10. Customer orientation Review and more

Loyalty marketing

Loyalty marketing is an approach to marketing, based on strategic management, in which a company focuses on growing and retaining existing customers through incentives. Branding, product marketing and loyalty marketing all form part of the customer proposition – the subjective assessment by the customer of whether to purchase a brand or not based on the integrated combination of the value they receive from each of these marketing disciplines.

The discipline of customer loyalty marketing has been around for many years, but expansions from it merely being a model for conducting business to becoming a vehicle for marketing and advertising have made it omnipresent in consumer marketing organizations since the mid- to late-1990s. Some of the newer loyalty marketing industry insiders, such as Fred Reichheld, have claimed a strong link between customer loyalty marketing and customer referral. In recent years, a new marketing discipline called "customer advocacy marketing" has been combined with or replaced "customer loyalty marketing." To the general public, many airline miles programs, hotel frequent guest programs and credit card incentive programs are the most visible customer loyalty marketing programs.

History

Retail merchandising

Premiums

Premiums are items that a retail customer can receive by redeeming proofs of purchase from a specific product or store. This was one of the first loyalty marketing programs.

Early premium programs

Beginning in 1793, a U.S. merchant started giving out copper tokens which could be collected by the consumer and exchanged for items in the store. This practice caught on and was used by many merchants throughout the 19th century. Sweet Home laundry soap, a product of the B. A. Babbit Company, came with certificates that could be collected and redeemed for color lithographs. Beginning in 1872, the

Grand Union Tea Company gave tickets to customers that could be exchanged for merchandise in the company catalog of Grand Union stores.

Trading stamps

The first trading stamps were introduced in 1891, the Blue Stamp Trading System, where stamps affixed to booklets could be redeemed for store products. The Sperry and Hutchinson Company, started in 1896 in Jackson, Michigan, was the first third-party provider of trading stamps for various companies, including dry goods dealers, gas stations and later supermarkets. S&H Green Stamps, as the company was commonly called, opened its first redemption center in 1897. Customers could take their filled booklets of "green stamps" and redeem them for household products, kitchen items, and personal items. When the G.I.s returned from World War II the trading stamps business took off when numerous third-party companies created their own trading stamp programs to offer to supermarkets and other retailers.

Marketing through children

Marketers of retail products used programs targeted at children to sell to their parents through the use of premiums. Kellogg's Corn Flakes had the first cereal premium with The Funny Jungleland Moving Pictures Book. The book was originally available as a prize that was given to the customer in the store with the purchase of two packages of the cereal.But in 1909, Kelloggs changed the book give-away to a premium mail-in offer for the cost of a dime. Over 2.5 million copies of the book were distributed in different editions over a period of 23 years.

At the beginning of the Second World War, radio was a big player in the promotion and distribution of premiums, usually toys that were closely related to the radio program. There were many radio shows that offered premiums to their listeners, but Captain Midnight was one of the best known. The early sponsor of Captain Midnight was Skelly Oil, and parents could get forms to mail-in for radio premiums at the gas stations. Later, Ovaltine became the sponsor of Captain Midnight, and it continued the premiums through advertising on the labels and foil tops of Ovaltine that could be collected to exchange for Captain Midnight premiums and offering membership to the "Secret Squadron".

Boxtops

In 1929, Betty Crocker issued coupons that could be used to redeem for premiums like free flatware. In 1937 the coupons were printed on the outside of packages, and later the Betty Crocker points program produced a popular reward catalog from which customers could pick rewards using their points. In 2006, it was announced that the Betty Crocker Catalog was going out of business and that all points needed to be redeemed by December 15, 2006. With it, one of the earliest loyalty programs ended a 77 year tradition.

Prizes

Prizes are promotional items—small toys, games, trading cards, collectables, and other small items of nominal value—found in packages of brand-name retail products (or available from the retailer at the time of purchase) that are included in the price of the product (at no extra cost) with the intent to boost sales.

Tobacco inserts

Some of the earliest prizes were cigarette cards — trade cards advertising the product (not to be confused with trading cards) that were inserted into paper packs of cigarettes as stiffeners to protect the contents. Allan and Ginter in the U.S. in 1886, and British company W.D. & H.O. Wills in 1888, were the first tobacco companies to print advertisements and, a couple years later, lithograph pictures on the cards with an encyclopedic variety of topics from nature to war to sports — subjects that appealed to men who smoked.By 1900, there were thousands of tobacco card sets manufactured by 300 different companies. Following the success of cigarette cards, trade cards were produced by manufacturers of other products and included in the product or handed to the customer by the store clerk at the time of purchase. World War II put an end to cigarette card production due to limited paper resources, and after the war cigarette cards never really made a comeback. After that collectors of prizes from retail products took to collecting tea cards in the UK and bubble gum cards in the US.

Trade cards to trading cards

The first baseball cards were trade cards featuring the Brooklyn Atlantics produced in 1868 by Peck and Snyder, a sporting goods company that manufactured baseball equipment. In 1869, Peck and Snyder trade cards featured the first professional team, the Red Stockings. Most of the baseball cards around the beginning of the 20th century came in candy and tobacco products produced by such companies as Breisch-Williams confectionery company of Oxford, Pennsylvania,American Caramel Company, the Imperial Tobacco Company of Canada, and Cabañas, a Cuban cigar manufacturer. In fact it is a baseball set, known as the T-106 tobacco card set, distributed by the American Tobacco Company in 1909 that is considered by collectors to be the most popular set of cigarette cards. In 1933, Goudey Gum Company of Boston issued baseball cards with players biographies on the backs and was the first to put baseball cards in bubble gum. Bowman Gum of Philadelphia issued its first baseball cards in 1948 and became the biggest issuer of baseball cards from 1948 to 1952.

Modern packaged foods

The most famous use of prizes in the United States (and the word "prize" in this context) is Cracker Jack brand popcorn confection. Prizes have been inserted into every package of Cracker Jack continuously since 1912. W.K. Kellogg was the first to introduce prizes in boxes of cereal. The marketing strategy that he established has produced thousands of different cereal box prizes that have been distributed by the tens of billions. Frito-Lay is a world icon in the field of in-package prizes. Besides being the current owner of Cracker Jack, the U.S. popcorn confection brand known for the "Prize Inside", Frito-Lay also regularly includes tazos and tattoos in packages of Lay's chips worldwide. In parts of Latin America, Frito-Lay has even introduced a brand called Cheetos Sorpresa (English: Surprise), which includes a licensed prize (from movies, television, and video games) in every 29–gram bag.

Direct marketing pioneers

Ward: the father of mail order

By creating a direct marketing industry through his mail order catalogue, Aaron Montgomery Ward would unknowingly enable the creation of a powerful global network that would include everything from mailing, to mail order, to telemarketing and lastly to social medias. Together Ward and his [long time] competitor Sears changed the direction of the American marketplace by introducing the concept of individuality with the term consumption, allowing therefore the generations of today to take full control of their consumption behaviours and all of this in complete privacy. Today, the mail order catalogue industry Montgomery funded is worth approximately 100 billions of dollars, and generates over 2 trillion only in [incremental] sales and supports till this day an estimated 10.9 million jobs either directly related to marketing industry or dependent upon it.

Wunderman: direct marketing genius

Mail order pioneer Aaron Montgomery Ward knew that by using the technique of selling product directly to the consumer at appealing prices could, if executed effectively and efficiently, revolutionize the market industry and therefore be used as an innovative model for marketing products and creating customer loyalty. The term "direct marketing" was coined long after Montgomery Ward's time. In 1967 Lester Wunderman identified, named, and defined "direct marketing". Wunderman — considered to be the father of contemporary direct marketing — is behind the creation of the toll-free 1-800 number and numerous mail order based loyalty marketing programs including the Columbia Record Club, the magazine subscription card, and the American Express Customer Rewards program.

Modern consumer rewards programs

Frequent flyers

On May 1, 1981 American Airlines launched the first full-scale loyalty marketing program of the modern era with the AAdvantage frequent flyer program.[25] This revolutionary program was the first to reward "frequent fliers" with reward miles that could be accumulated and later redeemed for free travel. Many airlines and travel providers saw the incredible value in providing customers with an incentive to use a company exclusively and be rewarded for their loyalty. Within a few years, dozens of travel industry companies launched similar programs. The AAdvantage program now boasts over 50 million active members.

Card linked offers

The early part of 2010 saw the rise of Card Linked Offers (CLOs) as a new loyalty marketing technique for brands, retailers and financial institutions, stemming from a rise in popularity of both mobile payment and coupons. CLOs connect offers or discounts directly to a consumer's credit card or debit card, which can then be redeemed at the point of sale. CLOs have been implemented by American Express[and Groupon and CLO technology has been developed by companies such as Cartera Commerce, Womply, Cardlytics, Birdback, Clovr Media, and Offermatic. In order to receive and use CLOs, consumers must willingly opt into a CLO program and provide their credit/debit card information. When consumers see relevant CLO-enabled advertisements and product offers while browsing online, using a mobile device, watching TV, reading a newspaper or magazine or listening to the radio they can click, text or scan a QR code to link the CLO-enabled ad directly to their credit/debit card. After consumers make a purchase at the designated retail location, the savings appeared are credited directly to their bank, credit card or PayPal account. As such, CLOs eliminate point-of-sale integration, mail-in rebates and paper coupons. Offers are typically based upon consumer preferences and previous purchase history.[31] Prior to 2010, static CLOs existed for many years in the form of bank issued loyalty offers, such as points or savings on travel purchases.

Loyalty marketing impact

Many loyalty programs have changed the way consumers interact with the companies from which they purchase products or services from and how much consumers spend. Many consumers in the US and Europe have become quite accustomed to the rewards and incentives they receive by being a "card carrying" member of an airline, hotel or car rental program. In addition, research from Chris X. Moloney shows that nearly half of all credit card users in the US utilize a points-based rewards program.

In recent years, the competition for high income customers has led many of these loyalty marketing program providers to provide significant perks that deliver value well beyond reward points or miles. Both American's AAdvantage program and Starwood Hotels' Preferred Guest program have received industry awards, called "Freddie Awards" by Inside Flyer Magazine and its publisher Randy Petersen for providing perks that customers value highly. These perks have become as important to many travelers as their reward miles according to research.

In his book, Loyalty Rules!, Fred Reichheld details the value to customer referral on the growth and financial performance of dozens of leading US firms. Reichheld purports that the measurement of company advocates, or promoters, is the strongest single measurable correlation between customers and corporate performance. Similarly, Chris X. Moloney has presented new findings (Loyalty World London 2006) that showed a magnetic value to a company to promote and measure customer referrals and advocacy via research and marketing.

Loyalty marketing and the loyalty business model

The loyalty business model relies on training of employees to achieve a specific paradigm: quality of product or service leads to customer satisfaction, which leads to customer loyalty, which leads to profitability. Loyalty marketing is an extension of that effort, relying upon word-of-mouth and advertising to draw upon the positive experiences of those exposed to loyalty business model inspired ventures to attract new customers. Fred Reichheld makes the point in his books that one can leverage the "power of extension" to draw new customers.

The rapid expansion of frequent-flyer programs is due to the fact that loyalty marketing relies on the earned loyalty of current customers to attract new loyalty from future customers. Incentive programs that are exclusive must strike a balance between increasing benefits for new customers over any existing loyalty plan they are currently in and keeping existing customers from moving to new plans. Hallmark did this through devising a program that directly rewarded customers not only for buying merchandise and utilizing Hallmark.com, but gaining additional benefits through referring their friends.

The most recent loyalty marketing programs rely on viral marketing techniques to spread word of incentive and inducement programs through word of mouth.

Consumer-generated advertising

Consumer Generated Advertising refers to advertising on consumer generated media. This term is generally used to refer to sponsored content on blogs, wikis, forums, social networking web sites and individual Web sites. This sponsored content is also known as sponsored posts, paid posts or sponsored reviews. The content includes links that point to the home page or specific product pages of the website of the sponsor. Examples include Diet Coke and Mentos videos,the I've Got a Crush On Obama video, and Star Wars fan films.

Similarly, the term Communal marketing refers to a marketing practice that incorporates public involvement in the development of an advertising/marketing campaign. Such a campaign invites consumers to share their ideas or express their articulation of what the brand means to them through their own personal stories, with the use of print media, film or audio. The resulting consumer-generated content is then incorporated into the campaign. Finally, the result of this collaboration is showcased, often in a cross-media campaign, to invite the extended community of like-minded individuals to share in the results, thereby creating a communal bond between the "brand champions as advertisers" and other individuals who have a natural affinity with what the brand has to offer. The result provides the brand with a way to create a deeper connection with their core market, while also opening up new pathways to extend the relationship to new customers.

Consumer-generated marketing is not the same as viral marketing or word of mouth advertising, however, the result of a it achieves a high level of publicity within high relevance communities. These communities are extremely critical to the success of a brand, and normally follow the 80/20 rule, where 20% of the brand's customers account for 80% of its sales. The very act of reaching out to consumers to invite them in as co-collaborators and co-creatives, is a fundamental component of the marketing campaign. The construct naturally lends itself to other consumer-marketing activities, like "communal branding" and "communal research."

Anytime a brand reaches out to its audience to invite them in to become co-collaborators in the development of an advertising campaign, they are participating in a "communal branding" effort. Whenever marketing decisions are the result of communing with the brand's audience to help drive the development of a campaign, they are engaging in "communal research." For example, Peter Jackson, in the making of The Lord of the Rings, reached out to loyal followers of the book to help weigh in on some major directorial decisions.

The practice of consumer-generated marketing has been in use for several years with the emergence of communal forms of information sharing including weblogs, online message boards, podcasts, interactive broadband TV, and other new media that has been adopted by consumers at the grass roots level to establish community forums for discussing their customer experiences.

Joel Moss Levinson won 11 consumer generated marketing contests, and earned more than $200,000 in money and prizes, by creating corporate jingles and short commercials

10.1 Customer Orientation Concept

Constructive criticism helps marketers adapt offerings to meet changing customer needs.

A firm in the market economy survives by producing goods that persons are willing and able to buy. Consequently, ascertaining consumer demand is vital for a firm's future viability and even existence as a going concern. Many companies today have a customer focus (or market orientation). This implies that the company focuses its activities and products on consumer demands. Generally, there are three ways of doing this: the customer-driven approach, the market change identification approach and the product innovation approach.

In the consumer-driven approach, consumer wants are the drivers of all strategic marketing decisions. No strategy is pursued until it passes the test of consumer research. Every aspect of a market offering, including the nature of the product itself, is driven by the needs of potential consumers. The starting point is always the consumer. The rationale for this approach is that there is no reason to spend

R&D (research and development) funds developing products that people will not buy. History attests to many products that were commercial failures in spite of being technological breakthroughs.

A formal approach to this customer-focused marketing is known as SIVA (Solution, Information, Value, Access). This system is basically the four Ps renamed and reworded to provide a customer focus. The SIVA Model provides a demand/customer-centric alternative to the well-known 4Ps supply side model (product, price, placement, promotion) of marketing management.

Product → Solution

Promotion → Information

Price → Value

Place (Distribution) → Access

If any of the 4Ps were problematic or were not in the marketing factor of the business, the business could be in trouble and so other companies may appear in the surroundings of the company, so the consumer demand on its products will decrease. However, in recent years service marketing has widened the domains to be considered, contributing to the 7P's of marketing in total. The other 3P's of service marketing are: process, physical environment and people. Some consider there to be a fifth "P": positioning. See Positioning (marketing).

Some qualifications or caveats for customer focus exist. They do not invalidate or contradict the principle of customer focus; rather, they simply add extra dimensions of awareness and caution to it.

The work of Christensen and colleagues on disruptive technology has produced a theoretical framework that explains the failure of firms not because they were technologically inept (often quite the opposite), but because the value networks in which they profitably operated included customers who could not value a disruptive innovation at the time and capability state of its emergence and thus actively dissuaded the firms from developing it. The lessons drawn from this work include:

Taking customer focus with a grain of salt, treating it as only a subset of one's corporate strategy rather than the sole driving factor. This means looking beyond current-state customer focus to predict what customers will be demanding some years in the future, even if they themselves discount the prediction.

Pursuing new markets (thus new value networks) when they are still in a commercially inferior or unattractive state, simply because their potential to grow and intersect with established markets and value networks looks like a likely bet. This may involve buying stakes in the stock of smaller firms, acquiring them outright, or incubating small, financially distinct units within one's organization to compete against them.

Other caveats of customer focus are:

The extent to which what customers say they want does not match their purchasing decisions. Thus surveys of customers might claim that 70% of a restaurant's customers want healthier choices on the menu, but only 10% of them actually buy the new items once they are offered. This might be acceptable except for the extent to which those items are money-losing propositions for the business, bleeding red ink. A lesson from this type of situation is to be smarter about the true test validity of instruments like surveys. A corollary argument is that "truly understanding customers sometimes means understanding them better than they understand themselves." Thus one could argue that the principle of customer focus, or being close to the customers, is not violated here—just expanded upon.

The extent to which customers are currently ignorant of what one might argue they should want—which is dicey because whether it can be acted upon affordably depends on whether or how soon the customers will learn, or be convinced, otherwise. IT hardware and software capabilities and automobile features are examples. Customers who in 1997 said that they would not place any value on internet browsing capability on a mobile phone, or 6% better fuel efficiency in their vehicle, might say something different today, because the value proposition of those opportunities has changed.

10.2 Organizational orientation

In this sense, a firm's marketing department is often seen as of prime importance within the functional level of an organization. Information from an organization's marketing department would be used to guide the actions of other departments within the firm. As an example, a marketing department could ascertain (via marketing research) that consumers desired a new type of product, or a new usage for an existing product. With this in mind, the marketing department would inform the R&D (research and development) department to create a prototype of a product or service based on the consumers' new desires.

The production department would then start to manufacture the product, while the marketing department would focus on the promotion, distribution, pricing, etc. of the product. Additionally, a firm's finance department would be consulted, with respect to securing appropriate funding for the development, production and promotion of the product. Inter-departmental conflicts may occur, should a firm adhere to the marketing orientation. Production may oppose the installation, support and servicing of new capital stock, which may be needed to manufacture a new product. Finance may oppose the required capital expenditure, since it could undermine a healthy cash flow for the organization.

10.2.1 Herd behavior

Herd behavior in marketing is used to explain the dependencies of customers' mutual behavior. The Economist reported a recent conference in Rome on the subject of the simulation of adaptive human behavior. It shared mechanisms to increase impulse buying and get people "to buy more by playing on the herd instinct." The basic idea is that people will buy more of products that are seen to be popular, and several feedback mechanisms to get product popularity information to consumers are mentioned, including smart card technology and the use of Radio Frequency Identification Tag technology. A "swarm-moves" model was introduced by a Florida Institute of Technology researcher, which is appealing to supermarkets because it can "increase sales without the need to give people discounts." Other recent studies on the "power of social influence" include an "artificial music market in which some 19,000 people downloaded previously unknown songs" (Columbia University, New York); a Japanese chain of convenience stores which orders its products based on "sales data from department stores and research companies;" a Massachusetts company exploiting knowledge of social networking to improve sales; and online retailers such as Amazon.com who are increasingly informing customers about which products are popular with like-minded customers.

Further orientations

An emerging area of study and practice concerns internal marketing, or how employees are trained and managed to deliver the brand in a way that positively impacts the acquisition and retention of customers, see also employer branding.

Diffusion of innovations research explores how and why people adopt new products, services, and ideas.

With consumers' eroding attention span and willingness to give time to advertising messages, marketers are turning to forms of permission marketing such as branded content, custom media and reality marketing.

10.3 Marketing research

Marketing research involves conducting research to support marketing activities, and the statistical interpretation of data into information. This information is then used by managers to plan marketing activities, gauge the nature of a firm's marketing environment and attain information from suppliers. Marketing researchers use statistical methods such as quantitative research, qualitative research, hypothesis tests, Chi-squared tests, linear regression, correlations, frequency distributions, poisson distributions, binomial distributions, etc. to interpret their findings and convert data into information. The marketing research process spans a number of stages, including the definition of a problem, development of a research plan, collection and interpretation of data and disseminating information formally in the form of a report. The task of marketing research is to provide management with relevant, accurate, reliable, valid, and current information.

A distinction should be made between marketing research and market research. Market research pertains to research in a given market. As an example, a firm may conduct research in a target market, after selecting a suitable market segment. In contrast, marketing research relates to all research conducted within marketing. Thus, market research is a subset of marketing research.

10.3.1 Marketing environment

Staying ahead of the consumer is an important part of a marketer's job. It is important to understand the "marketing environment" in order to comprehend the consumers concerns, motivations and to adjust the product according to the consumers needs. Marketers use the process of marketing environmental scans, which continually acquires information on events occurring out side the organization to identify trends, opportunities and threats to a business. The six key elements of a marketing scan are the demographic forces, socio-cultural forces, economic forces, regulatory forces, competitive forces, and technological forces. Marketers must look at where the threats and opportunities stem from in the world around the consumer to maintain a productive and profitable business.

The market environment is a marketing term and refers to factors and forces that affect a firm’s ability to build and maintain successful relationships with customers.Three levels of the environment are: Micro (internal) environment - forces within the company that affect its ability to serve its customers. Meso environment – the industry in which a company operates and the industry’s market(s). Macro (national) environment - larger societal forces that affect the microenvironment.

10.3.2 Market segmentation

Market segmentation pertains to the division of a market of consumers into persons with similar needs and wants. For instance, Kellogg's cereals, Frosties are marketed to children. Crunchy Nut Cornflakes are marketed to adults. Both goods denote two products which are marketed to two distinct groups of persons, both with similar needs, traits, and wants. In another example, Sun Microsystems can use market segmentation to classify its clients according to their promptness to adopt new products.

Market segmentation allows for a better allocation of a firm's finite resources. A firm only possesses a certain amount of resources. Accordingly, it must make choices (and incur the related costs) in servicing specific groups of consumers. In this way, the diversified tastes of contemporary Western consumers can be served better. With growing diversity in the tastes of modern consumers, firms are taking note of the benefit of servicing a multiplicity of new markets.

Market segmentation can be viewed as a key dynamic in interpreting and executing a logical perspective of Strategic Marketing Planning. The manifestation of this process is considered by many traditional thinkers to include the following;Segmenting, Targeting and Positioning.

10.3.3 Types of market research

Market research, as a sub-set aspect of marketing activities, can be divided into the following parts:

Primary research (also known as field research), which involves the conduction and compilation of research for a specific purpose.

Secondary research (also referred to as desk research), initially conducted for one purpose, but often used to support another purpose or end goal.

By these definitions, an example of primary research would be market research conducted into health foods, which is used solely to ascertain the needs/wants of the target market for health foods. Secondary research in this case would be research pertaining to health foods, but used by a firm wishing to develop an unrelated product.

Primary research is often expensive to prepare, collect and interpret from data to information. Nevertheless, while secondary research is relatively inexpensive, it often can become outdated and outmoded, given that it is used for a purpose other than the one for which it was intended. Primary research can also be broken down into quantitative research and qualitative research, which, as the terms suggest, pertain to numerical and non-numerical research methods and techniques, respectively. The appropriateness of each mode of research depends on whether data can be quantified (quantitative research), or whether subjective, non-numeric or abstract concepts are required to be studied (qualitative research).

There also exist additional modes of marketing research, which are:

Exploratory research, pertaining to research that investigates an assumption.

Descriptive research, which, as the term suggests, describes "what is".

Predictive research, meaning research conducted to predict a future occurrence.

Conclusive research, for the purpose of deriving a conclusion via a research process.

10.4 Marketing planning

The marketing planning process involves forging a plan for a firm's marketing activities. A marketing plan can also pertain to a specific product, as well as to an organization's overall marketing strategy. Generally speaking, an organization's marketing planning process is derived from its overall business strategy. Thus, when top management are devising the firm's strategic direction or mission, the intended marketing activities are incorporated into this plan. There are several levels of marketing objectives within an organization. The senior management of a firm would formulate a general business strategy for a firm. However, this general business strategy would be interpreted and implemented in different contexts throughout the firm.

10.4.1 Marketing strategy

The field of marketing strategy considers the total marketing environment and its impacts on a company or product or service. The emphasis is on "an in depth understanding of the market environment, particularly the competitors and customers."

A given firm may offer numerous products or services to a marketplace, spanning numerous and sometimes wholly unrelated industries. Accordingly, a plan is required in order to effectively manage such products. Evidently, a company needs to weigh up and ascertain how to utilize its finite resources. For example, a start-up car manufacturing firm would face little success should it attempt to rival Toyota, Ford, Nissan, Chevrolet, or any other large global car maker. Moreover, a product may be reaching the end of its life-cycle. Thus, the issue of divest, or a ceasing of production, may be made. Each scenario requires a unique marketing strategy. Listed below are some prominent marketing strategy models.

A marketing strategy differs from a marketing tactic in that a strategy looks at the longer term view of the products, goods, or services being marketed. A tactic refers to a shorter term view. Therefore, the mailing of a postcard or sales letter would be a tactic, but changing marketing channels of distribution, changing the pricing, or promotional elements used would be considered a strategic change.

10.5 Buying behavior

A marketing firm must ascertain the nature of customers' buying behavior if it is to market its product properly. In order to entice and persuade a consumer to buy a product, marketers try to determine the behavioral process of how a given product is purchased. Buying behavior is usually split into two prime strands, whether selling to the consumer, known as business-to-consumer (B2C), or to another business, known as business-to-business (B2B).

10.5.1 B2C buying behavior

This mode of behavior concerns consumers and their purchase of a given product. For example, if one imagines a pair of sneakers, the desire for a pair of sneakers would be followed by an information search on available types/brands. This may include perusing media outlets, but most commonly consists of information gathered from family and friends. If the information search is insufficient, the consumer may search for alternative means to satisfy the need/want. In this case, this may mean buying leather shoes, sandals, etc. The purchase decision is then made, in which the consumer actually buys the product. Following this stage, a post-purchase evaluation is often conducted, comprising an appraisal of the value/utility brought by the purchase of the sneakers. If the value/utility is high, then a repeat purchase may be made. This could then develop into consumer loyalty to the firm producing the sneakers.

10.5.2 B2B buying behavior

Relates to organizational/industrial buying behavior. Business buy either wholesale from other businesses or directly from the manufacturer in contracts or agreements. B2B marketing involves one business marketing a product or service to another business. B2C and B2B behavior are not precise terms, as similarities and differences exist, with some key differences listed below:

In a straight re-buy, the fourth, fifth and sixth stages are omitted. In a modified re-buy scenario, the fifth and sixth stages are precluded. In a new buy, all stages are conducted.

10.6 Use of technologies

Marketing management can also rely on various technologies within the scope of its marketing efforts. Computer-based information systems can be employed, aiding in better processing and storage of data. Marketing researchers can use such systems to devise better methods of converting data into information, and for the creation of enhanced data gathering methods. Information technology can aid in enhancing an MKIS' software and hardware components, and improve a company's marketing decision-making process.

In recent years, the notebook personal computer has gained significant market share among laptops, largely due to its more user-friendly size and portability. Information technology typically progresses at a fast rate, leading to marketing managers being cognizant of the latest technological developments. Moreover, the launch of smartphones into the cellphone market is commonly derived from a demand among consumers for more technologically advanced products. A firm can lose out to competitors should it ignore technological innovations in its industry.

Technological advancements can lessen barriers between countries and regions. Using the World Wide Web, firms can quickly dispatch information from one country to another without much restriction. Prior to the mass usage of the Internet, such transfers of information would have taken longer to send, especially if done via snail mail, telex, etc.

Recently, there has been a large emphasis on data analytics. Data can be mined from various sources such as online forms, mobile phone applications and more recently, social media.

10.7 Services marketing

Services marketing relates to the marketing of services, as opposed to tangible products. A service (as opposed to a good) is typically defined as follows:

The use of it is inseparable from its purchase (i.e., a service is used and consumed simultaneously)

It does not possess material form, and thus cannot be touched, seen, heard, tasted, or smelled.

The use of a service is inherently subjective, meaning that several persons experiencing a service would each experience it uniquely.

For example, a train ride can be deemed a service. If one buys a train ticket, the use of the train is typically experienced concurrently with the purchase of the ticket. Although the train is a physical object, one is not paying for the permanent ownership of the tangible components of the train.

Services (compared with goods) can also be viewed as a spectrum. Not all products are either pure goods or pure services. An example would be a restaurant, where a waiter's service is intangible, but the food is tangible.