

Unit 4

MARKETING & CUSTOMER SERVICES



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Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Explain how marketing decisions are influenced by various forces in the external business environment including trends and developments affect current and future marketing practices.
- ✓ Identify and describe examine major types of measurement techniques and data collection methods
- ✓ Analyze markets and customers utilizing primary and secondary sources of information
- ✓ Discuss strategies for developing effective customer relations

Marketing is about identifying and understanding the customer. As opposed to common understanding marketing is not just about advertising and business promotion. It includes giving customers what they want and meeting their expectations.

Effective Marketing is a result of examining every aspect of your business and how it affects the consumer's end experience. It covers everything needed to do in order to deliver your products and services to the consumer including research, planning, pricing, packaging, promotion, selling and distribution.

Amongst all the company's functions, marketing is closest to the customer. Its job is to identify customer needs (latent or manifest) and translate them back to the firm for its reaction. Its role in supporting the operations management system is therefore critical.

Operations managers must then restate what marketing has communicated in terms that will bring about the needed response from the production mechanism. To support its efforts, marketing works with advertising to state the company's offerings in terms that are attractive to the buyer.

Sales is the part of the marketing function also, salespeople being those who take action to sell within an identified market. This is the Frontline, the place where information about customer needs and desires penetrate and gains the attention of the company.

A story told in sales circles is about the ABC Company (a shoe manufacturer), whose marketing head visited a remote area of the world to assess the market. He returned to report to his boss, "There's no market; they don't wear shoes."

The marketing head of the competitor EFG Company made the same trip for the same purpose, reporting to his boss: "It's a terrific market! They've got no shoes!" Marketing's response to a circumstance can take a firm into new areas.

The Marketing Plan

The marketing plan is a product of market research. A market research is a collection of information that provides an insight of a customer's mind so that you understand what they want. It includes how they gather information and where they come from. It is also a source of the marketing trends in the business industries.

All your strategies, tactics and processes are included within this plan in order to create a strong customer base. This also highlights how you will cope with recession, with competition and with increased trends in customer needs and requirements.

The following six areas, the "6Ps" or the 'marketing mix', provide a comprehensive framework for formulating an effective marketing plan:

- **Product-** This covers the combination of goods and services that your business offers. This forms the main aspect of marketing. The product has to answer to the demand of the customers in order to have a high demand.
- **Place-** the place of business is crucial because one has to have an accessible location to be easily exposed to his or her clientele.
- **Price-** the price of the product agrees with the item on sale. Ensure that the product matches with its value. It is important to realize that the price influence customer's demand.
- **Promotion-** as mentioned above promotions are fundamental in business management. It is beneficial for one to engage in promotion strategy as a means of attracting customers especially for new products in the market.
- **People-** one has to ensure that he or she has dedicated staff (always on call). The staffs contribute significantly in establishing a business and meeting primary goals of a company.
- **Process-** all business processes must be geared towards attaining the primary goals of the business. As a result, it is beneficial for the business person to tune the minds of his or her workers to practice in one accord, and to always win the clients favour at all times.

Your best bet is to make sure your marketing plan evolves with your business. You must develop new plans based on your current business environment.

The best way to formulate an outstanding marketing plan is to request feedback from your customers. Let them know that their feedback is important to the planning of their business.

There are a number of ways to get started. Here are some guidelines to get you started:

- I. Come up with a list of strategies and tactics for effective marketing.
- II. Try to think like a customer. Think in their perspective to see whether those decisions are appropriate.
- III. Know your competitors. Make sure that the competition you recognize is relevant to your company.
- IV. Prioritize your goals and objectives and organize your strategies accordingly.

Once you've accomplished these steps, make sure you meet on a regular basis with your team to evaluate progress before moving on to the next crucial step.

Creating a Marketing Plan

A successful entrepreneur understands the products and services they are offering to the customer and its comparative advantage. Creating a marketing plan will help the business understand the features and essence of its products and how to channel it to the different target sectors.

The ultimate aim of a marketing plan is to set the direction for business in promoting its products and services, to build a customer base, and to determine its market positioning.

An effective marketing plan has the following key points professionally articulated within. These points help them identify the purpose of their business.

1. Purpose

What should the marketing plan help in achieving?

2. Benefits

How will your products and/or services benefit the customer and exactly how will they satisfy their needs and requirements?

3. Customers

Identify your target customer market and devise a system or strategy about how you will build long-term relationships with them.

4. Company Profile

In order to position yourself in the market, you must carefully analyze how your customers will see your company. Therefore be sure that your company has a terrific profile to set out with.

5. Niche

What is the niche that your company has defined and is willing to serve?

6. Tactics

There are many tactics that you can use to reach out to your customers. In this plan, list out your preferred method or tactic that you will use to attract more customers.

7. Budget

This is one crucial step in preparing. You must have a budget allocated specifically for marketing purposes. Remember, you can spend a large amount of money doing your marketing, or perhaps a dime for just the same purpose.

Marketing has truly no limit when it comes to money therefore make sure you have a budget in place for effective marketing. It does not have to be expensive, remember what matters is the effectiveness; not otherwise.

Below is a sample general framework of a marketing plan:

Executive Summary

The executive summary is an overview of your marketing plan. As you go through the process of writing your plan you will refine your ideas and develop new strategies. By writing the executive summary of the very last you will be able to provide a holistic overview of your marketing plan.

It is recommended that you include the following points in your executive summary:

1. Brief description of products or services
2. Define target market
3. Competitive advantage
4. Positioning statement
5. Anticipated sales, profits and market share

I. Market and Situation Analysis

- Economic environment
- Social environment
- Technical environment
- Industry environment
- Competitive environment
- SWOT Analysis
- Political environment

II. Market Segmentation and Customer Analysis

- Market segmentation
-
- Target market/segment characteristics
-
- Market research findings

III. Objectives and Goals or “Where the business needs to be”

- Mission Statement
-
- Objectives for volumes, sales, market shares, gross margins, net profit, return on investment
-
- Goals that are time-bound.

IV. Strategies and Tactics or "How to get there"

- Pricing strategy
- Product strategy
- Place strategy
- Promotion strategy
- People strategy
- Process strategy
- Priorities, responsibilities and timeframes (what/who/ when)

Set the timeline of milestones so that everyone knows when action points need to be achieved and the point person for each responsibility.

V. Budgets and Controls

- Sales, expenses and marketing budgets
- Contingency plans and risk management

Defining your Target Market

Target Marketing, also known as market segmentation, involves breaking a market into segments and then concentrating your marketing efforts on one or a few key segments.

The beauty of target marketing is that it makes the promotion, pricing and distribution of the products and/or services simpler, directed, and more cost-effective. Target marketing provides a clear direction to all of the marketing activities. For example, if you are selling electronic calculators your market could be segmented by how consumers use it eg: scientific, office, student and general use.

Each of these segments will have different requirements and may vary in price they are willing to pay. Understanding the needs of each segment allows for refinement of the marketing plan to be able to deliver the customer values. Each segment will offer growth and profit opportunities so the catch is to deliver the best offer to the best segment.

You can profile your target market/segments using four categories:

- ✓ Geographic: e.g. location, population size or climate
- ✓ Demographic: e.g. age, gender, family size, family life cycle or income
- ✓ Psychographic: e.g. social class, lifestyle, motivation or personality
- ✓ Behavioural: e.g. product benefits, frequency of use or brand loyalty

Targeting your First Customer

It is important to attract the right segments of customers as they will be the first judges of the business' goods and services. They can make or break the business' reputation at the very beginning. Following are the guiding questions that an entrepreneur identifies for his first customers and a business in creating new markets:

- Are your target customers male or female?
- How old are they?
- Where do they live? Is geography a limiting factor for any reason?
- What do they do for a living?
- How much money do they make?
- How much are they willing to pay?
- How is the product or service value-adding to them?

Research your Customer

Often, a businessman becomes so focused on brainstorming new ideas, producing new products, looking at team performance and setting up incentives, paying bills, doing seminars and presentations. They forget the very important reasons as to why their businesses run in the first place; a customer.

The customer is the heart and soul of a business. However, again many businessmen think they know everything about a customer. What they want, how they want it, when they want it. They become so confident that it curtails the real need of a customer and thence they don't even ask!

Marketing research is the process of linking the consumers, customers, and the public to the marketer through information. The goal of marketing research is to identify and assess how changing elements of the marketing plan impacts customer behaviour.

Marketing research is commonly interchanged with market research; however, expert practitioners may wish to draw a distinction, in that market research is concerned specifically with markets, while marketing research is concerned specifically about marketing processes. Market research findings may include:

- Products and services and their customer fit;
- Customer profiles;
- Customer characteristics; and
- Customer needs and wants.

You can provide customer service 24/7, but how will you do your best when you don't know the "real" need of a customer? Whenever you feel the same thing, be sure to ask yourself these questions:

- Who is the most important person in your business?
- Where does the money come from that you use to pay your employees?
- Who designs your products and services?
- Who determines your company's growth?

The answer to all these questions are; a customer. Without knowing your target market, it is impossible to go out there to sell your product or service.

The whole concept of a successful business relies on how you meet the needs of your customers and therefore you must know who your target market is and what their needs are.

Therefore, it is fundamental that you interact with your customers, find out what they need and supply those needs accordingly.

Although, most businesses fail at doing so or are perhaps very bad at interacting because of two main reasons:

- They assume that since they have a growing business, they know everything a customer would want.
- They assume that since their products and services are available on time, they've achieved customer satisfaction.

Both assumptions are wrong to the core. In today's high-tech era, customer satisfaction is not enough. You have to maintain long term relationships with them to know their needs, as they evolve and to know when they require them.

But again, let's take into account the price factor. There may be millions of other businesses offering the same product and service. Hence the customer gets confused as to where he should turn.

Their decisions are based on cheap price, excellent quality, excellent customer relation & support and continuous flow of products. Therefore you have a challenging situation to try to stand out from the crowd.

You must ensure that you show your customers how effective your company is and the number of benefits they will receive in collaborating with you. This leads us back to one important point.

You must know your customers to know what their needs and requirements are and thus plan your products and services accordingly.

Remember that customers want benefits not only products. Customers are very smart people which means that products you offer may be offered by many other businesses however it is the benefits that you provide that sets you apart from the crowd.

There are a number ways in which you can gain information about your customer however in order to understand and define your customers. It is a wise idea to interact with them directly to find out what they require from your business. Here are a few guidelines as to how you can begin:

- What do your potential customers usually buy?
- How do they hear about the products or services that they buy?
- How do they want to buy your product or service?
- How often do they buy?
- How can your company meet their needs?

Together with this information, make sure you collect the data that gives you a sense of trends particularly present in the market as well as the demand of products and services that you're offering. You can find this information simply by:

- Interviews by phone or in person
- Focus groups / Group Discussions
- Email and Online Questionnaires or Surveys
- Phone Surveys

Do your Own Marketing

Nearly everyone knows how to advertise their creativity on social media sites such as Facebook, Twitter, YouTube etc and anyone with a bit of creativity can instantly become celebrity.

Businesses can gain on customs if they utilize the power of these social media sites for the benefit of their businesses with the aim of successful growth.

This also means that businesses no longer need to invest in expensive marketing firms to handle their marketing campaigns because nearly all potential customers frequently visit these social media sites. Hence if you do your marketing correctly, you are sure to benefit from your hard work in terms of customers and their satisfaction.

Customer Relations

Customer Relation is also known as customer service. According to Turban et al. (2002), "Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation." It involves a seller - buyer relationship before, during and after a purchase.

The best epitome of customer relations is the customer support, which consists of a range of customer services to assist customers in making cost effective and correct use of a product. It includes assistance in planning, installation, training, troubleshooting, maintenance, upgrading, and disposal of a product. With regards to technology products such as mobile phones, televisions, computers, software products or other electronic or mechanical goods, it is called as technical support.

The rules and protocol on customer service have been edited by many scholars. Susan Friedmann one of the leading authors enumerates the following "Ten Commandments of Great Customer Service":

1. Know who is boss. You are in business to service customer needs, and you can only do that if you know what your customer's want. When you truly listen to your customers, they let you know what they want and how you can provide good service. Never forget that the customer pays our salary and makes your job possible.
2. Be a good listener. Take the time to identify customer needs by asking questions and concentrating on what the customer is saying. Listen to their words, tone of voice, body language, and most importantly, how they feel.
3. Identify and anticipate needs. Customers don't buy products or services. They buy good feelings and solutions to problems. Most customer needs are more emotional rather than logical. The more you know your customers, the better you become at anticipating their needs. Communicate regularly so that you are aware of problems or upcoming needs.
4. Make customers feel important and appreciated. Treat them as individuals. Always use their name and find ways to compliment them, but be sincere. People value sincerity. It creates good feeling and trust. Think about ways to generate good feelings about doing business with you. Customers are very sensitive and know whether or not you really care about them. Thank them every time you get a chance.

On the show floor be sure that your body language conveys sincerity. Your words and actions should go well together.

5. Help customers understand your systems. Your organization may have the world's best systems for getting things done, but if customers don't understand them, they can get confused, impatient and angry. Take time to explain how your systems work and how they simplify transactions. Be careful that your systems don't reduce the human element of your organization.
6. Appreciate the power of "Yes". Always look for ways to help your customers. When they have a request (as long as it is reasonable) tell them that you can do it. Figure out how afterwards. Look for ways to make doing business with you easy. Always do what you say you are going to do.
7. Know how to apologize. When something goes wrong, apologize. It's easy and customers like it. The customer may not always be right, but the customer must always win. Deal with problems immediately and let customers know what you have done. Make it simple for customers to complain. Value their complaints. As much as we dislike it, it gives us an opportunity to improve. Even if customers are having a bad day, go out of your way to make them feel comfortable.
8. Give more than expected. Since the future of all companies lies in keeping customers happy, think of ways of elevating yourself above the competition. Consider the following:
 - What can you give customers that they cannot get elsewhere?
 - What can you do to follow-up and thank people even when they don't buy?
 - What can you give a customer that is totally unexpected? Get regular feedback. Encourage and welcome suggestions about how you could improve. There are several ways in which you can find out what customers think and feel about your services.
 - Listen carefully to what they say.
 - Check back regularly to see how things are going.
 - Provide a method that invites constructive criticism, comments and suggestions.

Treat employees well. Employees are your internal customers and need a regular dose of appreciation. Thank them and find ways to let them know how important they are. Treat your employees with respect and chances are they will have a higher regard for customers. Appreciation stems from the top. Treating customers and employees well is equally important.

Customer Relationship Management

Customer Relationship Management (CRM) is a widely implemented model for managing a company's relations with customers, clients, and sales prospects.

This database helps you not only to keep track of your customers but also how best you can market your business to them.

It involves using technology to organize, automate, and synchronize business processes—principally sales activities, but also those in marketing, customer service, and technical support. Its ultimate goals are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients to return, and reduce the costs of marketing and client service.

Customer relationship management describes a company-wide business strategy including customer-interface departments as well as other departments. Measuring and valuing customer relationships is critical to implementing this strategy.

A standard CRM database includes the following information:

- Company & Contact Management
- Lead & Activity Management
- Opportunity Management
- Charting & Reporting
- Email Marketing & Mailing Lists Management
- Sales Forecasting
- Microsoft Outlook E-mail Integration
- Notes & Business Intelligence Management

Businesses can derive the following advantages for using a customer relationship management as explained by Casey Gollan:

- **Provide Better Customer Service-** CRM systems give businesses many strategic advantages such as the ability to personalize relationships with customers regardless of which employee is serving them.

Using CRM, a repository can be maintained on customer profiles, thereby treating each client as an individual and not as a group. This way, every employee can be better informed about each customer's specific needs and transaction profile.

CRM also helps the organization to easily adjust the level of service to reflect the customer's importance or status.

Better customer service through improved responsiveness and understanding helps in building customer loyalty and decreases customer agitation. It also helps the company in getting continuous feedbacks from the customers on the product they have bought.

A good electronics company would always like to follow-up with its customers on the items they have bought, so as to rectify the problem (if any) even before it gets logged as a complaint.

- **Increase Customer Revenues-** Using CRM data, marketing campaigns can be coordinated more effectively by ensuring that promotions do not target customers who have already purchased that particular products.

It also ensures higher customer retention by introducing loyalty programs. A business would never like to see a product to a customer who has just bought it recently.

- **Discover New Customers-** CRM systems help the organization in identifying potential customers. By keeping a track of the profiles of their existing clientele, the business can easily come up with a strategy to determine the kind of people they should target such that it returns them maximum clientage.

For example, if several students in a university sign up for a particular mobile service provider, the business can come up with a strategy to target the rest of the community in the university.

- **"Cross Sell" and "Up Sell" Products More Effectively-** CRM systems facilitate cross-selling (offering customers complimentary products based on their previous purchases) and up-selling (offering customers premium products in the same category). It helps them to gain a better understanding of customers and anticipate their purchases (e.g. Someone who purchases grass seed in the spring will need fertilizer later in the season).
- **Help Sales Staff Close Deals Faster-** CRM helps the businesses in closing deals faster, through quicker and more efficient responses to customer leads and customer information. The turnaround time has decreased drastically for organizations that have been able to implement CRM systems effectively.
- **Make Call Centers More Efficient-** With each employee has access to customer details and order histories, targeting clients becomes easier.

CRM helps the organization's workforce in knowing how to deal with each individual customer depending upon the customer's archives available through CRM. The information can be accessed instantly from anywhere within the company.

- **Simplify Marketing and Sales Processes-** CRM helps in developing better communication channels. Interactive Voice Response System, web sites, etc. Have made life easier both for the organization and also for its sales representatives.

It allows the business to give its customers the option of choosing how they want to communicate with the business.

A Win-Win Strategy

The core of Customer Relationship Management (CRM) is developing a long-term relationship with your customers. It is about a lot more than just having your contacts organized. In a win-win strategy, the customer and the seller meet halfway to satisfy the needs of both parties. But before negotiating, reflect on the following points to win your customers at a fair compromise:

- **Goals:** what do you want to get out of the negotiation? What do you think the other person wants?
- **Trades:** What do you want from the other person, and what does the other person want from you? What do you and the other person have that you can trade (exchange)? What are you both comfortable giving away?
- **Alternatives:** if you don't reach agreement with the other person, what alternatives do you have? Are these good or bad? How much does it matter if you do not reach agreement? Does failure to reach an agreement cut you out of future opportunities? And what alternatives might the other person have?
- **Relationships:** what is the history of the relationship? Could or should this history impact the negotiation? Will there be any hidden issues that may influence the negotiation? How will you handle these?
- **Expected outcomes:** what outcome will the people be expecting from this negotiation? What has the outcome been in the past, and what precedents have been set?
- **The consequences:** what are the consequences for you of winning or losing this negotiation? What are the consequences for the other person?
- **Power:** who has what power in the relationship? Who controls resources? Who stands to lose the most if agreement isn't reached? What power does the other person have to deliver what you hope for?
- **Possible solutions:** based on all of the considerations, what possible compromises might there be?

Get Rid of Bad Customers

According to a customer service manager interviewed by Julie Rains, genuine service failures should be diagnosed and addressed immediately, customers reimbursed, and sources of internal errors corrected. So, the best way to get rid of bad customers is by transforming them into good ones through the following solutions:

1. Identify customers with frequent problems by documenting complaints in the call notes of your CRM (customer relationship management) software;
2. Create customer-specific policies, such as requiring a signature for deliveries, that address past problems; and
3. Direct your staff to check notes and take appropriate actions prior to processing an order or resolving a claim.

Some years ago, businessmen were only focused on how to sell off their products or services faster than their competitors. They overlooked the importance of building customer relations and thought it wasn't necessary so long as their products and services are sold and profits are made.

This is wrong. You need to have a reliable customer base that you can depend on for years and years to come. Keep in mind that competition grows every second and the minute your competition starts giving customer relations' some importance, you will definitely lose out on your customers and your profits. Building customer relations is extremely advantageous for your company since it's a win-win situation.

In a trusting relationship, both the customer and the client are happy; which means the customers buy more, the client sells more and the company eventually grows and expands.

Therefore it is high time that you turn from a transaction-based company to a relation-based company. Remember, a happy customer is a reliable customer and a reliable customer means profits. Here are a few ways where you can start to employ this strategy:

1. Build Trust

This is the first way of building long-term relationships with your customers. The way to build trust is to make sure you show them that you deliver what you promise. Trust is something that glues your business relationships and with time they become deeper and more and more reliable.

2. Create Bonds

The bonds that you create with other organizations and customers help to keep your relationships steady. Bonds signify that you have mutual goals and understandings and that you will work together to achieve them. Eventually, as relationships grow, bonds become stronger.

3. Empathize with Others

In simple terms it means step into the other person's shoe before making your statement or decision. Empathy is an emotional link that builds trust between

parties who are dealing with one another.

4. Encourage Reciprocity

Remember the old saying "in order to get something you must give something"? Well, in order to get a lot more than something, you must give away a little something. If you keep this notion in mind when dealing with clients, you are sure to build strong long-lasting relationships.

Traits of a Happy Customer

Various discussions done today on marketing and management are based on current events happening in different business domains. As a result, having modern technology, new ideas, and strategies goes a long way in attracting new customers and maintaining old clientele.

However you must keep in mind that competition is always around the corner. Your best bet is to ensure that you keep your customers happy and satisfied. This strategy is based on four principles of the current market trends and they are proven to be extremely helpful for businesses of all kinds and sizes.

1. Own the Market.

- a. For a business to be successful and to grow with time, it must create its own niche within the market and be the leader of that specific niche. When you're the leader, people look at you differently and this means that no matter what your competitor does, you're still leading. Take an example of Microsoft. Even today, you will note that people prefer Microsoft products more than other products because it is the leader.

2. Position your Company

- a. The trend in technology and lifestyle can make your products literally disappear if you have no position in the market. This means that the more you position your company higher in the market, the more reliable your products and services become.
- b. Therefore spend more time positioning your company in the market if you wish for a successful long or term business growth.

3. Customize with and to Customers

Remember that customer needs and requirements changes over time. You should be in position to adapt to those needs and requirements.

This is where mass customization comes into play; giving the customers what they want, how they want it, when they want it and where they want it.

But in order for mass customization to effectively work with your business, you must first and foremost have great relations with your customers.

4. Try to See the Intangibles

- a. Look at the big picture. Look at the significant aspects of your business. It is true that most businesses neglect and ignore what's more significant and thus become only a product or service-oriented firm.
- b. There is a lot more than just selling your products, and that is to focus on the intangibles. And that **means Quality, Customer Focus & Reliability**.

Traits of a Bad Customer

This definitely sounds bad because this is supposed to be a chapter on building trust and relationships but look at it from another point. Bad customers only hold you back from giving your best to your other faithful customers.

They are not frequent buyers and when they buy, they buy in smaller quantities which mean that if you sat down and calculated your potentials, they would definitely prove to be more expensive for your company.

Every company has good and bad customers and your aim as a successful businessman is to retain the good ones and cut out on the bad ones. Here's a way to do just that:

- **Convert bad customers into good ones**

Ideally, this should be your first move. In some cases, it wouldn't hurt to give it a try. Sometimes, in order to do just that, you could remind your bad customers about an offer that's about to end.

Alternatively you may want to give them a call to politely tell them to take their business elsewhere if they don't buy products worth some amount within a specific period of time.

- **"Fire" your bad customers**

Sometimes saving bad customers isn't worth your time and effort. Therefore it is best to just fire them but if you think that it will impact your existing customers, then you're wrong.

Great relations with customers are enough for you to live through the "firing" process of your bad customers. Be polite and refuse to do business with them. It may hurt them for some time but this will be a long-term goal in the making.

Suggested Further Readings:

- ✓ Customers That Count: How to Build Living Relationships with Your Most Valuable Customers (Financial Times Series Published in 2001) by Tony. Cram
- ✓ Living Service: How to Deliver the Service of the Future Today (Financial Times Series Published in 2008) by Marc Silvester, MoHi Ahmed.
- ✓ Marketing Metrics: The Definitive Guide to Measuring Marketing performance (2nd Edition) by David J. Reibstein