#### Customer Value

Consider again the device on which you are taking this module. It most likely features word processing software, Internet capability and a certain memory capacity. Depending on your product, you may also have access to other functions such as the ability to photograph and videotape, compose and play music and create intricate illustrations. You may have chosen this device because you value its ease of use. Or you may be price conscious and this brand was less expensive than others. Your choice might have been related to brand reputation—the fact that you recognised and trusted the brand because of a bad experience with a different brand. In any case, most likely you had a number of choices regarding which brand and product you chose. Organisations place a great deal of time, money and effort in their marketing and brand management efforts to determine how and why customers choose what they do. This is dependent on value and the concept of exchange—that customers are willing to exchange their money and loyalty for perceived benefits and services. Value may be behavioral in nature, or it may be influenced by lifestyle.

Now expand your image of a product to include intangibles such as a person (e.g., celebrity, politician); a service, such as a plumber or a dry cleaner; a holiday destination; or a contribution to society such as a charitable organisation or the United Nations. What do you value and trust about the image in your mind? What troubles you about it, if anything? In other words, does this product have a good brand reputation?

For this unit’s Shared Activity you consider the elusive concept of value. In your group you will discuss how organisations offer products and services of value to customers and what sets one product or service apart from its competitors in terms of value.

#### ****Influence of Culture on the Buying Process****

Times of societal stress demand that marketers comprehend the authentic experience of individuals' personal worlds, which includes one’s illogical preferences, innocent desires, messy assumptions and untested deductions.... This emotional-cognitive progression is ceaselessly informed by the development of one's self-identity, which underlies their unconscious purchase calculus. Understanding this process entails a shift in perspective from seeing consumers as data points to valuing consumers as people (Daye, 2010)

In the quote above, Derrick Daye urges marketing professionals to see customers and potential customers as more than sales figures and demographic percentages. Often, individuals’ various viewpoints can be encapsulated into the term ‘culture’. Some view culture through a geographical or ethnic lens; however, individuals may identify themselves with many ‘personal worlds’ or aspects of culture: age group, sexual orientation, gender, hobby or occupation, to name only a few. Within these groups are many subcultures, as well. With so many different possible cultures existing within potential markets, why is it important for organisations to pay such close attention to the influence of culture on customer buying processes and behaviours? You will discuss this as part of your Shared Activity.

Although culture is not restricted to geography and ethnicity, the reality is that, increasingly, many organisations are contemplating international expansion. As our world becomes more technologically advanced, it has also become more global. The ease of consumer purchasing options (e.g. online) as well as burgeoning economic powers (e.g. China, India, Brazil) fuelled by outsourcing production at lower costs have spurred organisations to consider taking their products and services into new territories. For many organisations, such expansion is a matter of survival. An organisation’s decision to go global or stay local must be made strategically, and marketing efforts need to be integrated into that strategic planning.

Two major tenets are interwoven throughout any decision to expand internationally: consumer behaviour and cultural influences. Again, these are not necessarily separate concepts; in fact, it is important to understand how culture influences consumer behaviour. These readings will also be useful in your Shared Activity.

#### ****Situational Analysis****

In this unit’s Readings, researchers such as Narver and Slater (1990) and Kohli and Jaworski (1990) make a strong case that in order for an organisation to be profitable, marketing and business strategies need to be viewed as interlocking rather than separate. In order to determine whether organisations have this synergistic relationship, it is important to understand the concept of marketing orientation. Kohli and Jaworski (1990) concluded that market orientation is the gathering of, dissemination of and responsiveness to market intelligence, but that profitability is not necessarily a central goal or component.

These findings would surprise most business executives, who most likely view their marketing efforts as directed at bringing in a profit. Indeed, most organisations must be profitable in order to survive. However, it is vital to integrate marketing and business strategies to focus on market orientation rather than on profitability. But how does an organisation begin to formulate marketing efforts that will align with its business strategy? One way is by performing a situational analysis. A situational analysis provides a baseline for where an organisation is in its journey toward such alignment. In fact, a situational analysis goes back to Kohli and Jaworski’s (1990) gathering of market intelligence.

A situational analysis allows an organisation to understand its external and internal health, which may entail its customers, the market environment, competition and other areas. No one definitive situational analysis type or tool is recommended; instead, an online search will yield various types and frameworks that will inform your understanding. One that has become popular is the 5 C Analysis, which is an environmental scan on five key areas related to marketing decision making (Winn, 2011): company, customers, competitors, collaborators and climate.

Another common framework used for situational analysis in business (not only for marketing applications) is the PESTEL, which stands for environmental influences including political, economic, social, technological, environmental and legal. This type of analysis has been known in several different iterations (PEST, SLEPT, STEEPLE, EPISTEL), with slight variations in terminology and focus. You will be exploring these types of analyses more in-depth in Unit 5. For this unit’s Individual Assignment you will conduct a more informal situational analysis in which you will analyse an organisation’s overall marketing and business strategies and assess how well they appear to be aligned.

#### Strategy for Conducting Market Research

No seasoned hiker would embark on a lengthy journey through a desolate wooded area without a compass. Despite the thrill of the unknown, he or she would want, at the very least, some sense of direction to point the way. The same can be said of organisations embarking on the introduction of new products and brands. While it is a poor business practice to never try something new, organisations should determine their direction by conducting effective market research.

Market research is undertaken for many reasons. An organisation might see a drop in sales, for example, or may want to take advantage of an opportunity that allows for introducing a new product or brand into an untapped market. The first thing an organisation needs to do is to understand the issue and formulate an overall research objective. Sales may fall for many reasons, such as changing demographics, trends or economics. To complicate matters, some of these factors may occur simultaneously. Whilethe overall question may be simple (e.g. why are our sales declining? Will customers in this new market buy this product?), getting to the actual issues and formulating the correct research questions for the market research is more difficult.

Market research as a strategic business practice is on the rise, branching out from organisations selling products to those that ‘sell’ intangibles such as political candidates or consulting services (Jobber and Ellis-Chadwick, 2013).

In Unit 1 you examined how an organisation’s current products met its customers’ needs and values. In this unit, you propose a new product for the same organisation you identified in Unit 1. The new product should align with their brand and will be introduced in a new international market.