

The Future of Marketing: From 4Ps to 7Ps to 15Cs and A Framework for Creating Customer Loyalty

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Topics to be Covered

- Why and how marketing has changed
- Consumer buying model
- Customer loyalty

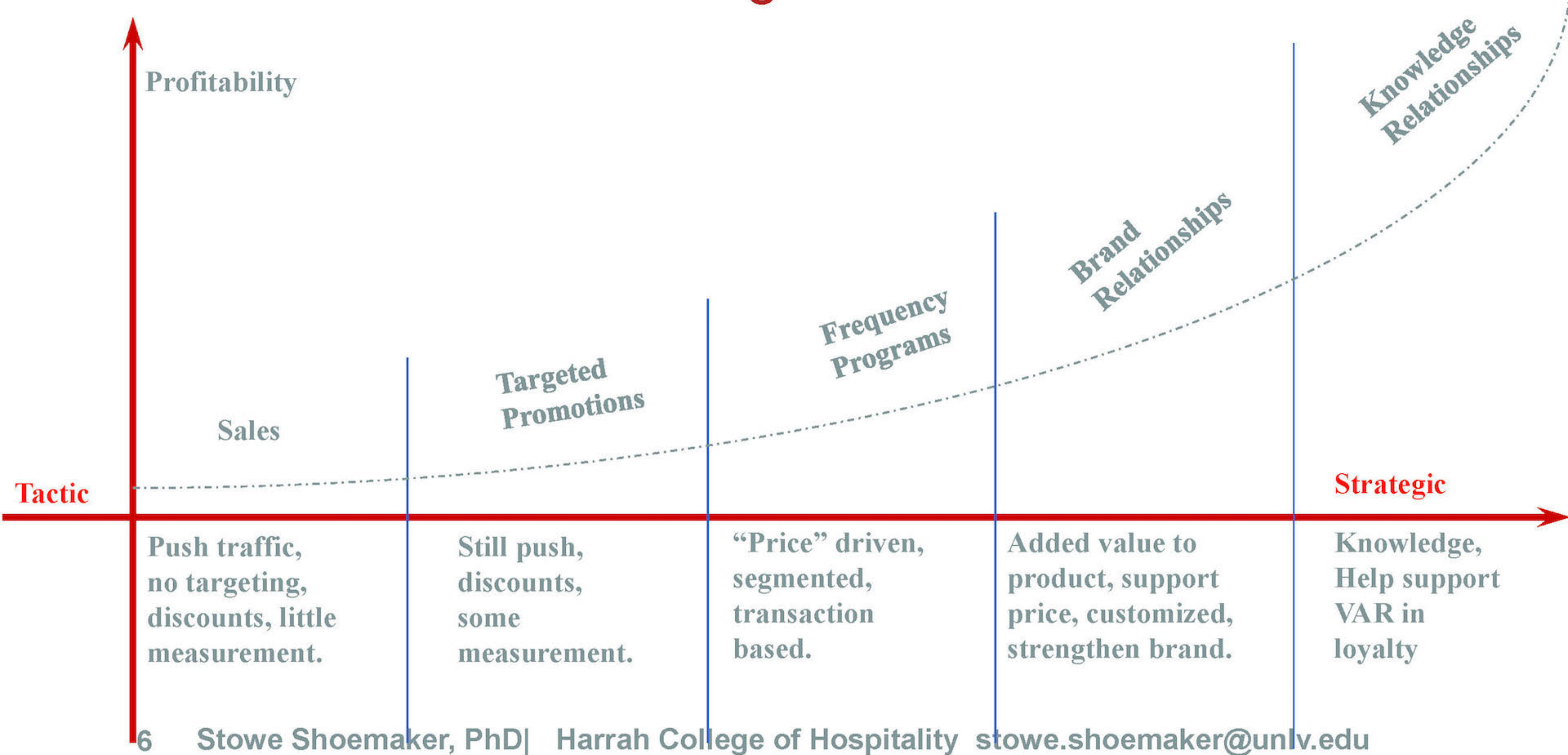
How Marketing Has Changed

Evolution of Marketing

- 4 Ps (Product, Price, Promotion, Placement)
- 7 Ps (added People, Process, Physical Attributes)
- 15 Cs

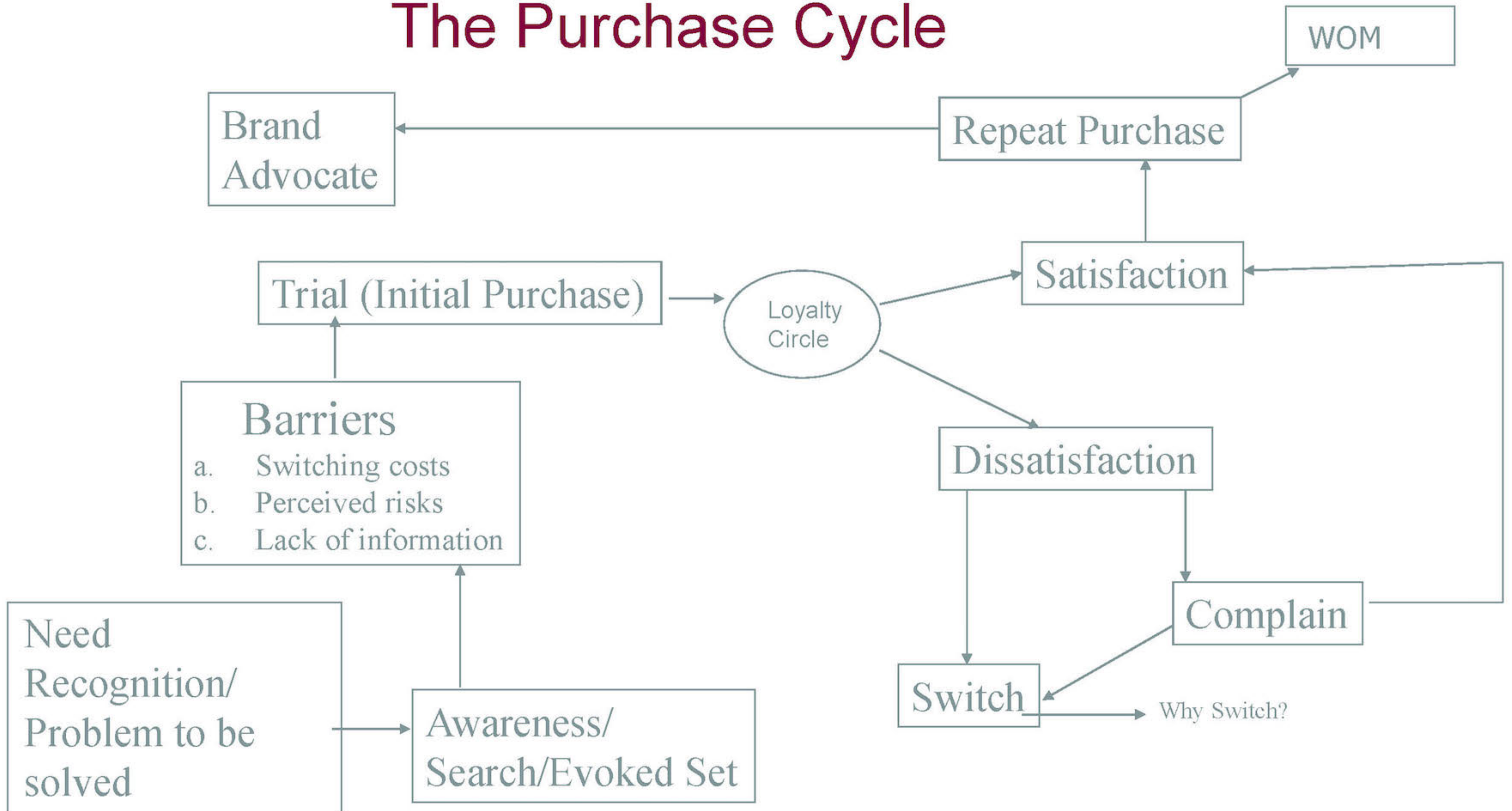
TYPE OF C	CUSTOMER SEGMENT ONE	CUSTOMER SEGEMENT TWO
Customer		
Categories of offerings		
Capabilities of firm		
Cost, profitability and value		
Control of process		
Collaboration within firm		
Cost to the customer		
Customization		
Communications		
Customer measurement		
Customer care		
Chain of relationships		
Capacity control		
Competition		
Channels of distribution		

The Evolution of Marketing

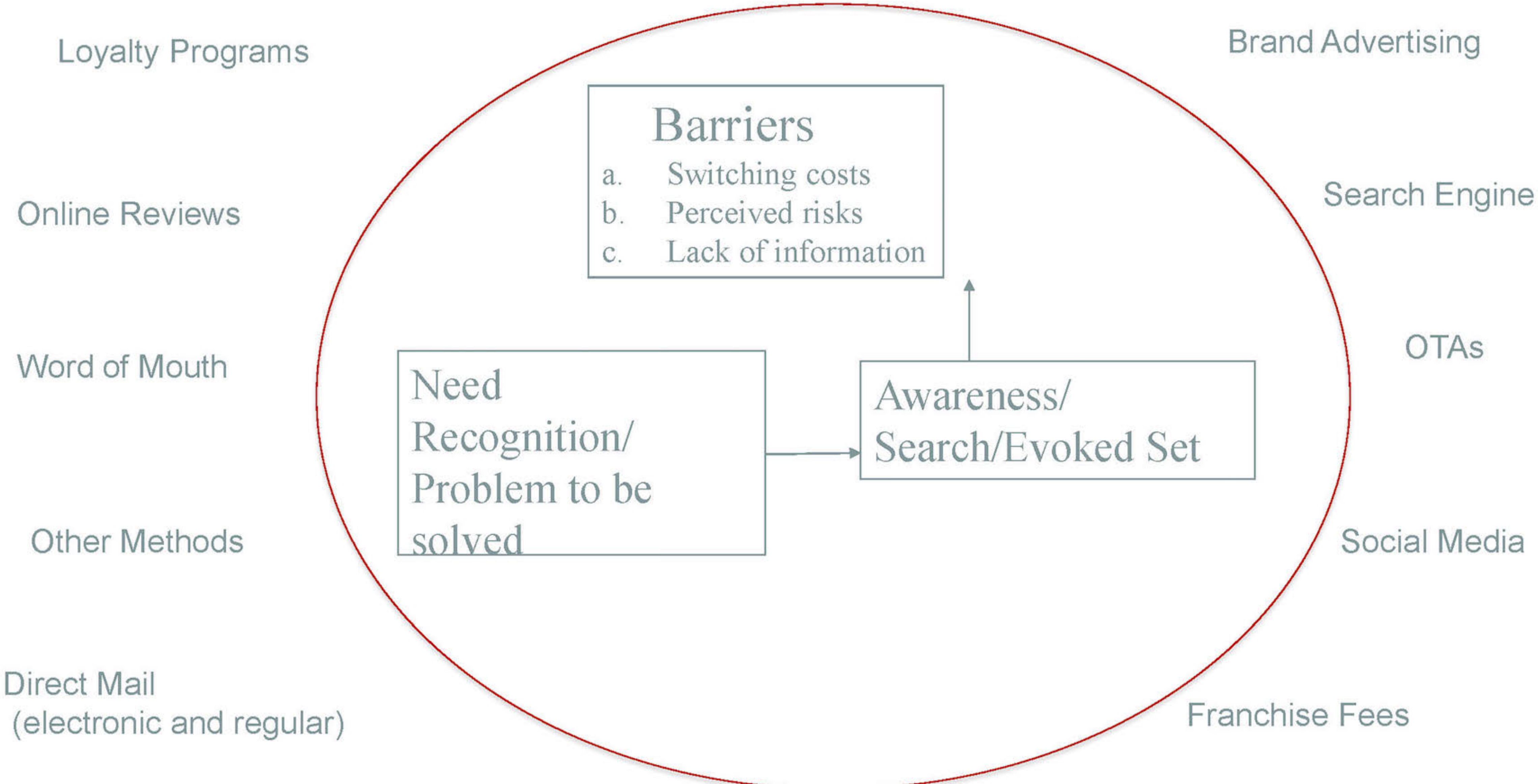


Consumer Adoption

The Purchase Cycle



The Consumer Purchase Cycle



Needs- Problems

- Customers do not know what they want, they know what their problems are
- 1/4" holes versus 1/4" drill bits

Customer Loyalty

Frequency . . . Focusing on Behavior

When customers give you a greater share of their transactions than they might have without the program, usually in exchange for accumulating miles, points, or other surrogate discounts.

Aren't we quibbling here, isn't that loyalty?

Frequency Commercial

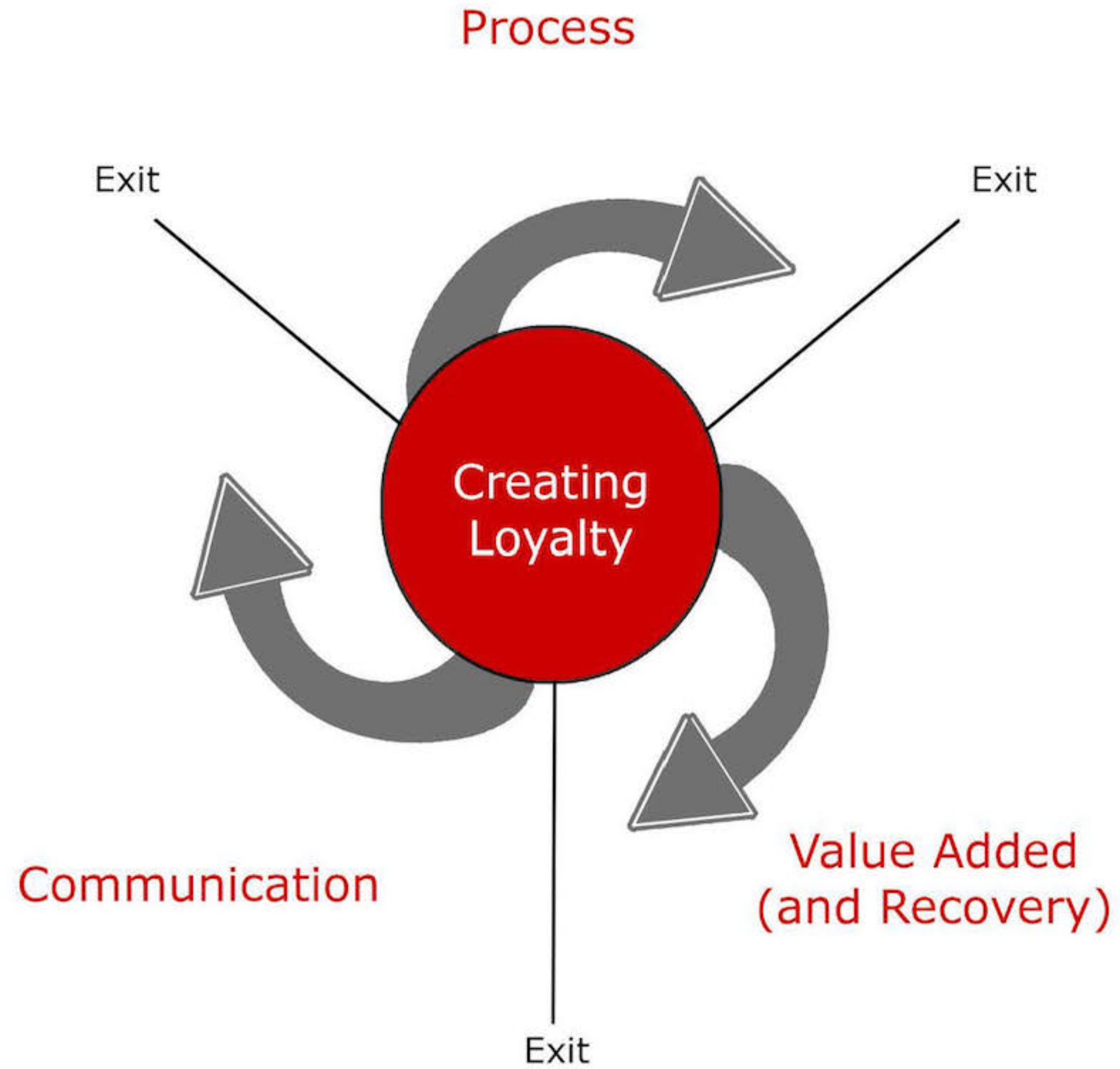
Loyalty . . . Focusing on Emotion

When the customer feels so strongly that you can best meet his or her relevant needs, your competition is virtually excluded from the considered set, and the customer buys almost exclusively from you — referring to you as “their restaurant,” “their hotel,” and “their casino.”

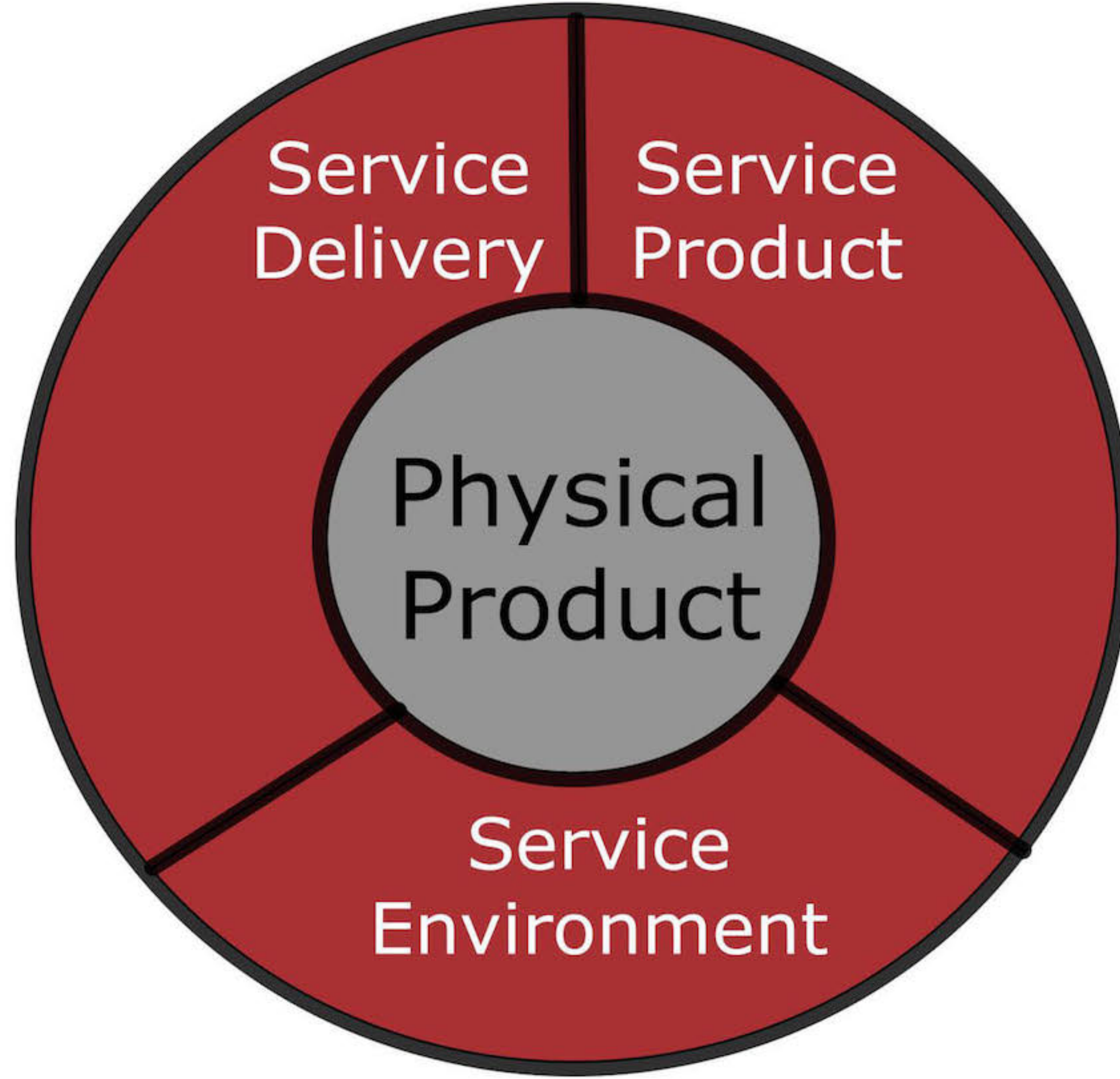
Winning maximum share of heart, mind and wallet.

Loyalty Commercial

Creating Loyalty



The Four Components of the Process



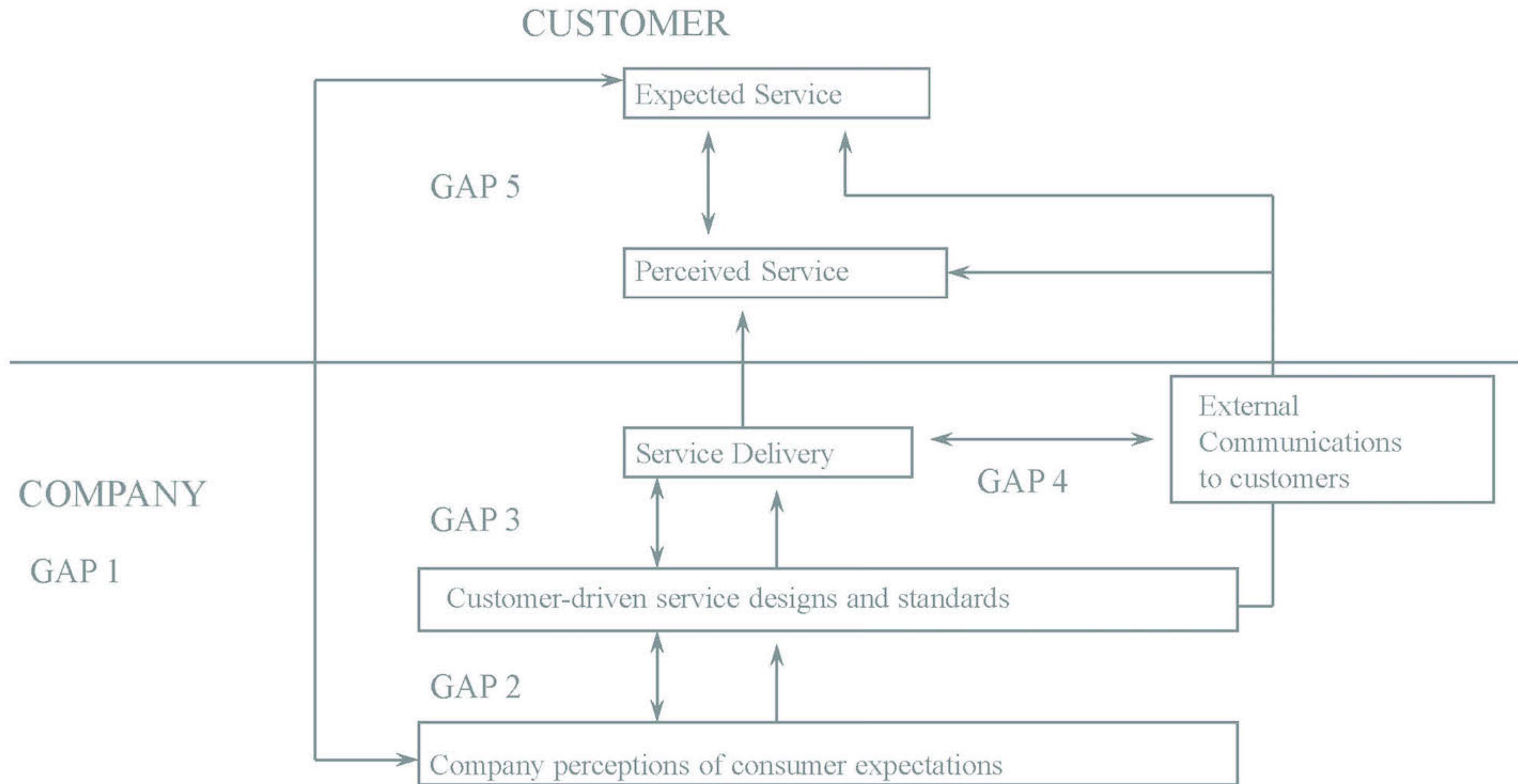
GAP Model of Service Quality

Performance $>$ Expectation 😊

Performance = Expectation 😊

Performance $<$ Expectation ☹️

GAP Model of Service Quality



Exercise: Gap #2

- Complete exercise starting on next page:
 - Use following scale:
 - 1 Very True
 - 2 Somewhat True
 - 3 Not applicable
 - 4 Somewhat untrue
 - 5 Very untrue

Questions

1. We do not know what our customers require of us _____
2. Policies exist for the convenience of the organization, not the customer _____
3. Everyone has a specialized job function and is not allowed to intrude in others' areas _____
4. Customer contact people do not have the power to make decisions _____
5. Service polices are arbitrary _____
6. We are more interested in making a profit than in building a loyal customer base _____

Questions continued

7. Employees are not trained in people skills _____
8. Management does not solve problems creatively _____
9. Employees do not seem to realize that customers want to be treated well _____
10. The organization is focused on solving problems rather than preventing them
11. We know how to handle complaints, but not how to serve the customer
12. The organization does not formally value and reward employees _____

Interpretation

12-21 Your organization does not seem concerned with customers

22-31 Your organization seems to regard customers as an after thought

32-41 Your organization seems about average in thinking about customers

42-51 Your organization seems concerned with customers, but could improve its system with dealing with them

52-60 Your organization seems very customer friendly

From: Joan Koob Cannie: Turning Customers into Gold. NY: American Management Association

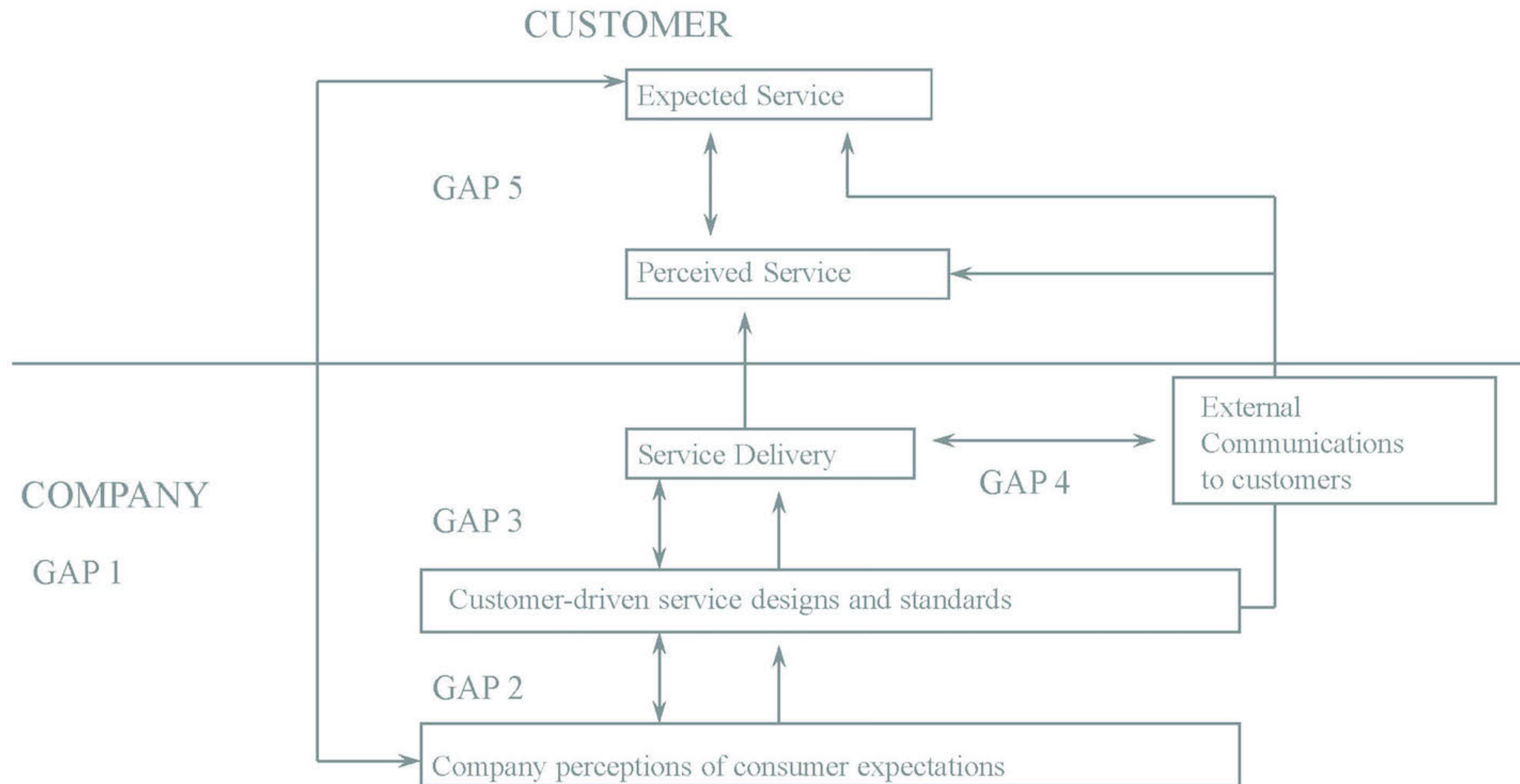
Questions for Your Customers

1. The hotel does not know what guests want _____
2. Policies exist for the convenience of the organization, not for customers _____
3. Everyone has a specialized job function and is not allowed to intrude in others' areas _____
4. Customer contact people do not have the power to make decisions _____
5. Service policies are arbitrary _____
6. The hotel seems more interested in making a profit than in building a loyal customer base _____

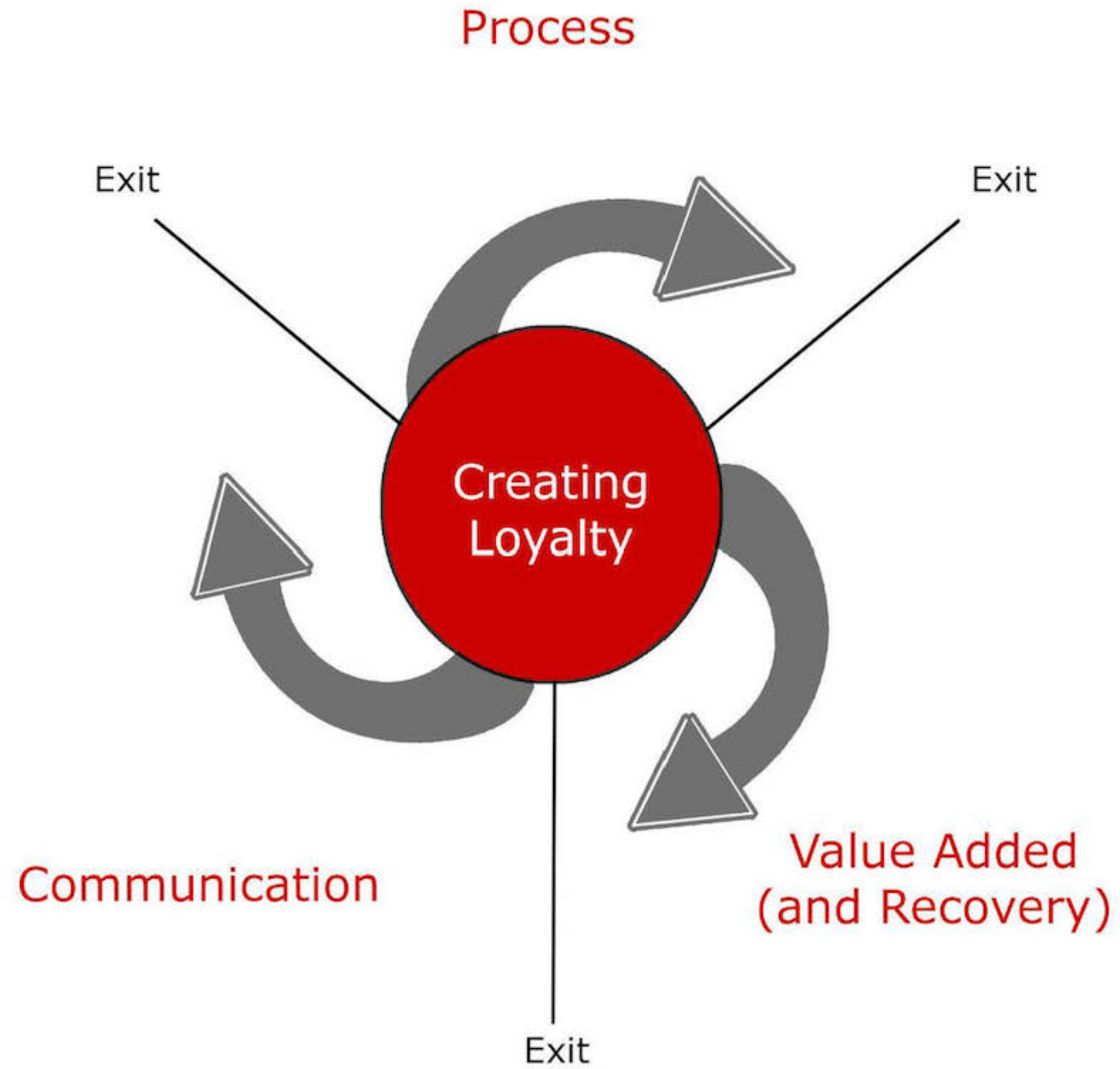
Questions for Your Customers

7. Employees are not trained in people skills _____
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9. Employees do not seem to realize that customers want to be treated well _____
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11. The organizations does not know how to handle complaints
12. The organization does not formally value and reward employees _____

GAP Model of Service Quality



Creating Loyalty



Rewards that relate to types of value

- Aspirational/hedonic/luxury rewards (e.g., a trip I would not buy but love to go on)
- Necessity rewards (e.g., money for gasoline, electric bill, etc.).

Value

- Financial
- Temporal
- Functional

Factors that Impact Financial Value

- Perceived substitute effect
- Unique value effect
- Switching cost effect
- Difficult comparison effect
- Price quality effect
- Expenditure effect
- End-benefit effect
- Shared-cost effect
- Fairness effect

Functional

- Does the product or service do what is suppose to do?
- Do we convey the functional value to the consumer?
- RATER SYSTEM
 - Reliability
 - Assurance
 - Tangible
 - Empathy
 - Responsiveness

Mr. Jha and the lost passport

- **RELIABILITY**, he told me that there were cameras all around so it would be easy to identify the taxi that dropped me off.
- **ASSURANCE**, he did two important things. One, he told me he would call his good friend at Jumeirah Beach Hotel and have him work on identifying the taxi from his end. He also did not ask me if I was staying with Sofitel. In other words, he said “I will help you regardless as to where you are staying.”
- **TANGIBLE**, he gave me his card with his name and phone number should I have a question about the status of my passport.
- **EMPATHY**, he reiterated how I was not the first person who had such a problem and systems were in place to ensure a happy ending.
- **RESPONSIVENESS**, he kept me very much in the loop regarding the status of the search.

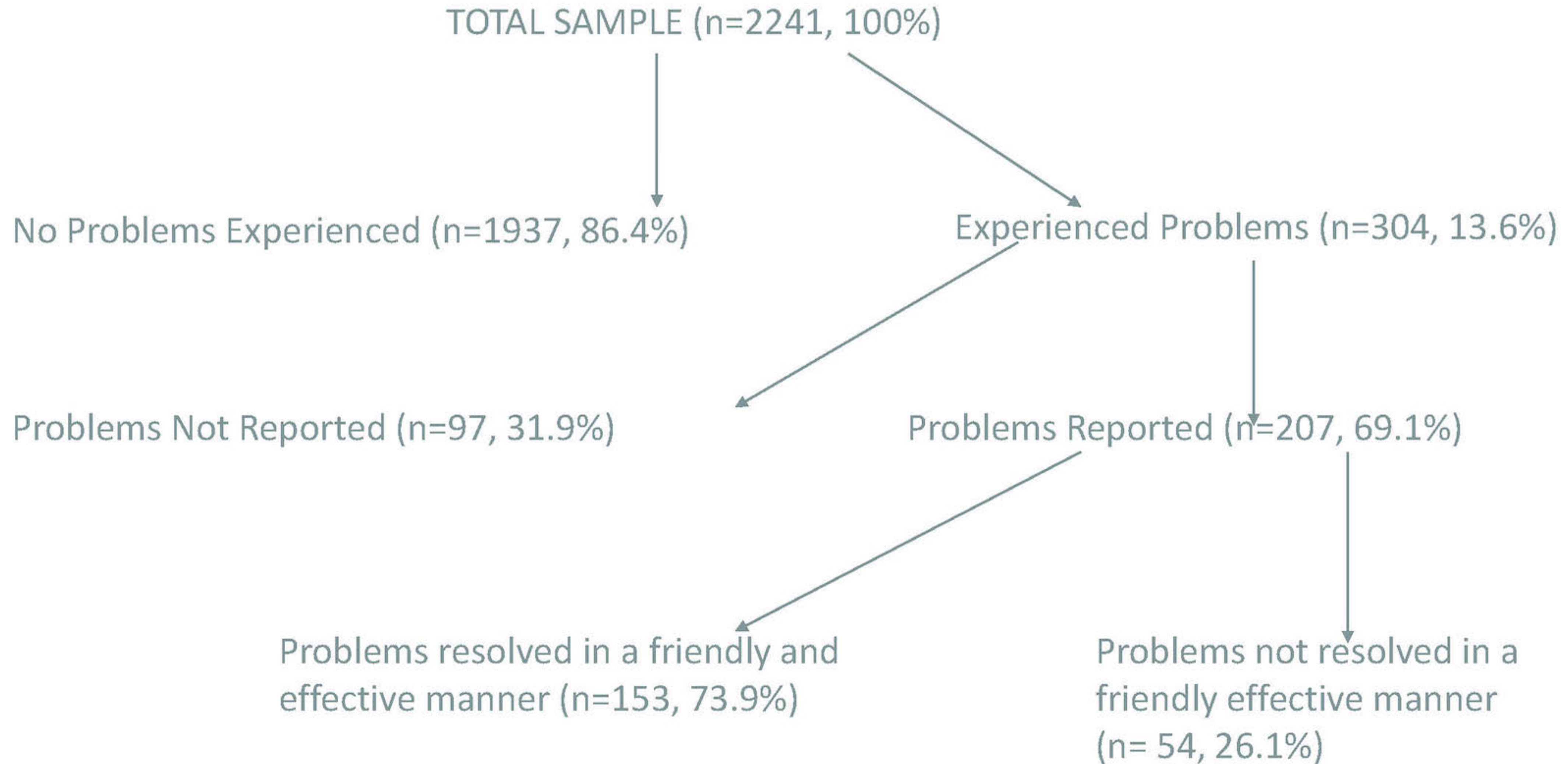
Additional Components of Value

- Emotional/Psychological
- Experiential
- Social
- Trust
- Identification with organization

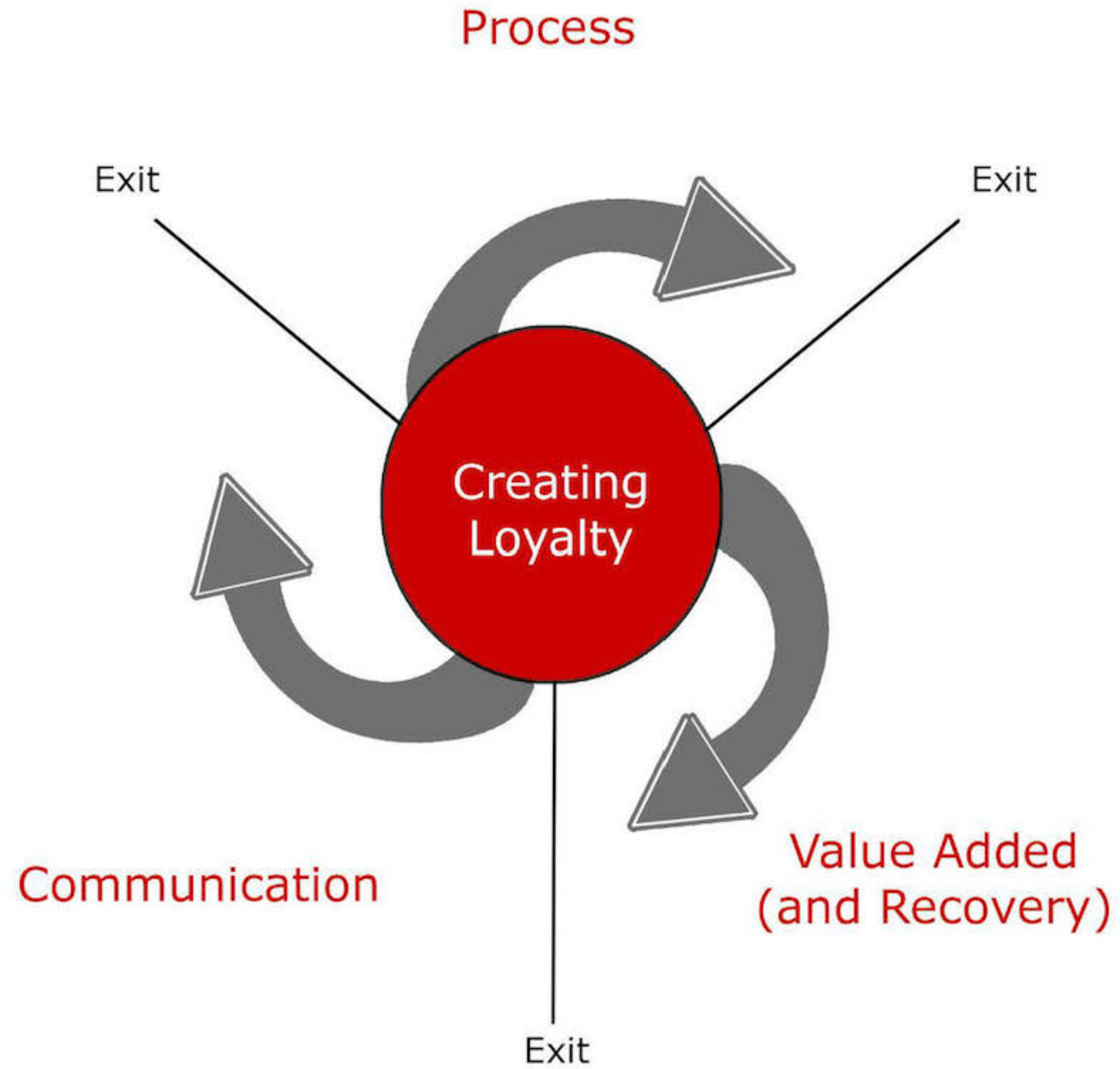
Value Recovery and the Problem Impact Tree

Please indicate if you reported any problems during your visit and how they were resolved.

- No problems experienced 1
- Problems reported and were resolved in a friendly
effective manner 2
- Experienced problems, but didn't report to staff . 3
- Problems reported and were not resolved in a
friendly, effective manner. 4



Creating Loyalty



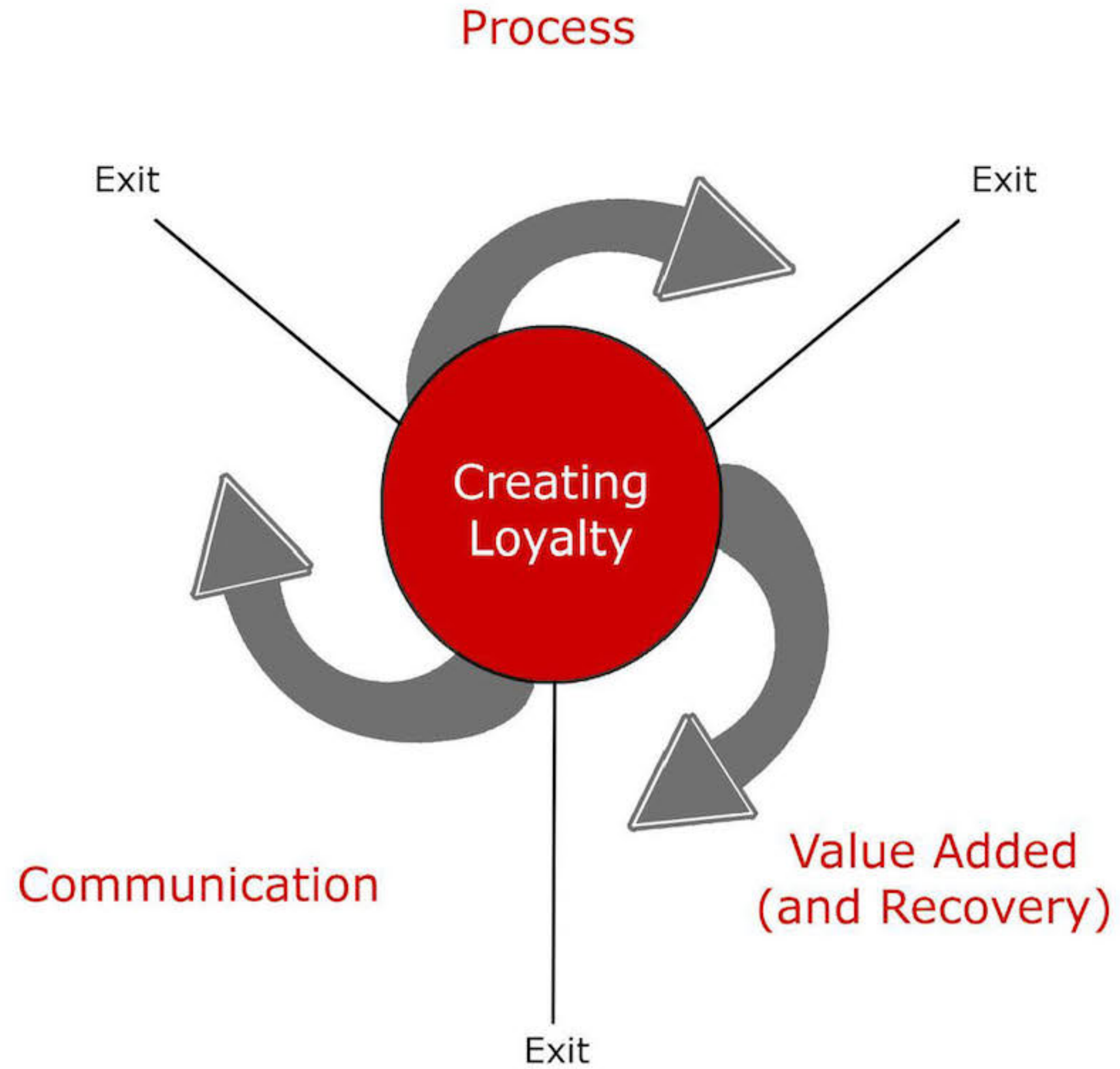
Video that Highlights Communication

Contagious: Why Things Catch On*

* Jonah Berger

- Social Currency
- Triggers
- Emotion
- Public
- Practical Value
- Stories

Creating Loyalty



How To Measure Value of Loyalty

- Traditional ways information from database
 - RFM
 - “Score” based upon customized algorithm
 - Transition matrix
- Survey of Customers
 - Word of mouth – positive and negative
 - Life time value
- Value to brand and to individual property
 - Occupancy with program versus occupancy without program

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