

# Understanding and Managing Customers



Edited by:

Isobel Doole • Peter Lancaster • Robin Lowe

# Contents

<b>Case studies</b>	xi
<b>Figures</b>	xii
<b>Tables</b>	xiv
<b>The contributors</b>	xv
<b>Preface</b>	xvii
<b>Acknowledgements</b>	xx
<b>Structure of the book</b>	xxii

## Part One Identifying the customer

<b>1 Customers, quality and exchange</b>	3
Robin Lowe	
<i>Learning outcomes</i>	3
<i>Key words</i>	3
<i>Introduction</i>	4
1.1 The challenge of providing customer satisfaction	4
1.2 Organisations and customer satisfaction	5
1.3 The concept of exchange	9
1.4 The concept of quality and value	13
1.5 Quality	16
1.6 The different customer situations	17
1.7 Influencing the customer	19
<i>Summary</i>	21
<i>Discussion questions</i>	21
<i>Case study 1.1: Customer-supplier exchange at university</i>	22
<i>Further reading</i>	23
<i>Website</i>	23

<b>2 Who is the customer?</b>	<b>24</b>
Isobel Doole	
<i>Learning outcomes</i>	24
<i>Key words</i>	24
<i>Introduction</i>	25
2.1 Are customers different from consumers?	25
2.2 Are customers buying goods different from those buying services?	26
2.3 Are customers different from clients?	26
2.4 Different types of customer	27
2.5 The individual/family customer	28
2.6 How do customers make their purchasing decisions?	31
2.7 Are there different types of purchasing decision?	36
2.8 Typologies of individual customers	37
2.9 Buying roles	38
2.10 The organisational customer	39
2.11 The business-to-business customer	40
2.12 The government as a customer	43
2.13 Not-for-profit customers	45
2.14 Internal customers	45
<i>Summary</i>	46
<i>Discussion questions</i>	46
<i>Case study 2.1: Stadium Ltd</i>	47
<i>Further reading</i>	48
<i>References</i>	48
<b>3 The marketing environment</b>	<b>49</b>
Jeanette Baker	
<i>Learning outcomes</i>	49
<i>Key words</i>	49
<i>Introduction</i>	50
3.1 The marketing environment	51
3.2 Environmental scanning	52
3.3 Analysing the environment	53
<i>Summary</i>	70
<i>Discussion questions</i>	71
<i>Case study 3.1: The Day Chocolate Company</i>	72
<i>Further reading</i>	75
<i>References</i>	75
<b>4 Building information on the customer</b>	<b>76</b>
Debbie Hill	
<i>Learning outcomes</i>	76
<i>Key words</i>	76
<i>Introduction</i>	77

4.1 Why do organisations need information?	77
4.2 Information sources	86
4.3 The process of information collection	93
Summary	103
Discussion questions	104
Case study 4.1: Males boost use of cosmetics in Europe	104
Further reading	106
References	106

## Part Two Understanding the customer

<b>5 Why organisations need to understand customer behaviour</b>	109
Peter Lancaster	
<i>Learning outcomes</i>	109
<i>Key words</i>	109
<i>Introduction</i>	110
5.1 The scope and importance of customer behaviour to business organisations	110
5.2 How customers make buying decisions	112
5.3 Motivation	117
5.4 Learning	120
5.5 Attitudes	126
Summary	131
Discussion questions	132
Case study 5.1: Tokai Guitars	132
Further reading	136
References	136
<b>6 How customers are segmented and organised</b>	137
Chris Dawson	
<i>Learning outcomes</i>	137
<i>Key words</i>	137
<i>Introduction</i>	138
6.1 Principles and process of market segmentation	138
6.2 What is market segmentation?	139
6.3 Advantages and disadvantages of market segmentation	140
6.4 The necessary requirements for viable segmentation	142
6.5 Recognising the criteria used to identify consumer and industrial market segments	145
6.6 Profile segmentation	145
6.7 Psychographic segmentation	148

6.8	Behavioural segmentation	150
6.9	Critical events segmentation	153
6.10	Hybrid segmentation	153
6.11	Segmenting industrial markets	155
6.12	Customer segmentation in the business-to-business area	158
	<i>Summary</i>	159
	<i>Discussion questions</i>	159
	<i>Case study 6.1: Levi's leaps into the mass market</i>	160
	<i>Further reading</i>	161
	<i>References</i>	161
<b>7</b>	<b>What the customer is looking for</b>	<b>163</b>
	Mark Godson	
	<i>Learning outcomes</i>	163
	<i>Key words</i>	163
	<i>Introduction</i>	164
7.1	Meeting customer demands	164
7.2	Products and services for industrial customers	167
7.3	The difference between products and services	169
7.4	The different levels of a product	172
7.5	Branding	175
7.6	New product development and innovation	180
	<i>Summary</i>	185
	<i>Discussion questions</i>	185
	<i>Case study 7.1: Driving the past</i>	186
	<i>Further reading</i>	187
<b>8</b>	<b>Customers' perceptions of quality</b>	<b>188</b>
	Robin Lowe	
	<i>Learning outcomes</i>	188
	<i>Key words</i>	188
	<i>Introduction</i>	189
8.1	What quality means to customers	189
8.2	Service quality and the total customer experience	197
8.3	Quality issues for customers in business-to-business sectors	205
8.4	Customers expect quality companies to behave ethically	207
	<i>Summary</i>	209
	<i>Discussion questions</i>	210
	<i>Case study 8.1: New-style quality is just a fiddle</i>	210
	<i>Further reading</i>	211
	<i>Website</i>	211
	<i>References</i>	211

## Part Three Influencing the customer

<b>9 Organising internally to serve external customers</b>	<b>215</b>
Andy Cropper	
<i>Learning outcomes</i>	215
<i>Key words</i>	215
<i>Introduction</i>	216
9.1 So what do we mean by the 'customer'?	218
9.2 Customer and supplier interaction	220
9.3 Adopting a service culture	226
9.4 Building and managing the service culture	232
9.5 Managing the external customer relationship	237
<i>Summary</i>	241
<i>Discussion questions</i>	241
<i>Case study 9.1: Who lost the sale?</i>	241
<i>Case study 9.2: Outside, looking in – a customer experience</i>	243
<i>Further reading</i>	244
<b>10 Customer-led communications</b>	<b>245</b>
Rod Radford	
<i>Learning outcomes</i>	245
<i>Key words</i>	245
<i>Introduction</i>	246
10.1 Customer communication	246
10.2 Influencing external and internal customers	253
10.3 How communications influence customers	261
<i>Summary</i>	269
<i>Discussion questions</i>	269
<i>Case study 10.1: Metro</i>	270
<i>Further reading</i>	271
<i>References</i>	272
<b>11 Developing and managing customer relationships</b>	<b>273</b>
Simon Kelly	
<i>Learning outcomes</i>	273
<i>Key words</i>	273
<i>Introduction</i>	274
11.1 Why are customer relationships important?	274
11.2 What is value?	275
11.3 The case for customer relationships	276
11.4 What is relationship marketing?	279
11.5 What is customer relationship management?	280

11.6 Principles of relationship marketing	281
11.7 Types of customer relationship	286
11.8 Properties of effective relationships	291
11.9 Planning effective relationships	297
<i>Summary</i>	301
<i>Discussion questions</i>	301
<i>Case study 11.1: Text R for relationships?</i>	302
<i>Further reading</i>	303
<i>References</i>	303
 <b>12 The emergence of the 'new consumer': coming to terms with the future</b>	 305
Colin Gilligan	
<i>Learning outcomes</i>	305
<i>Key words</i>	305
<i>Introduction</i>	306
12.1 The changing marketing environment (or the emergence of a new marketing reality)	306
12.2 The rise of the new consumer	308
12.3 The changing social, cultural and demographic environments	310
12.4 The rise of the new consumer and the implications for marketing planning	318
12.5 The new consumer and the growth of relationship marketing	322
<i>Summary</i>	325
<i>Discussion questions</i>	326
<i>Case study 12.1: The new consumer and the rise of the Internet – new rules for the new world</i>	326
<i>Further reading</i>	329
<i>References</i>	329
 <b>Index</b>	 331

### Companion Website resources

Visit the Companion Website at [www.booksites.net/doole](http://www.booksites.net/doole)

#### For lecturers

- Complete, downloadable Instructor's Manual
- PowerPoint slides that can be downloaded and used as OHTs