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**Marketing – Chap 1.2 Customer Relationships pg 13 - 22**

**Provide an example of how companies manipulate consumers’ perception of value of a product or service.**

A customer buys from the firm that offers the highest customer perceived value. Perceived value is the customer’s evaluation of the difference between all the benefits and all the costs of a market offering relative to those of competing offers. Price is a tool that marketers can use to communicate a perceived value to consumers. Marketers try to convince consumers that their product is superior to competition and will deliver superior quality/value. The ‘brand’ of the company is the vessel to communicate much of the perceived value to consumers.

**How do customer expectations affect customer satisfaction?**

Customer satisfaction depends on the product’s perceived performance relative to a buyer’s expectations. If the product’s performance falls short of expectations, the customer is dissatisfied. If the performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted.

**A consumer who has a negative customer satisfaction experience is \_5\_ more times likely to share their experience with others than a customer who has a positive experience?**

**Compare and contrast a basic customer relationship and a full partnership? Provide an example of each.**

Basic relationship – typically low margin customers, impersonal relationships, that do not require personal attention of sales representatives. (Ivory Soap)

Full Partnership- few customers, high margins, sales teams work closely with customer, making sales calls, building and managing the relationship. Relationship is very important to company profits. ( P&G Relationship with Target.)

**These are TWO programs designed to develop customer loyalty and retention. What are they and provide an example of each. (NOT mentioned in the book)**

Frequency Marketing Programs- reward customers who buy frequently or in large amounts. (Frequent flyer miles, Limone’s Card, Blimpie, Pizza Coupon- collect 12 and get a free pizza)

Club Marketing Programs- offer members special benefits and create member communities. (Subaru owners, Apple has clubs where users can interact, Nike – running/ etc.)

**Yesterday’s big companies focused on mass marketing to all customers. What are today’s companies focusing on to reach their customers?**

Today’s companies are building deeper, more direct, and more lasting relationships with more carefully selected customers.

**What is selective relationship management? How did Best Buy implement this strategy?**

Companies use customer profitability analysis to weed out losing customers and to target winning ones for pampering. Once they identify profitable customers, firms can create attractive offers and special handling to capture these customers and earn their loyalty.

**Explain how Best Buy further segmented their customer base.**

Create Customer Centricity that distinguishes between it’s best customers called angels and less profitable ones called demons. The aim is to embrace the angels and ditch the demons.

**Do you agree or disagree with selective relationship management? Why?**

Company may be turning away profitable customers or customer who will become “angels” in the future. You do not want to “cut of your nose despite your face.”

**How are companies creating deeper consumer involvement and a sense of community surrounding brands-to make the brand a meaningful part of the consumers’ conversations and lives?**

The aim is to create deeper consumer involvement and a sense of community surrounding a brand – to make the brand a meaningful part of consumers’ conversations and lives. Rather than relying on one-way, mass-media messages, today’s marketers are incorporating new, more interactive approaches that help build targeted, two way customer relationships. Examples, interactive relationships built through the internet allow people to interact directly in surprisingly personal ways with large groups of others. Examples, email, blogs, Web sites and video sharing to online communities and social networks such as MySpace, Facebook, Youtube and Second Life.

**What is a disadvantage of creating these “deeper” relationships?**

They give consumers greater power and control. Today’s consumers have more information about brands than ever before, and they have a wealth of platforms for airing and sharing their brand views with other consumers.

**What is the difference between marketing to consumers by “intrusion” and “attraction”?**

Intrusion – Marketers deliver their message to consumers. This is our message… “take it or leave it.”

Attraction – Creating market offerings and messages that involve consumers rather than interrupt them.

**What is the website called that Nike has created to forge deeper more personal relationships with their customers?**

Nike Plus running website and joga.com

**What is consumer generated marketing?**

Marketing messages, ads, and other brand exchanges created by consumers themselves-both invited and uninvited.

**Give an example of consumer generated marketing that is not mentioned in the book**

MasterCard, Applebee’s,

**How effective do you think consumer generated marketing is? Why? Explain.**

Very effective because actual consumers give customers a sense of validation and sincerity to the company’s marketing message.

**What did David Packer the founder of HP mean when he said, “Marketing is far too important to be left only to the marketing department”?**

He was applying the partner relationship management concept to marketing at HP. Partner relationship management – working closely with partners in other company departments and outside the company to jointly bring greater value to customers. Every functional area of a business can interact with customers and own part of the marketing responsibility.

**What is a company’s supply chain?**

Supply chain describes a longer channel, stretching from raw materials to components to final products that are carried to final buyers.

**What companies do you think are part of Dell’s supply chain?**

Intel, Chip companies, fabrication companies, plastics, etc.

**Explain supply chain management?**

Companies want to strengthen their connections with partners all along the supply chain. They know that their fortunes rest not just on how well they perform. Delivering exceptional customer value and the company’s ability to later capture as much of that value in profits depends on successful execution throughout the entire company.

**In your own words explain what CRM means to you?**

CRM is the process of creating, nurturing and managing many different relationships from customers to suppliers to politicians that allow your company to deliver superior value to customers and maximize profits by capturing as much of that value as possible.