process. All discipline plans must be congruent and work towards the strategic organisational objectives.

With the objectives of the strategic business plan in mind, senior marketing managers will design and develop the strategic marketing plan and then the appropriate **tactical marketing action plans**. It is the tactical action plans that outline the actions needed to achieve the strategic objectives. It should be highlighted that a few action plans may be working simultaneously and by different people/groups to achieve a stated objective.

Metrics/analytics for each outcome within each tactical action plan will need to be established and monitored during the implement and evaluate stage.

[IE] The CADDIE process: Implement and Evaluate

Each discipline will implement and evaluate their discipline action plans and take corrective action to ensure that the discipline works towards the overall organisational objectives.

Although tactical marketing action plans will vary from organisation to organisation, typical marketing action plans include – revenue objectives, managing quality, internal and channel marketing, customer retention, external marketing communication, sales and salesforce management, software for marketing practitioners [e.g., CRM], and the relational sales process.

The purpose of the strategic marketing plan and the tactical marketing action plans is to achieve the strategic, financial, and communication objectives. It is critical to make timely and better-informed decisions - decisions that may be long-term and strategic or short-term and tactical. Most of us have experienced a business plan that has been launched with great enthusiasm, however, is rarely mentioned in subsequent meetings.

Many think that creating a business plan is the key to a successful business, however, the CADDIE process highlights that marketing practitioners need information - as constant evaluation and corrective action is needed to ensure the marketing objectives are achieved. This requires comparing the forecast performance outlined in the marketing action plans with the actual performance and designing and developing the appropriate **corrective actions**. Although often neglected in marketing textbooks the evaluation and corrective action stage is a critical part of marketing management – often requiring the most effort.

Marketing, from an organisational perspective, is an ongoing and iterative process of working with **historic, current, forecasted, and emergent COMP** data to meet the objectives articulated in the strategic business plan, described in the strategic marketing plan, and specified in the tactical marketing action plans. It is critical to identify, measure, & manage the appropriate marketing metrics each tactic should be measured to ensure that it meets specified objectives.

Just to clarify: CADDIE is an acronym to assist learning and memory of the marketing planning process. The CADDIE process was developed over many years through discussions with senior managers, business owners, and MBA students. A key theme during conversations with managers was how the importance of planning was often emphasised, however, a template for the marketing planning process was rarely provided. Moreover, senior managers stated that when they approached marketing consultants there was a focus on tactical merchandising tools rather than a strategic approach.

The 9 objectives of marketing practitioners are broad objectives that need elaboration and measured as strategic marketing metrics and tactical marketing analytics.

Clearly, the starting point is the collection of relevant data. Employing the COMP factors provides guidance as to how the uniqueness of an organisation can be recognised and valued. *See The marketing concept: an academic perspective for a richer discussion on this topic*.

Conclusions

Marketing is a business discipline and like all business disciplines, marketing, must provide a service to the organisation – it must create value. Primarily, marketing contributes to the strategic business planning process

Whilst the strategic business plan outlines the holistic objectives of the organisation, and the strategic marketing plan outlines the specific objectives of the marketing discipline - it is the tactical marketing action plans that outline, specific objectives, responsibilities, and time frames for each marketing activities that requires monitoring. Through planning and collaboration all business disciplines work together to achieve organisation's objectives.

Marketing is how an organisation goes to market. Different organisations will have different business-marketing philosophies. However, most organisational will approach the market with an amalgam of 3 broad approaches: influenced by the characteristics of the customer segment[s], the organisational, the market, and the product [COMP factors].

Despite the difficulty in precisely quantifying the organisational benefits of customer satisfaction most organisations realise that one thing is certain – dissatisfied customers seldom return. Therefore, most organisations will have the best interest of their customers and pay close attention to quality, value, and communicating expectations. It is well recognised that as customer satisfaction drops – revenue drops, complaint management costs increase, and customer acquisition costs increase - a strategic disadvantage. Marketing is about nurturing profitable[4] exchange relationships[4] with customers, the organisation, channel partners, and society.

Two related areas that should be mentioned are managing the salespipeline and managing the salesbaseline. The salespipeline approach, is about populating and nurturing a salespipeline to advance suspects > prospects > first time customers > repeat customers > members > advocates. The idea is to build the salesbaseline. The salesbaseline is the volume achieved regardless of other sales enhancing tactics. The salesbaseline approach is about ensuring that the organisation's actions are contributing to trust, repeat custom, commitment, and ultimately a competitive advantage. The salesbaseline approach highlights that both long and short-term activities should be measured and managed. Building the salesbaseline is long-term – it is about nurturing a brand with the objective that the organisation is less 'dependent' on short-term tactics [e.g., advertising, discounting, selling tactics, and sales promotions]. In sum - a relational business philosophy. A strong brand is a risk reduction strategy for customers and organisations.

To conclude

The marketing concept – organisations that best satisfy the needs & wants of their customers are best placed to satisfy their own needs

The 10Ds of best satisfying, organisations must:

- understand the **dreams** & **demands** of their customers
- **design** & **develop** products that are **distinct**, **discernible**, & **desirable**;
- **deliver** on promises
- act in a **dignified** manner
- provide long-term **dividends** to customers, the organisation, channel partners, & society.