MODERN MARKETING MANAGEMENT

In the last decades of the past and early this century there have been dramatic changes in the relevant (micro and any local, national and international) market environment of organizations (companies / enterprises / corporations / service organizations) that imposed the need for reviewing existing business practices, management philosophy of business, concepts, principles and marketing management techniques. Successful organizations have, for example, accepted the maxim to maintain basic activities which make their core business, while some (secondary) activities that other individuals / organizations can do better and cheaper outsourcing should be outsourced. Successful organizations also realized the valuable message from David Packard from Hewlett-Packard who once said that "marketing was too important to be left to the organizational unit (sector / service / department) for marketing." Consequently, these organizations accepted the premise that not only employees in the organizational unit for marketing are responsible for creation, communication and delivery of value but also all other employees (in organizational units for production, R & D - Research and Development, Consumers Development, Accounting, Finance, HR / Human Resource /, IT / Information Technologies) and others, especially those employed by other organizations that are more intense in "contacting" with customers / clients / service users.

By mid 2004, the official marketing definition, issued by the American Marketing Association (AMA), stated: "Marketing is a process of planning and implementing concepts, price determination, development and exchange of ideas, products and services for the purpose of traffic achieving the goals of individuals and organizations." In August 2004, AMA announced a new official marketing definition: "Marketing is an organizational function and a set of processes for creating, communicating and delivering value to consumers and making relationships with consumers in a way that benefits the organization and its stakeholders." We note that the cited definition contains two elements: "Creating, communicating and delivering value to consumers" and "Managing customer relations", which we will discuss in more detail below. One of the best thinkers and prominent marketing educators whom many consider the "father of marketing", Philip Kotler in his book (published in co-authorship with Kelvin Keller) Marketing Management (2009) has embedded the two elements into the definition of marketing management : "We consider marketing management as an art and the science of choice of target markets and the ability to gain, retain and increase the number of customers through the creation, delivery and communication of higher value for consumers. In the center of the above, the most recent and most relevant definitions of marketing and marketing management, there is therefore a conceptual value for the consumer (customer value). Value for a consumer is a relative category that indicates (absolute or relative) the difference between the benefit of purchasing / possession / use / consumption of a given product and the cost of purchasing the product (most often observed in relation to the competing product) (Goodwin et al., 2008). The benefit that a consumer obtains through the purchase / use of a given product results from the product's quality, its design, product-related services (delivery, warranty, maintenance and other sale and after-sale services), the status symbol (brand), the image of the inside, the corporate image or image of the country of origin of the product. Costs, which are the second component of value (for the consumer), include the consumer's cash outflows for the purchase of one product unit, i.e. the purchase price, (physical and psychological) effort and time invested / spent in obtaining the information necessary for making a purchase decision effective purchase of a given product. Consequently, the service provider may increase the value (product / supply) for the consumer in several ways: (1) by increasing the benefits at unchanged costs, (2) by reducing costs (above all), with unchanged benefits (3) simultaneously increasing benefits and reducing costs, (4) faster growth rates in relation to rising costs, and (5) slower reduction in benefits compared to cost reduction (Sharma, Krishnan & Grewal, 2001). By combining the most important elements of cost and benefits, a popular SQIP model has been developed, including Service, Quality, Image and Price. This model, whose image usually displays in the form of "diamond" value, is a powerful conceptual approach to creating value for the consumer. When making a decision on creating (and delivering) value to a consumer, it is necessary for the observed organization to have information on how the consumer representing the target market perceives the value of specific offers (products / services), how much relative importance (for the consumer) of some value-forming elements, whether the organization is able to deliver superior value in relation to competitors etc. To valuable information on the benefits and weaknesses in delivery Ideal / desirable values compared to competitors, the organization can come up with a clever combination of secondary (internal and external) and primary data collected through occasional marketing research (most often using consumer and marketing mediation techniques). To find ways to improve product quality (and business processes) and, consequently, increased the value for the consumer, and thus the competitive advantage on the market, successful organizations increasingly use benchmarking techniques - comparing the products (and business processes) of a specific organization with the products (and processes) of competitors or (even better) with the leading organizations in a given industrial group / branch. Michael Porter from Harvard proposed a chain of values as a powerful tool for finding ways to create larger (add) values for spending. Value for a consumer is a relative category that indicates (absolute or relative) the difference between the benefit of purchasing / possession / use / consumption of a given product and the cost of purchasing the product (most often observed in relation to the competing product) (Goodwin et al., 2008). 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A higher level of quality leads to a higher level of consumer satisfying, which often enables organizations to implement a higher price strategy in order to increase the profitability of consumers and organizations themselves. For this reason, organizations focused on consumer satisfaction have accepted the concept of total quality management (TQM) which implies the diligence of the organization's overall efforts to continuously improve the quality of all its products, services and marketing processes (Lai & Weerakoon, 1997). Jack Welch Jr., former CEO of General Electric once said "quality is our best assurance of customer allegiance. It is our strongest defense against foreign competition and the only path to sustained growth and earnings." (Clemmer, 1992, p. 75) Customer value for organization in contemporary marketing theory is defined by the concept of "lifetime" customer value. Consequently, the value of the buyers for the organization is the sum of the lifetime values of all its individual buyers. In doing so, Customer Lifetime Value (CLV) is defined as the net current (discounted) value of all future profits expected from customer purchases during its life span (as a customer of a product / service organization). In order to calculate the customer's lifetime value, it is necessary to estimate the "gross" lifetime value (for example, using the model: average annual purchase value of the expected number of years of loyalty, the average annual profit rate of the organization), deduct from that amount the sum of the expected costs customer attracting, customer retention costs, sales costs (including costs of production / customer service costs), applies, appropriate discount rates (whose height depends on the price of capital). Here, therefore, emphasis is placed on long-term profit expected from long-term purchases, not on profits earned from one transaction.

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