

PART 1: Defining Marketing and the Marketing Process (Chapters 1–2)

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Marketing

Creating Customer Value and Engagement

CHAPTER PREVIEW

This first chapter introduces you to the basic concepts of marketing. We start with the question: What is marketing? Simply put, marketing is engaging customers and managing profitable customer relationships. The aim of marketing is to create value for customers in order to capture value from customers in return. Next we discuss the five steps in the marketing process—from understanding customer needs, to designing customer value–driven marketing strategies and integrated marketing programs, to building customer relationships and capturing value for the firm. Finally, we discuss the major trends and forces affecting marketing in this new age of

digital, mobile, and social media. Understanding these basic concepts and forming your own ideas about what they really mean to you will provide a solid foundation for all that follows.

Let's start with a good story about marketing in action at Emirates, the largest international airline in the world and one of the best-known brands on the planet. Emirate's success results from much more than just offering a way to connect people from point A to point B. It's based on a customer-focused marketing strategy by which Emirates creates customer value through deep brand–customer engagement and close brand community with and among its customers.

EMIRATES' CUSTOMER VALUE—DRIVEN MARKETING: Engaging Customers and Building a Brand Community

The Emirates Group operates across six continents and 150 cities with a 95,000-strong team comprised of over 160 nationalities. The Emirates airline, headquartered in Dubai, UAE, was founded in 1985. The financial year ending March 31, 2016, saw the Group achieve its 28th consecutive year of profit in a financial year. The company successfully capitalized on its location—a small city-state strategically located to reach three-fourths of the world population in a flight of less than eight hours—to build a fast-growing and profitable hub-based business model, making it the largest international airline in the world.

Emirates set out to be an innovative, modern, and customer-oriented provider of high-quality air travel services. Through the years, Emirates has successfully and continuously created a customer-focused value proposition by offering a combination of prod-

ucts, services, information, and experiences customized for its market demographics for each of its destinations. This approach had led to an array of product offerings such as its on-board Information, Communication, and Entertainment (ICE) system, an all-in-one communications device accommodating

customer needs of surfing the Internet, emailing, or simply calling a land line while in the airplane, as well as exclusive lounges for its clientele. These offerings have allowed Emirates to deliver its value proposition to its customers and support its mission statement of committing to high standards.

The Skywards Program, the airlines' frequent traveler loyalty program, also plays a key role in helping Emirates build strong customer relationships. In an industry-leading innovation, members now earn miles by zone instead of actual miles flown. A "miles accelerator feature" offers bonus miles on specific flights and is designed to boost turnover on flights with less full flights.

Facing increased and fierce competition, Emirates has launched a range of customer service initiatives that support differentiation, including Dubai Connect, an incentive for premium-class passengers offering free luxury hotel accommodation, including meals, ground

transportation, and visa costs in Dubai. Another differentiating element of its customer service is Chauffeur-drive, a service offered to customers flying first-class or business-class. Emirates chauffeurs collect customers from their doorstep or will be present to take them to their final destination when they land. This could

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be straight to the customer's hotel, their next meeting, their favorite restaurant, or even to the course for a round of golf. This service is available in over 70 cities worldwide.

As competitors continued to discount air fares close to loss levels, Emirates maintained fares while managing healthy yields supported by excellent load factors. The company was capable of doing this because of its customer value-driven marketing approach and its service proposition, for which customers continue to be willing to pay a premium. Whereas competitors emphasized low prices or well-maintained aircraft, Emirates built customer engagement and relationships. Beyond the functional benefit of air travel, Emirates marketed its services as "The Emirates Experience," a genuine passion for comfort and attention to detail. Customers didn't just fly Emirates; they experienced it.

Connecting with customers once required simply outspending competitors on big media ads and celebrity endorsers that talk at customers. In these digital times, however, Emirates is forging a new kind of customer relationship, a deeper, more personal, more engaging one. Emirates still invests in traditional advertising, but the brand now spends an increasing amount of its marketing budget on cutting-edge digital and social media marketing that interacts with customers to build brand engagement and community.

Emirates uses online, mobile, and social media marketing to connect with their customers. Emirates also creates brand "tribes"—large groups of highly engaged users—with the help of social media platforms such as Facebook, Twitter, Instagram, YouTube, and Pinterest. For example, the main Emirates Facebook page has more than 6.5 million likes. The Emirates Twitter page adds another 822,000; the Emirates Instagram page has 1.9 million subscribers, making it the largest in the industry; and the company's LinkedIn page has 667,000 followers, also no. 1 in the airline business. Emirates' social media presence engages customers at a high level, gets them talking with each other about the brand, and weaves the brand into their daily lives through cross-media campaigns that integrate digital media with traditional tools to connect with customers. A compelling example is the company's "Hello Tomorrow" campaign, which was launched in 2012 and positioned the global airline as the enabler of global connectivity and meaningful experiences. Emirates wanted to be perceived as a lifestyle choice and to ensure that more people than ever will fly Emirates. The target audience was "globalistas"—people who live to experience new cultures. Emirates was looking for a big idea that would build virtual bridges between globalistas and different cultures worldwide; inspire conversations on food, fashion, art, and music; and break the mold for a travel brand to engage with its audience and inspire discussions like never before.

Sir Maurice Flanagan, the founding CEO of Emirates and the former executive vice-chairman of The Emirates Group, emphasized that Emirates is not just offering a way to connect people from point A to point B but is the catalyst to connect people's dreams, hopes, and aspirations. He also stated that the



Emirates' success is due in part to its diverse product offerings.

Antony Nettle/Alamy Stock Photo

company is connecting people and cultures, creating relevant and meaningful experiences that are shaping the world.

The campaign launch featured print, TV, and digital advertising, including some iconic billboards in New York's Times Square and Milan's central train station. Launched in over 80 markets across the world, the new brand platform presented Emirates' new mindset through communication and engagement that celebrates global travel, conveying Emirates' commitment to connect with people and help them realize their potential through travel. Reflecting an effort to target a younger audience, the "Hello Tomorrow" campaign debuted with vignettes of the TV spots on Emirates' Facebook channel. Moreover, Emirates collaborated with the BBC to develop a new series called "Collaboration Culture," which followed 14 leading personalities who collaborated across their respective fields in music, food, fashion, and art. With CNN, Emirates created "Fusion Journeys," a concept that took artists to join fellow artists across the world to learn, teach, and even perform with them in their own country. Finally, Emirates created the "Inspired Culture" channel on Yahoo! Globally, where globalistas can access recommendations, videos, and content, engaging with other people and being inspired by their creations.

The new global culture reached 43 million viewers across 85 countries through the BBC, CNN, and Yahoo! Emirates' consideration jumped from 38 percent to 69 percent among viewers and an impressive 84 percent of viewers exposed to the content reportedly believe Emirates was a brand that sought to connect the world and create a "brighter future."

Emirates has become the world's most valuable airline brand, with an estimated value of \$7.7 billion, according to the 2016 Brand Finance Global 500 report. It came out 47 places above the next closest airline brand. As a result of its customer-centric approach and integrated marketing campaigns (such as the Hello Tomorrow initiative), Emirates has demonstrated commitment, authenticity, relevance, and differentiation outside the travel industry. Emirates has successfully changed the way it reaches out to its customers by moving away from the product and creating a discourse of global customer engagement.¹