

Paper –Marketing Management

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Topic- Value Creation and Value Delivery

The main task of marketing is value creation and value delivery, and marketing offers are value propositions promising benefits and value. Marketing people have to constantly deliver to customers, and keep on improving their product quality as well as value delivery. Products and brands are always evaluated by the customers based on their attributes, prices, quality, and services while making their buying decision. Value maximisation will be the basis for their purchase decisions. Whichever product delivers higher value compared to other substitutes is likely to have a higher customer preference.

While buying a product, a customer incurs some costs like evaluating, using and disposing of those products. This is the total customer cost for the purchase. After buying, a customer evaluates all the benefits that he got from the product. The customer's perceived value is the difference between his evaluation of all benefits and all the costs incurred in the purchase and also compared to the available perceived alternatives. Total Customer Value is the perceived monetary value of the economic, functional (utilitarian) and psychological benefits that consumers expect from a particular product or service. Customers expect to get many types of benefits from a product, like features of the product, brand and company name, performance benefits, service benefits, and also emotional and self-expressive benefits.

For example, if an MBA student buys a Yamaha motor cycle, owning a Yamaha bike is a benefit; after-sales service is another, the brand and company name and image are other benefits; and the prestige of owning the best on class brand gives emotional and self-expressive benefits. On the other side is the cost factor, i.e., the actual price of the bike, and the costs of maintaining it, repairing it, and using it. Here, customer value will be the net of benefit over all the costs involved in buying the Yamaha bike.