ACROSS MARKETS AND BORDERS

Enterprise, Trade and Leadership with Purpose and Integrity

PART III | CORE BUSINESS FUNCTIONS AND RESPONSIBLE STRATEGY

CHAPTER 10

MARKETING, BRANDING AND ADVERTISING

Creating Customer Value in Digital and Physical Markets

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Abstract

Marketing is the disciplined process through which organizations understand customers, choose whom to serve, design valuable offerings, make them accessible, communicate them truthfully and build economically sustainable relationships. This chapter develops that system from market orientation and buyer behaviour through marketing research, segmentation, targeting, positioning, value propositions, product and service strategy, service quality and recovery, branding, pricing, channels, omnichannel experience, integrated marketing communication, advertising, digital marketing, accessibility, customer relationship management, customer lifetime value and marketing analytics. It distinguishes customer value from persuasion, activity metrics from economic outcomes, attribution from causation and personalization from legitimate permission. Jumia anchors the African analysis, showing how digital commerce still depends on local physical access, trust, retention and disciplined acquisition; NIKE provides a global comparison of brand investment and channel rebalancing. Christian moral reasoning treats marketing as truthful service rather than manipulation, requiring respect for dignity, privacy, vulnerability, attention, conscience and foreseeable consequences while preserving legitimate profit and responsible persuasion.

Keywords: marketing orientation; customer value; buyer behaviour; segmentation; positioning; branding; pricing; omnichannel marketing; advertising; digital marketing

Learning Outcomes

By the end of this chapter, the reader should be able to:

No.	Learning outcome
1	Define marketing as a market-sensing, value-creating, value-delivering, value-communicating and relationship-building system, and distinguish marketing from selling, advertising and promotion.
2	Compare the marketing concept, market-orientation, relationship-marketing, service-dominant and customer-experience perspectives, explaining their assumptions, contributions, evidence and limitations.
3	Diagnose customer value by distinguishing benefits, sacrifices, alternatives, willingness to pay, perceived risk and context, without treating customer preference as the sole measure of moral legitimacy.
4	Analyze consumer buying behaviour using need recognition, information search, evaluation, choice, use and post-purchase processes, together with attitudes, intentions, heuristics, social influence, culture, trust and situational constraints.
5	Analyze organizational buying as a multi-actor process involving users, influencers, buyers, deciders, gatekeepers, procurement rules, derived demand, risk, total cost of ownership and long-term relationships.
6	Design a decision-focused marketing-insight programme that combines internal records, secondary data, qualitative discovery, surveys, experiments, digital behaviour and competitive intelligence without duplicating the research-design methods of Chapter 3.
7	Segment markets using defensible geographic, demographic, firmographic, psychographic, behavioural, needs-based and value-based variables; evaluate segment quality; choose target-market strategies; and avoid discriminatory or exploitative microtargeting.
8	Develop a positioning statement and value proposition that identify the target customer, relevant frame of reference, differentiated benefit, credible reason to believe and evidence required to sustain the claim.
9	Design product, service and portfolio decisions across core benefit, actual offering and augmented experience; evaluate service quality and recovery, innovation, product-line, lifecycle and portfolio choices; and explain why product lifecycle models are heuristics rather than laws.
10	Explain brand identity, image, associations, awareness, trust and customer-based brand equity; design an appropriate brand architecture; and assess extension, dilution, purpose-claim and reputational risks.
11	Set and evaluate prices using cost, competition, demand, willingness-to-pay and customer-value reasoning; calculate contribution effects; interpret price elasticity; and assess behavioural pricing, discounting, dynamic pricing and price-fairness concerns.
12	Design channel and retail systems across direct, intermediary, marketplace, physical and digital touchpoints, including omnichannel customer experience, while leaving operational logistics and supply-chain execution to Chapter 11.
13	Build an integrated marketing-communication plan across advertising, sales promotion, public relations, direct marketing and personal selling, with explicit objectives, audience, message, creative strategy, media logic, reach, frequency, disclosure and evaluation criteria.
14	Evaluate search, content, email, social, influencer, paid, programmatic, marketplace and platform marketing, including AI-assisted content, personalization and accessibility, through effectiveness, privacy, provenance, brand safety, inclusive access and human-accountability criteria.
15	Calculate and interpret customer acquisition cost, retention, churn, conversion, contribution-based return on marketing investment and customer lifetime value, while recognizing the assumptions and causal limits behind each metric.
16	Apply marketing analytics through funnels, cohorts, experiments, holdouts, incrementality and attribution, distinguishing activity metrics from causal impact and accounting performance.
17	Apply Christian moral reasoning alongside consequentialist, deontological, virtue, justice, care and stakeholder perspectives to dilemmas involving truth in advertising, manipulation, vulnerable customers, privacy, scarcity claims, influencer disclosure, dark patterns, AI-generated persuasion and stewardship of human attention.
18	Use the Responsible Marketing Decision Protocol to defend a customer-value strategy that is economically coherent, evidence-based, legally aware, accessible, truthful and morally responsible.

Concept Map and Chapter Roadmap

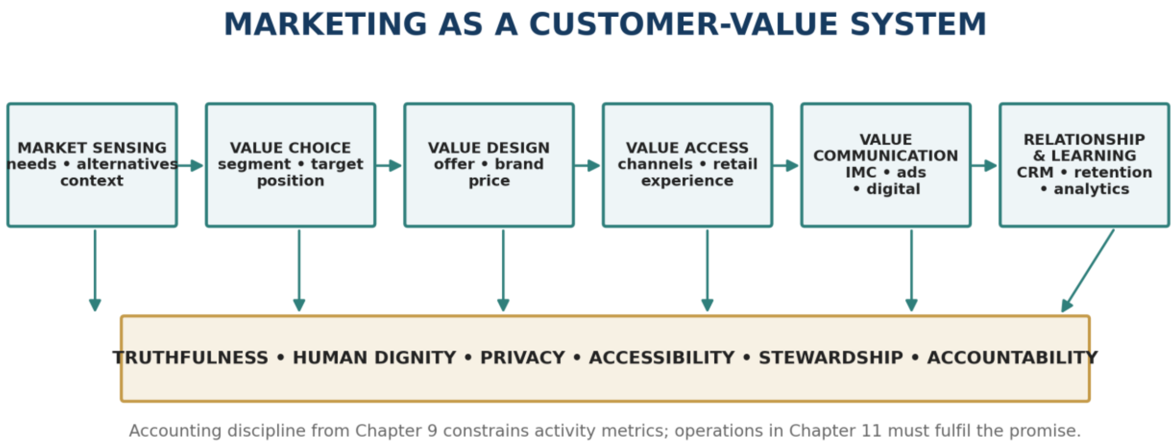

Figure 10.1. Marketing as a customer-value and accountability system.

Source/Note: Author's synthesis, integrating market-orientation, customer-value, relationship-marketing, customer-experience and marketing-accountability perspectives.

The chapter follows the logic of a marketing system rather than the menu of a promotional toolbox. Sections 10.1-10.3 establish marketing's purpose, historical development and theoretical foundations. Sections 10.4-10.6 develop customer value, consumer and organizational buyer behaviour, and decision-focused market insight. Sections 10.7-10.10 move from segmentation, targeting and positioning to product, service, brand and pricing decisions. Sections 10.11-10.13 develop channels, omnichannel experience, integrated marketing communication and advertising. Sections 10.14-10.16 examine digital marketing, customer relationships, lifetime value and marketing analytics. Sections 10.17-10.18 return to substantial African and global cases. Section 10.19 integrates faith, ethics and moral reasoning. The final sections provide a professional decision protocol, recurring errors, synthesis, questions, an applied case, an ethical dilemma, a data exercise and the hand-off to Chapter 11.

SCOPE BOUNDARY | Chapter 10 owns **general marketing**: customer value, domestic/general buyer behaviour, marketing insight, segmentation-targeting-positioning, product and service strategy, brands, pricing, channels, communications, advertising, digital marketing, CRM and marketing performance. Chapter 16 owns what changes when marketing crosses borders, including country selection, international market research architecture, cross-border adaptation, international pricing, global branding and international channel strategy. Chapter 11 owns physical process design, inventory, logistics and supply-chain execution. Chapter 12 owns general competitive strategy. Chapter 13 owns the book's full ethics and corporate-governance architecture. Chapter 20 owns technology and intellectual-property strategy. This chapter cross-references those domains rather than reteaching them.

Opening Case: Jumia and the Marketing Problem of Reaching Customers Across Digital and Physical Africa

A digital marketplace can appear to make marketing almost frictionless. Products are searchable, prices can be changed quickly, advertisements can be targeted, customer behaviour can be recorded and transactions can be completed without a traditional store. Yet the commercial reality is less virtual. Customers still need confidence that products will arrive, prices and fees mean what they appear to mean, payment options fit local practice, returns are manageable, sellers are credible and the platform will resolve problems. Access also depends on devices, connectivity, physical pickup points, delivery partners and local trust. Jumia provides a useful African case because it exposes marketing as a system that connects digital demand generation with physical availability, customer experience, seller relationships and retention.

For the second quarter ended 30 June 2026, Jumia reported revenue of US$52.0 million, gross merchandise value (GMV) of US$216.3 million and gross profit of US$30.7 million. Physical-goods orders grew 26% year on year as reported, and 28% after adjustment for perimeter effects; quarterly active customers reached 2.6 million. The company also reported that, after adjusting for perimeter effects, 61% of orders came from upcountry regions, compared with 59% in the prior-year quarter. Marketing and advertising revenue, earned in part from sponsored products and retail-media services sold to merchants, was US$3.5 million, up 88% year on year, while seller adoption of retail media reached 26%, compared with 19% a year earlier. Jumia's own sales and advertising expense was US$5.5 million, 33% higher year on year, which management described as targeted and performance-driven investment in customer acquisition and engagement (Jumia Technologies AG, 2026b).

The most revealing signal is not acquisition alone. Jumia reported that 44% of customers who placed their first order in the first quarter of 2026 made a second purchase within 90 days, compared with 42% for the first-quarter 2025 cohort, an improvement of 172 basis points. This is a company-defined cohort measure rather than independent evidence of customer welfare or causal proof that a particular campaign produced retention. It nevertheless illustrates a central marketing principle: the economic quality of customer growth depends on what happens after the first conversion. A campaign can generate large traffic and still destroy value if discounts attract low-retention customers, service failures prevent repurchase, or acquisition cost exceeds future contribution.

Jumia's annual reporting also shows why “digital marketing” cannot be reduced to paid social media. The company describes a mix of search-engine optimization, search-engine marketing, paid social media, customer-relationship management through app notifications, SMS and email, and local offline channels. It also uses agent and physical access mechanisms in markets where customer acquisition and order completion can depend on local presence. This hybrid approach is economically understandable in a region where connectivity remains uneven. The International Telecommunication Union estimated that 36% of people in Africa used the Internet in 2025, compared with 74% globally; the estimated African urban rate was 55%, while the rural rate was 21% (International Telecommunication Union [ITU], 2025). Those regional aggregates conceal large country and income differences, but they make one point difficult to ignore: in many African markets, a digital-first strategy cannot responsibly be assumed to mean a digital-only strategy.

The Jumia case also reveals that platforms market in two directions. They must attract and retain buyers, but they also sell access, visibility, analytics and commercial opportunity to sellers. Retail-media advertising therefore creates a governance question as well as a revenue opportunity. When sponsored products compete with organic relevance, the platform must decide how paid placement is labeled, how rankings work, whether advertising degrades customer search quality and whether sellers can assess incremental return rather than merely observe clicks. The platform becomes simultaneously marketplace, media owner, data holder and measurement provider.

Finally, the case exposes a moral limit. More precise targeting can reduce wasted advertising, but the same data infrastructure can exploit vulnerability, obscure sponsored influence or make cancellation and consent difficult. Growth in ad revenue is not itself evidence that advertising creates genuine customer value. Marketing competence requires a prior answer to a harder question: what legitimate benefit is being created for customers, sellers and partners, and what forms of persuasion or data use would remain wrong even if they increased conversion?

Table 10.1. *Jumia Q2 2026 selected marketing signals.*

Jumia Q2 2026 signal	Company-reported value	Marketing question
Revenue	US$52.0m	What mix of first-party, marketplace and advertising activity creates economically sustainable value?
GMV	US$216.3m	Is higher transaction value driven by more customers, frequency, assortment, price or temporary promotion?
Quarterly active customers	2.6m	Are acquired customers returning, and what customer experiences explain retention or churn?
Upcountry order share	61%	Which mix of digital, agent, pickup, payment and trust mechanisms makes secondary-city demand reachable?
Marketing and advertising revenue	US$3.5m	Does retail media improve relevance for customers and measurable outcomes for sellers?
Seller retail-media adoption	26%	Are sellers adopting because the ads are incrementally effective, competitively necessary, or both?
Sales and advertising expense	US$5.5m	Does incremental customer contribution exceed acquisition and engagement cost?
90-day second-purchase rate	44% for Q1 2026 first-order cohort	Is acquisition producing durable relationships rather than one-off discounted orders?

Source/Note: Jumia Technologies AG (2026b). Metrics are company-reported and should be interpreted with normal reporting, definition and causal-inference caveats. Jumia states that its Q2 2026 physical-goods KPIs exclude Algeria following the early-2026 exit; where stated, year-on-year comparisons are adjusted for perimeter effects.

MANAGERIAL INSIGHT | The first marketing question is not “Which channel should we advertise on?” It is “Which customer problem are we solving, for whom, with what evidence of value, through which accessible experience, at what economic cost, and with what responsibilities?” Promotion is one part of that architecture. A firm can advertise brilliantly and still fail because the target segment is wrong, the value proposition is weak, the price is unjustified, the channel is inaccessible, the service disappoints or the claimed benefit is not true.

The opening case gives this chapter its central problem: **How should an organization understand, create, communicate, deliver and sustain customer value without allowing persuasion technology, growth pressure or measurement convenience to replace truth, evidence and responsibility?**

10.1 Why Marketing, Branding and Advertising Matter

Chapter 9 ended with a disciplined account of what an enterprise has recognized as revenue, expense, assets, liabilities and cash. Financial statements can show that sales slowed, gross margin weakened or acquisition spending increased. They cannot by themselves explain why a customer chose one offer rather than another, what problem the customer was trying to solve, which benefit justified a price, how a brand shaped expectations, why a channel reduced friction, or whether advertising created incremental demand rather than receiving credit for customers who would have purchased anyway. Chapter 10 therefore moves from **reported performance** to the customer-side mechanisms that help generate future performance.

Marketing is often misidentified with advertising because advertising is visible. The American Marketing Association defines marketing broadly as activities, institutions and processes concerned with creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society. The definition is useful because it refuses to reduce marketing to promotion. A marketing system includes market sensing, customer choice, product design, pricing, distribution, communication, service, relationship management and learning (American Marketing Association, n.d.).

A disciplined working definition for this book is: **marketing is the accountable organizational process of understanding markets, choosing customers to serve, designing and making accessible offerings that create legitimate value, communicating that value truthfully, and learning from customer and market response in ways that sustain economically viable relationships.** The adjective *accountable* is important. A marketer is responsible not only for whether a campaign works but also for what claim is made, what data are used, which customers are targeted, what expectations are created and what foreseeable consequences follow.

Marketing matters because exchange is not automatic. Customers face alternatives, incomplete information, time constraints, budgets, risk and attention limits. Organizations face heterogeneous preferences, uncertain demand and competitors who can imitate or reposition. Marketing creates a structured way to answer five recurring questions: Which market opportunity is real? Which customers should we serve? What value should we offer? How should customers gain access to and understand that value? How do we know whether the relationship creates sustainable contribution rather than superficial activity?

The chapter's boundary is equally important. Marketing here is taught before international marketing so that Chapter 16 can focus on the distinctive problems introduced by national borders, institutional distance, language, cross-border channel structure, international price architecture and adaptation. The present chapter may use African and global evidence comparatively, but it does not turn each decision into an international-market-entry problem. Likewise, channel strategy is developed from the customer's point of view, while the physical design of inventory, transport, warehousing and supply networks belongs to Chapter 11.

10.1.1 Marketing performance is economic performance mediated by customers

Marketing measures often arrive earlier than accounting outcomes. Search impressions can rise today; brand awareness may change this quarter; retention affects contribution over years. This timing difference can tempt firms either to underinvest in intangible demand creation or to excuse weak accountability by declaring marketing effects impossible to measure. Both responses are poor discipline.

A marketing action can affect economic performance through several mechanisms: attracting more customers, increasing purchase probability, increasing quantity or frequency, enabling a higher willingness to pay, reducing service or acquisition cost, lengthening relationship duration, lowering churn, improving cross-selling, strengthening channel access or reducing price sensitivity. The effect can also be negative: promotion can train customers to wait for discounts; misleading claims can increase short-term conversion while destroying trust; over-targeting can create privacy backlash; a brand extension can dilute associations; or an expensive campaign can shift purchases across a firm's own channels without creating incremental demand.

This is why Chapter 9 remains a constraint on Chapter 10. Clicks are not revenue, revenue is not contribution, contribution is not cash, and short-run customer response is not necessarily long-run enterprise value. Marketing analytics must eventually reconcile with recognized economic outcomes.

EVIDENCE CHECK | Marketing activity is easiest to measure where causal value is often hardest to establish. Digital platforms can count impressions, clicks and attributed conversions precisely, yet a precisely attributed conversion may still have occurred without the advertisement. Lewis and Rao's (2015) analysis of large field experiments showed how noisy advertising-return estimates can remain even with substantial sample sizes. Measurement precision must therefore not be confused with causal certainty.

10.2 Historical and Theoretical Foundations of Marketing

Marketing thought developed because firms needed more than production capability. Industrialization increased scale; mass distribution separated producers from users; branded goods reduced some uncertainty while creating new forms of persuasion; retail, broadcasting and later digital platforms transformed how firms learned about and reached customers. No single historical stage has disappeared. Some markets remain supply constrained, others are saturated, and many firms simultaneously manage transactional, relational and platform relationships.

10.2.1 Production, product, selling and marketing orientations

A **production orientation** gives priority to availability, efficiency and cost. It can be rational where demand exceeds supply, affordability is critical or distribution coverage is weak. Its danger is assuming that what can be produced efficiently is what customers most need. A **product orientation** emphasizes quality, features or technical superiority. It becomes myopic when engineers or founders mistake internal excellence for customer relevance.

A **selling orientation** treats demand as something that must be stimulated through persuasive effort, often after the product has been designed. Selling is a legitimate business activity, particularly where offerings require explanation or active prospecting. The problem arises when the seller's pressure substitutes for customer fit. A **marketing orientation** reverses the sequence: begin with market and customer understanding, choose whom to serve, coordinate the organization around superior value and earn economic returns through satisfaction of legitimate demand.

These orientations should not be taught as a simplistic historical ladder in which every firm must permanently occupy the latest stage. A vaccine manufacturer during a shortage still needs production excellence. A sophisticated B2B solution still requires personal selling. The analytical issue is which orientation dominates managerial attention and whether that orientation fits the market.

10.2.2 Market orientation as organizational capability

Kohli and Jaworski (1990) operationalized market orientation around the generation of market intelligence, dissemination of that intelligence across departments and organization-wide responsiveness. Narver and Slater (1990) emphasized customer orientation, competitor orientation and interfunctional coordination. These traditions differ in language, but both reject the idea that marketing is the marketing department's isolated task. Customer knowledge matters only if operations, finance, technology and leadership can act on it.

Subsequent evidence supports a generally positive association between market orientation and performance while cautioning against universal effect sizes. Kirca, Jayachandran, and Bearden's (2005) meta-analysis found that the relationship varied across contexts and measures. Market orientation is therefore best treated as a capability whose value depends on competitive, cultural and organizational conditions, not as a mechanical guarantee of profitability.

Table 10.2. *Major perspectives on market orientation and customer value.*

Market-orientation perspective	Core mechanism	Strength	Characteristic limitation
Intelligence-generation view	Generate, disseminate and respond to market intelligence	Makes learning and cross-functional action explicit	Can become reactive if current customer statements dominate future possibilities
Customer-competitor-coordination view	Understand customers and competitors and coordinate functions	Connects external orientation with organization-wide execution	May understate wider institutional or societal effects
Relationship orientation	Build trust, commitment and repeat exchange	Explains why retention and cooperation can create durable value	Not every transaction merits a deep relationship; lock-in can mimic loyalty
Service-dominant view	Value is realized in use through resource integration	Corrects producer-centric assumptions and recognizes co-creation	Abstract language can be difficult to operationalize without concrete customer evidence
Customer-experience view	Manage journeys and touchpoints across time and channels	Fits omnichannel and service settings	Experience metrics can become detached from product value and economics

Source/Note: Author's synthesis drawing on Kohli and Jaworski (1990), Narver and Slater (1990), Morgan and Hunt (1994), Vargo and Lusch (2004), Verhoef et al. (2009), and Lemon and Verhoef (2016).

10.2.3 Relationship marketing: trust is an economic asset, not a slogan

Relationship marketing became influential as scholars and practitioners recognized that acquisition is not the only source of growth. Morgan and Hunt (1994) argued that commitment and trust are central mediating variables in successful relational exchange. The idea is especially powerful where customers face recurring purchases, switching costs, uncertainty or interdependence. A supplier who reliably resolves failures can become more valuable than a nominally cheaper supplier because the relationship lowers coordination and risk costs.

Relationship marketing has limits. Firms sometimes label customers “loyal” when they are merely trapped by switching barriers or contractual complexity. A subscription business can raise retention by making cancellation difficult, but this is not evidence of trust. Genuine relationship value should survive informed and reasonably easy choice.

10.2.4 Service-dominant logic and value in use

Vargo and Lusch (2004) challenged a goods-centered view in which firms manufacture value and customers consume it. In service-dominant logic, value emerges through use and resource integration. Even a physical product delivers value through what it enables: transport, status, safety, nutrition, productivity, communication or enjoyment. This perspective helps marketers distinguish features from customer outcomes and recognize that the customer participates in value creation.

The approach should not be exaggerated. Customers do not co-create every relevant part of an offering, and firms still bear duties concerning safety, quality and truthful representation. “Co-creation” cannot shift responsibility for defects or harmful design onto users.

10.2.5 Customer experience and the customer journey

Customer experience research extends the unit of analysis beyond a single transaction. Verhoef et al. (2009) conceptualized customer experience as shaped by social environment, service interface, atmosphere, assortment, price, prior experience and other factors. Lemon and Verhoef (2016) later organized experience across pre-purchase, purchase and post-purchase stages and emphasized multiple touchpoints, including those outside direct firm control.

This matters in digital markets because a customer may encounter a product through a creator, search engine, marketplace listing, comparison site, physical store, messaging app and customer-service agent before purchasing. The firm can coordinate some touchpoints but not own the customer's entire informational environment. Strong marketing therefore combines deliberate design with humility about what the organization can actually control.

10.2.6 The marketing mix: useful architecture, incomplete theory

The familiar product-price-place-promotion framework remains a useful managerial checklist. Product addresses what value is offered; price governs the terms of value capture; place concerns access; promotion concerns communication and stimulation. Services are often analyzed with additional elements such as people, process and physical evidence. The framework is useful because it makes trade-offs visible. A premium positioning, for example, can be undermined by permanent discounting or inconsistent distribution.

The mix should not be mistaken for a complete theory of marketing. It says little by itself about which customer is being served, how preferences are formed, how competitors respond, how platforms alter power, how relationships evolve or when persuasion becomes unethical. In this chapter, the mix appears after market sensing and target choice rather than before them.

CRITICAL DEBATE | Does marketing satisfy wants or manufacture them? One view treats consumer choice as evidence of value: if informed adults voluntarily exchange, marketing helps match supply with preference. A critical view notes that firms also shape attention, norms, reference points and perceived scarcity, especially when platforms can personalize messages at scale. Both observations can be true. Marketing neither creates every desire from nothing nor merely reports pre-existing preferences. The professional task is to distinguish legitimate information and persuasion from deception, coercive design and exploitation of vulnerability.

10.3 The Marketing Environment and Market Insight

Marketing decisions operate inside environments that change what customers need, can afford, trust and are legally permitted to buy. Chapter 1 introduced macro-environment and institutional analysis; Chapter 10 uses that foundation only where it changes customer value and marketing execution.

10.3.1 Macro forces that alter demand

Economic conditions affect disposable income, credit, price sensitivity and category trade-offs. Demography changes household formation, age structure and market size. Technology changes search, payment, personalization and access. Regulation constrains claims, data use and product eligibility. Social norms influence what is desirable or stigmatized. Environmental conditions can change product requirements and logistics. Political instability can alter consumer confidence and media availability. Marketers should therefore track **mechanisms**, not merely compile PESTLE lists.

An increase in inflation, for example, matters because customers may downtrade, reduce frequency, switch package sizes, defer purchases or become more attentive to promotions. The marketing response depends on which mechanism is present. Raising advertising because “the economy is difficult” is not a diagnosis.

10.3.2 Market definition and the danger of convenient categories

A market should be defined around customers, needs, alternatives and exchange conditions rather than administrative product categories alone. A mobile-money provider competes with cash, bank transfers, cards, informal remittance channels and sometimes the decision not to transact. A business-school programme competes with other universities, online credentials, employer training, self-study and postponement. A narrow market definition can make a firm look powerful or successful while hiding the customer's real alternatives.

The **addressable market** is also not the same as the population. Total addressable market (TAM) estimates often multiply a broad population by an average annual spend. This can be a useful upper bound, but it becomes misleading when affordability, access, regulation, awareness, channel coverage or willingness to switch are ignored. Serviceable available market (SAM) narrows the opportunity to customers the offering and channel can realistically reach; serviceable obtainable market (SOM) adds competitive and organizational limits. These are planning constructs, not audited values.

10.3.3 Competitive insight is more than competitor monitoring

Customers compare alternatives, so market insight must include competitors' offers, prices, claims, channels, reputations and likely responses. Competitive intelligence should rely on lawful and ethical sources: public filings, websites, customer research, distributor feedback, reviews, patents, hiring patterns and observable market activity. Deception, misrepresentation or unauthorized access is not legitimate competitive research.

Competitor information should also be interpreted through customer relevance. A feature comparison can become strategically distracting if customers do not value the feature. Likewise, copying a competitor's campaign can reproduce a tactic while missing the underlying segment or brand meaning that made it effective.

10.4 Customer Value: Benefits, Sacrifices and Alternatives

Customer value is central to marketing but easily trivialized. It does not mean “cheap,” “premium,” “customer satisfaction” or “whatever sells.” Zeithaml (1988) synthesized perceived value as a customer's overall assessment of utility based on perceptions of what is received and what is given. This formulation remains powerful because it makes value comparative and subjective while leaving room for observable economic consequences.

A useful conceptual representation is:

Perceived customer value = Perceived benefits − Perceived sacrifices, relative to relevant alternatives

The expression is conceptual rather than an accounting identity. Benefits can be functional, economic, experiential, social, symbolic or risk-reducing. Sacrifices include money, time, effort, learning cost, switching cost, uncertainty, privacy exposure and opportunity cost. Relevant alternatives matter because an offering can improve while becoming less attractive if competitors improve faster.

10.4.1 Economic, functional, experiential, social and symbolic value

Economic value includes savings, revenue generation, productivity or total-cost reduction. **Functional value** concerns performance and reliability. **Experiential value** arises from ease, enjoyment, aesthetics or emotional experience. **Social value** concerns relationships, recognition or belonging. **Symbolic value** concerns identity, status and meaning. These dimensions can coexist. A business buyer may select enterprise software because it reduces downtime, simplifies audit and signals institutional credibility to partners.

Marketers should not assume that every perceived benefit is morally neutral. A product can create status by intensifying harmful social comparison; an app can create convenience by monetizing compulsive attention. Customer willingness to pay is evidence of preference under conditions, not a complete moral verdict on the offering.

10.4.2 Customer value, satisfaction and loyalty are different constructs

Value is an evaluation of benefits and sacrifices relative to alternatives. Satisfaction usually reflects evaluation of an experience against expectations or standards. Loyalty can refer to repeat behaviour, attitudinal commitment or both. A customer may be satisfied but switch because a competitor is more convenient. Another may repurchase because alternatives are unavailable while remaining dissatisfied. The distinction matters for diagnosis.

Table 10.3. *Customer-value diagnostic patterns.*

Observed pattern	Possible interpretation	Marketing implication
High satisfaction, low retention	Competitor superiority, low switching cost, weak habit or category infrequency	Investigate alternatives and relationship economics, not satisfaction alone
Low satisfaction, high retention	Lock-in, lack of alternatives, high switching cost or inertia	Do not mislabel captive behaviour as loyalty
High acquisition, low repeat	Promotion-driven or poorly matched customers; post-purchase failure	Improve targeting, onboarding, fulfilment or product value before scaling acquisition
Low awareness, high conversion among triers	Strong product but weak reach	Increase qualified availability and communication
High awareness, low consideration	Weak relevance, trust or differentiation	Revisit positioning and evidence, not just media frequency

Source/Note: Author's synthesis. The patterns are diagnostic possibilities, not causal conclusions.

10.4.3 Willingness to pay and value capture

Willingness to pay (WTP) is the maximum amount a customer would be prepared to sacrifice in money for an offering under specified conditions. It is not directly observed in most purchases; actual price is constrained by alternatives, budgets, information and negotiation. Marketing seeks to create and communicate benefits that increase legitimate WTP, while pricing determines how the resulting value is shared between customer and firm.

A useful economic decomposition is:

Customer surplus = Willingness to pay − Price

Firm contribution per unit = Price − Variable cost

Both can be positive. Value creation does not require the firm to give away all surplus, and profit does not require the customer to lose. The managerial problem is to design an exchange that customers prefer to alternatives and that creates enough contribution to sustain delivery.

FAITH AND VOCATION | Christian moral reasoning does not require a firm to price at cost or refuse profit. Scripture repeatedly treats honest exchange, truthful weights and faithful stewardship as morally significant. The relevant discipline is not "never charge what the market bears," but whether the exchange is truthful, non-exploitative and consistent with love of neighbour, especially where vulnerability, necessity or information asymmetry is severe. See Proverbs 11:1, Proverbs 20:23, and 1 Thessalonians 4:6.

10.5 Consumer Buyer Behaviour

Consumer behaviour examines how individuals and households recognize needs, acquire information, evaluate alternatives, choose, use and dispose of offerings. It combines psychology, economics, sociology, culture and context. Marketing models simplify this complexity; they should clarify mechanisms rather than pretend that every consumer follows a linear sequence.

10.5.1 A decision journey, not a universal funnel

A useful journey contains six broad processes: need recognition, information search, evaluation, choice, use and post-purchase learning. The order can change. A habitual purchase may involve almost no conscious search. An impulse purchase can begin with exposure rather than need recognition. A subscription may continue through inertia until a service failure triggers reevaluation. A B2C journey is therefore better treated as a set of decision tasks than as a fixed funnel.

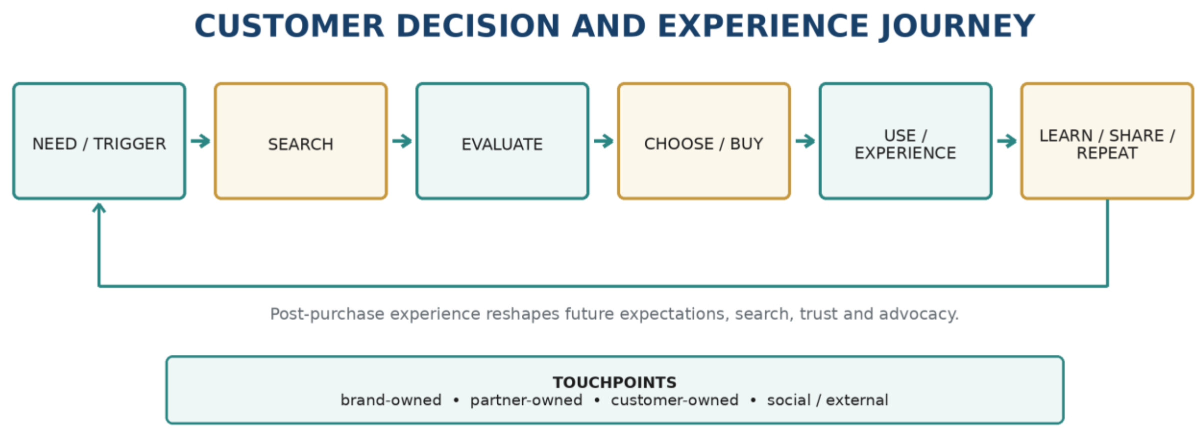

Figure 10.2. The customer decision and experience journey.

Source/Note: Author's synthesis drawing on consumer-decision and customer-journey research, including Lemon and Verhoef (2016).

10.5.2 Attitudes, intentions and perceived control

Ajzen's (1991) Theory of Planned Behavior argues that intentions are shaped by attitudes toward the behaviour, subjective norms and perceived behavioural control, with control also affecting the ability to act. The model is useful because it explains why positive product attitudes do not automatically become purchases. A customer may like solar equipment but lack financing; intend to use digital banking but lack a compatible device; or prefer an ethical brand but face limited local availability.

The theory also warns marketers not to interpret survey intention as observed behaviour. Intention can be unstable and context-dependent. Behavioural data can improve inference, but observed behaviour is also shaped by defaults, constraints and platform design and therefore does not reveal preference without interpretation.

10.5.3 Heuristics, framing and reference dependence

Customers often use heuristics because attention and time are limited. A familiar brand may serve as a quality shortcut. Reviews can reduce perceived risk. A high reference price can make a discount appear attractive. Prospect theory shows that people evaluate outcomes relative to reference points and can respond differently to equivalent gains and losses depending on framing (Kahneman & Tversky, 1979).

These findings can improve communication, but they create moral risk. Knowing that scarcity, loss framing or social proof influences behaviour does not authorize false countdown timers, fabricated reviews or invented “only two left” messages. Behavioural insight is ethically bounded by truthfulness and respect for agency.

10.5.4 Involvement, perceived risk and information search

High-involvement decisions usually have important consequences, identity implications, high price or substantial uncertainty. Customers may search more and process evidence more carefully. Petty and Cacioppo's (1986) elaboration likelihood model distinguishes more effortful processing of message arguments from reliance on peripheral cues under lower motivation or ability. The model helps explain why the same creative execution can have different effects across audiences.

Marketers should not infer that low involvement creates permission to hide material facts. If anything, lower attention increases the responsibility to make essential terms clear because customers are less likely to discover them independently.

10.5.5 Social, cultural and household influences

Purchases are embedded in relationships. Family roles, peers, creators, professional communities and reference groups can shape perceived norms and acceptable choices. Culture influences language, symbols, authority expectations, risk interpretation and meanings attached to brands. Chapter 7 established that culture is multilevel and should not be reduced to national averages; the same discipline applies here. Marketing segmentation should not turn cultural patterns into deterministic stereotypes.

African consumer markets make this caution especially important. Chikweche, Lappeman, Mohammed, and Egan (2025) emphasize heterogeneity within Africa's middle-class brand behaviour and the changing role of digital connectivity. Their analysis reinforces a basic methodological point: “African consumer” is usually too broad a category to guide positioning. Country, city, income security, household structure, language, connectivity, trust, retail access and category involvement can matter more than continental identity.

10.5.6 Trust in digital exchange

Digital commerce removes some search and transaction costs but introduces uncertainty about seller identity, product authenticity, payment, delivery, privacy and redress. Research in Ghana, based on a purposively selected sample of 535 respondents, found trust to be important within a model of e-commerce adoption (Amofah & Chai, 2022). Because the sampling design and structural model do not establish universal causal effects, the result should be used as contextual evidence rather than a continent-wide coefficient. The managerial implication is still sound: acquisition communication is weak if the underlying transaction architecture gives customers reasonable reasons not to trust.

10.6 Organizational Buyer Behaviour and Business Markets

Business-to-business (B2B) marketing differs from consumer marketing because the buyer is often an organization rather than a single individual, demand can be derived from downstream markets, purchases can be technically complex, multiple actors participate, formal procurement rules constrain choice and relationships may extend over years. Webster and Wind (1972) conceptualized organizational buying as an organizational decision process shaped by environmental, organizational, interpersonal and individual factors.

10.6.1 The buying center

A **buying center** can include users, influencers, buyers, deciders and gatekeepers. One person can perform several roles, and roles can change across stages. A hospital purchasing diagnostic equipment may involve clinicians, biomedical engineers, procurement officers, finance, IT/security specialists and executives. Marketing to "the decision maker" alone can therefore fail because technical approval, budget authority and everyday use are distributed.

10.6.2 Derived demand and downstream economics

B2B demand is frequently derived from the customer's own demand. A packaging supplier's sales depend partly on the sales of food manufacturers; a logistics provider depends on trade flows; cloud infrastructure demand depends on client applications. This makes the marketer responsible for understanding the customer's economics, not merely the procurement specification.

10.6.3 Total cost of ownership and value quantification

Business customers often evaluate total economic effect rather than purchase price alone. A machine with a higher price may create more value if it reduces downtime, energy cost, maintenance, defects or training requirements. A B2B value proposition should therefore translate benefits into the customer's operating logic.

Illustrative total cost of ownership (TCO):

Purchase price + implementation + training + operation + maintenance + downtime + switching/exit cost − residual value

TCO is not a universal formula; categories require different components and time horizons. Its discipline is to prevent price from becoming the only visible sacrifice.

10.6.4 New task, modified rebuy and straight rebuy

A new purchase with high uncertainty usually requires more information and more participants than a routine repeat purchase. A modified rebuy introduces meaningful changes to specification, supplier or terms; a straight rebuy is more routinized. The categories help sellers match evidence and service to buying risk, but digital procurement systems can blur them by automating routine orders while escalating exceptions.

10.6.5 Relationships, dependence and ethical selling

Long-term B2B relationships can reduce transaction costs and improve joint learning, but dependence can create power asymmetry. A dominant buyer can pressure suppliers into uneconomic terms; a dominant vendor can use proprietary lock-in to raise switching costs. Relationship marketing should therefore distinguish trust-based commitment from dependency created through avoidable opacity.

MANAGERIAL INSIGHT | In B2B markets, the strongest value proposition often answers four questions simultaneously: What operational outcome changes? How large is the economic effect? Which risks are reduced or introduced? Which people inside the buying organization must believe and verify the claim? A technically persuasive pitch to the user can fail if procurement cannot justify the economics or IT cannot accept the risk.

10.7 Marketing Research and Insight for Managerial Decisions

Chapter 3 owns research design, sampling, measurement, ethics and the logic of inference. Chapter 4 owns statistical evidence, and Chapter 5 owns advanced analytics and decision architecture. Marketing therefore does not need a second research-methods chapter. What it does need is a disciplined way to connect **marketing decisions** with the evidence required to reduce uncertainty.

10.7.1 Begin with the decision, not the dataset

A marketing-research problem should be framed around a decision. "We need a customer survey" is not a decision. "We need to decide whether weak repeat purchase is primarily caused by first-order service failure, poor product fit, price expectations or segment mismatch" is a decision problem that can guide evidence collection. The same principle applies to brand tracking, concept testing, pricing research and media measurement.

A useful decision-to-evidence chain is:

Managerial decision → uncertainty → information required → appropriate evidence → analysis → action threshold → learning plan

If the decision is whether to launch a new package size, the firm may need category usage data, household budget patterns, retailer feedback, concept tests, willingness-to-pay evidence and a market experiment. If the decision is whether to reposition a declining brand, customer interviews and brand-association measurement may be more valuable than additional demographic data.

10.7.2 Sources of marketing insight

Marketing insight should combine sources rather than worship one source. Internal transaction data reveal what customers did with the firm but not necessarily why. Customer-service records expose friction but overrepresent people who contact support. Reviews contain spontaneous language but can be unrepresentative or manipulated. Surveys measure stated perceptions but can suffer recall and social-desirability bias. Interviews reveal meanings but do not estimate population prevalence by themselves. Experiments can estimate incremental effects under specified conditions, but the tested treatment may be narrow. External industry and public data improve market context but can use different definitions.

Table 10.4. *Evidence sources for marketing insight.*

Evidence source	What it can reveal	Characteristic limitation	Responsible use
CRM and transaction records	Frequency, value, recency, channel and product patterns	Only observed customers; behaviour may reflect constraints	Use cohorts and segment comparisons; link to operational context
Web/app analytics	Search, navigation, conversion and abandonment	Identity resolution, consent, bot traffic, attribution	Define events precisely; distinguish observed path from motivation
Customer interviews	Language, motives, frustrations, decision process	Small purposive samples; interviewer effects	Use for discovery and theory building, not prevalence estimates
Surveys	Awareness, attitudes, satisfaction, intentions	Sampling, question wording, common-method bias	Use validated measures and defensible samples
Experiments / holdouts	Incremental response to a controlled change	Local treatment and time; spillovers; ethical constraints	Pre-specify outcome and decision rule; examine heterogeneous effects
Social listening/reviews	Emerging issues, vocabulary, public sentiment	Platform selection, fake content, loud minorities	Treat as signal, triangulate with other evidence
Competitive intelligence	Alternative offers, claims, price and channel change	Public data can be incomplete; imitation risk	Ask what competitor activity means for customers, not only what competitors do
Official/industry data	Population, connectivity, expenditure, category structure	Aggregate definitions may not fit target segment	Check denominator, geography and period before market sizing

Source/Note: Author's synthesis, building on the research-design and analytics disciplines developed in Chapters 3-5.

10.7.3 Marketing information systems and the insight loop

A marketing information system integrates recurring internal and external information rather than starting research from zero for every decision. It can combine customer data, product data, campaign data, sales, service, competitive monitoring and external market indicators. The system becomes useful when it supports a repeated loop of sensing, interpretation, action and review.

Data abundance can weaken rather than improve marketing if teams lose a shared definition of the customer, campaign, conversion or revenue source. A "single customer view" should therefore be understood as a governed analytical objective, not a promise that every identifier can or should be joined. Legal basis, data minimization, purpose limitation, access control and identity uncertainty remain constraints.

10.7.4 Market experimentation and the difference between response and incrementality

A campaign can be associated with sales without causing them. Customers who click retargeting ads may already have intended to buy. A discount code may be disproportionately used by high-propensity customers. The strongest way to estimate incremental marketing effect is often to create a credible comparison, such as a randomized holdout, geo-experiment or other defensible quasi-experimental design. The full causal-inference methods were introduced in Chapters 3-5; here the marketing implication is simple: **attribution assigns credit; incrementality estimates what changed because of the action.**

EVIDENCE CHECK | Lewis and Rao (2015) analyzed 25 large digital advertising field experiments and showed that return-on-advertising estimates can remain statistically noisy because advertising effects are small relative to the natural variance in customer spending. Large datasets do not automatically make small causal effects easy to measure. A credible "no measurable effect" result can be more useful than a precise-looking attributed ROAS number built on weak assumptions.

10.8 Segmentation, Targeting, Positioning and Value Propositions

Mass markets are analytical abstractions. Customers differ in needs, budgets, use occasions, risk, geography, channel access and responsiveness. Wendell Smith's (1956) classic formulation treated market segmentation as a strategic response to heterogeneous demand. The enduring logic is to identify groups for which a meaningfully different value proposition or marketing programme can be justified.

10.8.1 Segmentation: finding meaningful heterogeneity

Common segmentation bases include geographic, demographic, socioeconomic, psychographic, behavioural, needs-based, benefit-based, value-based and, in B2B markets, firmographic variables. None is inherently superior. The question is whether the segmentation explains differences relevant to a decision.

A segment should be evaluated on at least six criteria: **meaningful difference**, **measurability**, **reachability**, **substantiality**, **actionability** and **stability appropriate to the decision horizon**. A seventh criterion is increasingly necessary: **legitimacy**. A highly predictive segment can still be inappropriate if it relies on sensitive personal information, proxies for protected characteristics, or vulnerabilities that should not be exploited.

Table 10.5. *Segmentation bases, uses and characteristic failure modes.*

Segmentation basis	Example	Strategic value	Typical failure
Geographic	Secondary city vs metropolitan core	Distribution, media and access design	Treating location as a complete explanation of preference
Demographic	Household life stage	Category needs and communication	Stereotyping individuals from averages
Socioeconomic	Income stability or purchasing power	Pack size, financing, price architecture	Equating low income with low standards or easy exploitation
Psychographic	Values, lifestyle, identity	Brand meaning and message fit	Weak measurement; self-report not behaviour
Behavioural	Frequency, recency, channel use	Retention and offer relevance	Confusing observed behaviour with stable preference
Needs/benefits	Reliability seeker vs convenience seeker	Product and positioning design	Segments may be harder to identify operationally
Value/profitability	Contribution potential, cost-to-serve	Resource allocation	Treating customer worth as human worth; neglecting future development
Firmographic (B2B)	Sector, size, technology stack	Sales coverage and solution design	Assuming firms in a sector have identical buying centers

Source/Note: Author's synthesis, building on Smith (1956) and contemporary segmentation practice.

10.8.2 Algorithmic segmentation: more precision, more responsibility

Clustering and predictive analytics can identify latent patterns that manual segmentation misses; Chapter 5 explains those methods. Their marketing use introduces specific risks. A segment may be statistically stable but not interpretable. It may predict response while encoding historical exclusion. It may use data collected for another purpose. It may optimize short-term conversion by identifying vulnerability rather than need. Human review should therefore ask not only whether a segment predicts response but whether the organization has a legitimate reason to target differently.

10.8.3 Targeting strategies

An organization can pursue broad coverage, differentiated targeting, concentrated/niche targeting or individualized marketing. Broad coverage gains scale but may sacrifice relevance. Differentiated targeting increases fit but adds complexity. Concentration can build deep expertise while creating dependency on one segment. Individualization can improve relevance but increases data, privacy and operational burdens.

Target selection should consider segment attractiveness and organizational fit. Attractiveness includes need intensity, size, growth, willingness and ability to pay, competitive intensity, access and risk. Fit includes capabilities, brand credibility, economics, channel reach and mission. The presence of unmet need does not automatically imply that the firm should pursue the segment, especially where the firm's business model would rely on vulnerability or inability to understand terms.

10.8.4 Positioning: the place the offer should occupy in customer judgment

Positioning is the deliberate design of the offer and its meaning so that the target customer understands why it is relevant and distinct from alternatives. It is not a slogan. A slogan can express positioning, but positioning begins with customer choice and competitive frame.

A useful positioning statement contains:

For [target customer] who [important need/job], [brand/offer] is the [frame of reference] that [distinctive benefit] because [credible reason to believe].

The statement is internal discipline, not necessarily advertising copy. Every element can be challenged. Is the target too broad? Is the need important? Is the frame credible? Is the benefit different and valuable? Can the reason to believe be substantiated?

10.8.5 Perceptual maps and competitive space

Perceptual maps visualize how customers perceive brands on selected dimensions. They can help identify crowded positions, misalignment between intended and perceived identity, or opportunities for repositioning. The map is only as good as the dimensions and data. A two-dimensional map can conceal important attributes and should not be treated as objective market geometry.

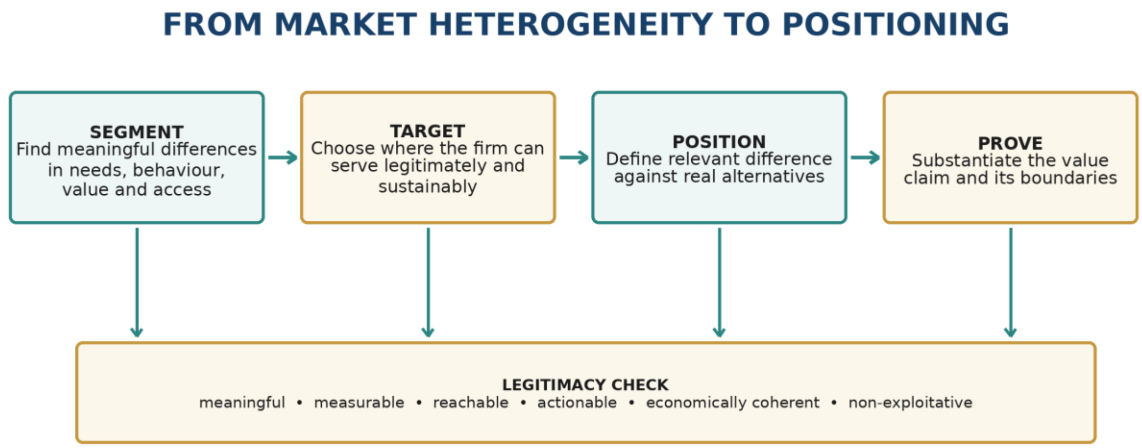

Figure 10.3. From market heterogeneity to defensible positioning.

Source/Note: Author's synthesis, building on Smith (1956) and contemporary STP practice.

10.8.6 Value propositions: evidence before rhetoric

A value proposition translates positioning into a claim about why the offer deserves choice. Strong value propositions combine **relevance**, **differentiation**, **credibility** and **economic coherence**. They should name a meaningful outcome, not merely a feature. "24-hour battery" is a feature; "complete a field-sales day without recharging" is an outcome. But an outcome claim must be supported by conditions and evidence.

Table 10.6 turns the value proposition into an evidence test by requiring explicit answers to each of the following questions:

Table 10.6. *Value-proposition evidence test.*

Element	Question
Customer	Who specifically experiences the problem?
Job/need	What outcome is the customer trying to achieve?
Current alternative	What does the customer do now, including non-consumption?
Proposed benefit	What changes materially?
Sacrifice	What money, time, risk, data or switching cost is required?
Differentiation	Why is the offer preferable to realistic alternatives?
Proof	What evidence supports the claim?
Boundary	For whom or under what conditions is the claim not true?

Source/Note: Author's synthesis.

PRACTICE TOOL | Positioning stress test. Ask a colleague to remove the brand name from the value proposition. If the statement could describe every competitor, differentiation is weak. Then remove the adjective claims such as "innovative," "world-class," "seamless" or "trusted." If little substance remains, the proposition needs customer evidence rather than stronger copywriting.

10.9 Product, Service and Portfolio Strategy

Marketing turns customer understanding into an offering. The offering can be a physical product, a service, a subscription, access, experience, platform participation, bundle or hybrid. Product strategy concerns what value is designed, packaged, maintained and retired. It overlaps with innovation in Chapter 8 and operations in Chapter 11, but Chapter 10 owns the customer and portfolio logic.

10.9.1 Three levels of the offering

A useful structure distinguishes the **core benefit**, the **actual offering** and the **augmented offering**. The core benefit is the outcome sought. The actual offering includes features, quality, design, brand and package. The augmented offering includes installation, financing, warranty, support, returns, community, training or other surrounding services.

The distinction prevents feature fixation. A farmer buying irrigation equipment may be seeking reliable water access and yield stability, not a pump as an end in itself. A bank customer may be buying confidence that a payment will arrive, not an interface. A university student may value credible learning, employability, community and recognized certification, not classroom hours.

10.9.2 Goods and services: useful differences without artificial separation

Services are often described as intangible, inseparable from delivery, variable and perishable. These characteristics highlight real managerial issues, but digital products and hybrid offerings blur the categories. Cloud software is intangible yet highly standardized. A restaurant combines physical goods, process and experience. A smartphone's value depends on ongoing software and network services.

The stronger principle is that offerings differ in **search, experience and credence qualities**, customer participation, capacity constraints, reversibility and uncertainty. Marketing should design evidence and service recovery accordingly.

10.9.3 Service quality, service recovery and evidence of reliability

For services and hybrid offerings, value is realized through performance over time rather than through specifications alone. Customers judge whether the service was reliable, responsive, understandable and consistent with the promise that induced purchase. Parasuraman et al. (1985) formalized service quality as a gap problem between customer expectations and experienced delivery, a useful insight because marketing can fail by creating expectations that operations cannot fulfil. Generic service-quality dimensions, however, are not universal scorecards. Their relevance varies by category, culture, risk and channel, so managers should define the specific reliability, timeliness, assurance and customer-effort conditions that matter in the focal service.

Service failure is therefore a marketing event as well as an operational event. Tax et al. (1998) found that customers evaluate complaint handling through the outcome received, the fairness of the procedure and the quality of interpersonal treatment. A defensible recovery system acknowledges the failure, reduces repeated customer effort, provides a remedy proportionate to the loss, explains what will happen next and feeds the underlying cause back into organizational learning. The much-discussed possibility that excellent recovery can sometimes restore strong loyalty should never be treated as a licence to tolerate preventable failure; recovery begins from an obligation to make the original promise dependable.

Service metrics should therefore connect experience to economics without reducing service to a satisfaction score. Waiting time, first-contact resolution, complaint recurrence, refund completion, rework, customer effort and churn after failure can reveal where value is being lost. Marketing owns the customer meaning and promise-delivery implications of these measures; Chapter 11 develops the process, capacity, quality and operational controls required to improve them.

10.9.4 Product lines, assortments and cannibalization

A firm can broaden a product line to serve more needs or price points, but every added variant creates complexity in inventory, communication and choice. **Cannibalization** occurs when a new offer shifts demand from an existing offer. Cannibalization is not automatically bad. A firm may rationally replace an older product before a competitor does. The issue is incremental contribution across the portfolio.

10.9.5 Product lifecycle: a descriptive pattern, not a forecast law

The product lifecycle model organizes introduction, growth, maturity and decline. It helps managers consider how awareness, distribution, competition and cash generation may change as a category evolves. It fails when treated as destiny. Some products revive through repositioning; some disappear quickly; categories and brands can occupy different lifecycle stages. Managers should diagnose actual demand, not assume that a declining sales curve proves “maturity.”

10.9.6 Portfolio matrices and their limits

Portfolio matrices such as the growth-share matrix can force discussion about cash generation, market growth and resource allocation. Their weakness is reductionism. Market share can reflect scale economies in some categories but not others; market growth can attract competition rather than guarantee profit; and a low-share product may possess strategic complementarity or mission importance. Matrices should structure questions, not automate investment decisions reserved for broader strategy and finance chapters.

10.9.7 Innovation adoption and diffusion

New products face more than awareness problems. Customers must perceive relative advantage, compatibility, manageable complexity, trialability and observable results. Adoption can depend on complementary infrastructure, standards, social proof and switching costs. The founder-level innovation process was developed in Chapter 8; marketing's responsibility is to translate novelty into understandable and credible customer value without overstating what is unproven.

10.10 Branding and Brand Architecture

A brand is more than a name or visual identity. It is a system of identifiers, meanings, expectations and associations that helps customers recognize an offer and infer what experience is likely. Strong brands reduce search cost and perceived risk, support price premiums where value is credible, facilitate extensions and create an intangible asset. They also create obligations: the more trust a brand accumulates, the greater the damage when the firm uses that trust to sell something inconsistent with prior expectations.

10.10.1 Identity, image, meaning and equity

Brand identity is what the organization seeks to stand for. **Brand image** is what audiences actually perceive. **Brand associations** are the ideas, attributes, emotions, users, occasions or symbols connected to the brand. **Brand awareness** concerns recognition and recall. **Brand equity** refers to the incremental effects associated with brand knowledge beyond otherwise similar unbranded attributes.

Keller's (1993) customer-based brand-equity framework argues that the differential response to marketing arises from brand knowledge, particularly awareness and associations. The framework is valuable because it anchors brand strength in customer memory rather than executive declarations. A corporate values statement does not create brand equity if customers experience the opposite.

10.10.2 Brand promises are probabilistic contracts of expectation

A brand cannot guarantee that every experience is identical, but it narrows expected variance. A hotel brand promises a category of service; a bank brand signals expected reliability; a food brand communicates quality and safety expectations. Brand management therefore includes operations. Advertising can create expectations faster than the organization can fulfill them, producing a **promise-delivery gap**.

10.10.3 Brand architecture

Brand architecture organizes relationships among corporate, family, product and service brands. Table 10.7 compares four common architectures and the trade-offs they create.

Table 10.7. *Brand architecture options and risks.*

Architecture	Logic	Advantages	Risks
Branded house	One master brand spans offerings	Efficient awareness transfer; coherent identity	Failure in one category can contaminate the whole brand
House of brands	Distinct product brands under a corporate owner	Precise positioning; isolates reputational risk	Higher marketing cost; less visible corporate equity
Endorsed brands	Product brand supported by parent endorsement	Balances autonomy with credibility	Ambiguous responsibility if hierarchy is unclear
Sub-brand architecture	Master brand plus differentiated sub-brand	Extends equity while signaling variation	Excessive proliferation can confuse customers

Source/Note: Author's synthesis informed by the brand-equity and extension literature discussed in the surrounding text.

The choice should reflect customer understanding, portfolio diversity, risk, channels and future extension needs, not internal organizational charts.

10.10.4 Brand extensions: leverage and dilution

A brand extension uses an established brand in a new category or offering. Aaker and Keller (1990) found that consumer evaluations of extensions depended on perceived fit and parent-brand quality. The practical implication is not that “fit” guarantees success, but that brand meaning constrains credible expansion. A trusted bank brand may credibly extend into payments; the same name on unrelated entertainment products may confuse what the brand stands for.

Extensions can dilute the parent brand if quality disappoints or if new associations conflict with established meaning. Managers should therefore evaluate both the extension's standalone economics and the option value of preserving brand clarity.

10.10.5 Brand purpose and moral claims

Brands increasingly make claims about social purpose, sustainability, inclusion or national development. Some are genuine commitments; others function as positioning. Marketing should distinguish moral aspiration from substantiated performance. If a firm makes broad purpose claims while its core practices contradict them, the problem is not merely reputational inconsistency but potentially deceptive representation.

A Christian-informed enterprise may communicate faith-shaped commitments, but such communication should not become a shortcut to customer trust. Religious language does not reduce the evidential burden of product claims, employment practice or stewardship. Moral identity raises, rather than lowers, the obligation to be truthful.

ETHICAL DILEMMA | A company discovers that a “locally made” positioning produces substantially higher purchase intent. The final product is assembled locally, but most components and value-added inputs are imported. The phrase may be legally defensible under a narrow labeling rule. Should the campaign use it prominently without explaining the production structure? Marketing ethics asks more than whether a phrase can survive legal review; it asks what a reasonable customer is likely to understand and whether the advertiser is intentionally benefiting from a materially false impression.

10.11 Pricing Strategy, Behavioural Pricing and Value Capture

Price is simultaneously an economic variable, a signal and a moral term of exchange. It affects revenue, contribution, demand, positioning, channel relationships and perceived fairness. Pricing therefore cannot be delegated to a spreadsheet without customer and institutional context.

10.11.1 Pricing objectives

Firms may price to support contribution, penetration, skimming, capacity utilization, market-share growth, portfolio coordination, subscription adoption, channel harmony or strategic entry. Objectives can conflict. A low introductory price can accelerate adoption but establish an unsustainable reference point. A premium price can communicate quality but reduce trial. The price objective should therefore be explicit before a method is chosen.

10.11.2 Cost-based, competition-based and value-based pricing

Cost-based pricing begins with cost and adds a margin. It is simple and economically necessary as a floor discipline, but customers do not value an offer because the seller's costs are high. **Competition-based pricing** anchors to market alternatives. It improves external relevance but can trigger imitation or price wars. **Value-based pricing** begins with the economic and perceived value created for the target customer and captures a defensible portion of that value. In practice, robust pricing triangulates all three.

A simple contribution calculation is:

Unit contribution = Net selling price − Variable cost per unit

Contribution margin percentage = Unit contribution / Net selling price × 100

Chapter 9 developed the accounting meaning of cost and margin. Marketing adds the demand response: a higher unit contribution can be offset by lower volume, and a discount can destroy margin faster than volume rises.

10.11.3 Worked example: how much volume must a discount recover?

Suppose a product sells for CU100 with variable cost of CU60. Unit contribution is CU40. Management proposes a 10% price reduction to CU90 while variable cost remains CU60. Unit contribution falls to CU30, a 25% reduction in contribution per unit.

If the firm previously sold 10,000 units, total contribution was CU400,000. To preserve the same contribution after the discount:

Required units = 400,000 / 30 = 13,333 units

The firm needs approximately **33.3% more volume** merely to maintain contribution, before considering added fulfilment, service or promotional costs. The example shows why “10% off” is not a small commercial decision when margins are modest.

10.11.4 Price elasticity and interpretation

Chapter 1 introduced price elasticity of demand. Marketing uses it to estimate how quantity responds to price, but elasticity is not a universal property of a product. Tellis's (1988) meta-analysis found substantial variation across categories, countries, lifecycle stages and methods and showed that omitted variables can bias estimates. Promotions, competitor action, distribution and quality changes can all confound observed price response.

A manager should therefore ask: elasticity for which segment, time horizon, channel and competitive state? Short-run promotion elasticity can differ from long-run response after reference prices change.

10.11.5 Reference prices, framing and price fairness

Customers judge prices against reference points such as previous prices, competitors, expected costs and customary category norms. Bolton, Warlop, and Alba (2003) showed that perceived fairness depends on such comparisons and that customers can misperceive seller costs. Fairness perceptions do not determine moral truth, but they affect trust and demand.

Behavioural pricing practices include charm endings, anchor prices, bundles, decoys, partitioned fees and loss framing. These tools can simplify choice or manipulate it. A legitimate anchor is a real alternative or regular price; a fabricated “was” price is deceptive. A bundle can reduce search cost; it becomes problematic when mandatory fees are hidden until late in the journey.

10.11.6 Dynamic and personalized pricing

Dynamic pricing changes prices across time or conditions, such as capacity, demand, inventory or lead time. Personalized pricing varies terms across customers or inferred willingness to pay. Both can improve allocation and contribution, but their legitimacy depends on transparency, legal context, data use and vulnerability. A peak-hour transport price that attracts more supply is analytically different from raising prices on essential goods because an algorithm detects individual desperation.

Pricing teams should separate four questions: Is the method lawful? Is the data use legitimate? Is the price economically defensible? Is the treatment morally acceptable given need, power and alternatives? The answers need not be identical.

CRITICAL DEBATE | Is the highest feasible price the right price? Classical economic reasoning can justify price differentiation when it expands access or allocates scarce capacity efficiently. Rights- and justice-based perspectives ask whether similarly situated customers are treated fairly and whether basic needs create limits on extraction. Christian moral reasoning adds neighbour-love, honest dealing and special concern about exploitation. Good pricing governance does not pretend the tension disappears; it makes the economic mechanism, affected groups and moral boundary explicit.

10.12 Channels, Retail, Distribution and Omnichannel Customer Experience

A channel is the set of organizations and interfaces through which customers discover, evaluate, obtain, pay for and receive support for an offering. Channel strategy is a marketing decision because access affects value. The physical engineering of inventory, transport, warehousing and procurement belongs to Chapter 11.

10.12.1 Why intermediaries exist

Intermediaries can reduce search, aggregation, transaction and assortment costs. A wholesaler aggregates products; a retailer provides local access and comparison; a marketplace coordinates buyers and sellers; an agent supplies trust and explanation. Digital technology can remove some intermediaries while creating new ones such as app stores, search platforms, social commerce platforms and payment gateways.

The question is not whether intermediaries are “inefficient middlemen,” but which functions must be performed and by whom. Direct-to-consumer models can increase data access and margin but also transfer logistics, customer service and acquisition burden to the producer.

10.12.2 Direct, indirect and hybrid channels

Direct channels give the firm greater control over customer experience and data. Indirect channels can provide reach, local relationships, assortment and lower fixed investment. Hybrid systems combine them. Channel conflict arises when prices, territories, service or customer ownership overlap. A brand that sells directly at deep discounts can undermine retailers who invested in local discovery and service.

Coverage choices include **intensive distribution** for wide convenience, **selective distribution** where some control and service are important, and **exclusive distribution** where scarcity, service or prestige is central. These are customer and positioning decisions as much as logistical choices.

10.12.3 Retail as experience and information

Physical stores provide sensory evaluation, immediate possession, service and social context. Digital channels provide search, assortment, comparison and convenience. The relative value depends on category, trust, location and customer capability. Treating physical retail as obsolete ignores situations where touch, fitting, demonstration, cash payment or human explanation are important.

10.12.4 Omnichannel: integration across touchpoints

Multichannel means customers can interact through more than one channel. **Omnichannel** goes further by seeking coordination so that information, identity, inventory visibility, service and experience are coherent across touchpoints. Verhoef, Kannan, and Inman (2015) describe the transition from multichannel to omnichannel as channels become increasingly integrated. A customer may research online, inspect in store, order through an app, collect at a pickup point and return through another channel.

South African evidence illustrates the role of information. Wiese's (2024) study of 433 adult omnichannel shoppers found information visibility to be a strong predictor of satisfaction within the proposed model. Because the study used convenience sampling and cross-sectional self-report data, it should not be generalized as a causal estimate for all shoppers. It nevertheless supports a practical principle: omnichannel experience is partly an information-coordination problem, not just a technology deployment.

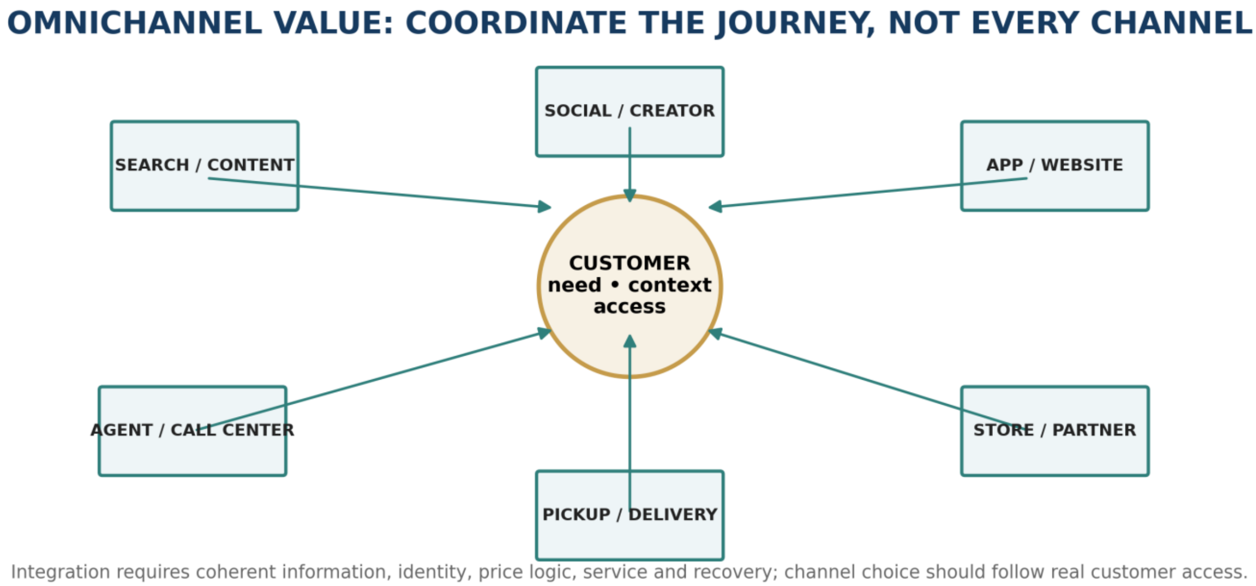

Figure 10.4. Omnichannel value: coordinate the journey without forcing one channel.

Source/Note: Author's synthesis informed by Verhoef et al. (2015), Lemon and Verhoef (2016), Wiese (2024), and ITU (2025).

10.12.5 African channel design and the connectivity constraint

ITU estimated that 36% of Africa's population used the Internet in 2025, with estimated urban and rural rates of 55% and 21%, respectively, and a gender gap of 40% for men versus 31% for women (ITU, 2025). These figures are regional estimates, not a guide to any specific country. Their strategic implication is that channel architecture should be built from the target customer's real access rather than from global digital assumptions.

This can justify combinations of mobile interfaces, USSD, call centers, agents, pickup points, cash or mobile-money options, radio, local-language content and physical demonstration. Such adaptation is not evidence of technological backwardness; it is market orientation. A channel is sophisticated when it reduces customer friction reliably, not when it uses the newest interface.

10.12.6 Marketplaces and platform dependence

Digital marketplaces can lower customer-acquisition friction and provide trust, payments and logistics. They also concentrate power. Sellers may become dependent on ranking algorithms, paid placement, platform fees and data they do not control. Retail media further blurs the line between distribution and advertising because the platform controls both shelf and audience.

Managers should therefore calculate marketplace contribution after commissions, advertising, returns and promotion, assess customer portability, and avoid assuming that marketplace sales automatically build the seller's own brand relationship.

10.13 Integrated Marketing Communication, Advertising and Creative Strategy

Marketing communication makes value intelligible and actionable. **Integrated marketing communication (IMC)** coordinates messages and touchpoints so that customers receive a coherent account of the brand and offer. Integration does not mean identical content everywhere. A 15-second video, sales presentation, search ad and product page perform different tasks, but they should not contradict one another on material facts or positioning.

10.13.1 Communication objectives before creative execution

Communication objectives can include category awareness, brand awareness, comprehension, association building, consideration, trial, conversion, usage, referral or retention. The objective should identify the desired change in customer state, not merely the activity. “Run an influencer campaign” is an action; “increase qualified awareness among first-time urban parents while preserving evidence-based safety claims” is closer to an objective.

The objective should also fit the purchasing process. A complex B2B sale may require education and risk reduction before a direct-response message is appropriate. A familiar low-risk category may use salience and availability more heavily.

10.13.2 Persuasion: arguments, cues and audience ability

The elaboration likelihood model (Petty & Cacioppo, 1986) suggests that persuasion can operate through more effortful evaluation of message arguments or through cues when motivation or ability is lower. Marketers should not interpret peripheral processing as permission to substitute celebrity, music or design for truth. Creative cues can attract attention and communicate meaning, but objective product claims still require evidence.

10.13.3 AIDA and funnel models: heuristics, not causal laws

Awareness-interest-desire-action and similar funnels can organize campaign thinking, but customers do not always move sequentially. Existing customers can act without new awareness; creators can generate awareness after purchase through sharing; search can begin with high intent. Funnels are diagnostic representations of states, not laws of psychology.

10.13.4 The creative brief

A strong creative brief is a compression of strategy, not a substitute for it. Table 10.8 specifies the decisions that a publication-ready brief should make explicit.

Table 10.8. *Creative brief architecture.*

Brief element	Decision question
Business problem	What economically meaningful problem must communication help solve?
Target audience	Whose understanding or behaviour must change?
Customer insight	What relevant tension, belief or barrier is supported by evidence?
Communication objective	What should the audience know, feel, believe or do differently?
Single-minded proposition	What one value claim should be remembered?
Reason to believe	What substantiates the claim?
Brand character	What tone is consistent with identity and audience dignity?
Mandatory information	What legal, safety, price, eligibility or disclosure information must be clear?
Channel context	Where, when and with how much attention will the message be encountered?
Measurement	What outcome and comparison will indicate success?

Source/Note: Author's synthesis.

10.13.5 Rational, emotional and narrative appeals

Rational appeals foreground evidence, features or economic benefits. Emotional appeals connect the offering to feelings, identity or aspirations. Narratives organize information into human meaning. These are not mutually exclusive. A financial service can communicate objective fees and still use a story about family security. The ethical boundary is whether emotion clarifies the significance of truthful facts or substitutes for material information the advertiser expects customers not to notice.

Fear appeals require special care. Communicating real risk can be responsible, especially in safety or insurance. Exaggerating probability or exploiting anxiety to sell unnecessary products crosses from persuasion into manipulation.

10.13.6 Media planning: reach, frequency and effective exposure

Reach is the proportion or number of the target audience exposed at least once during a defined period. **Frequency** is the average number of exposures among those reached. A traditional gross rating point (GRP) approximation is:

GRP = Reach (%) × Average frequency

Thus, 60% reach with average frequency 3 produces 180 GRPs. GRPs do not reveal whether the right people noticed, understood or acted, and digital impressions can be unviewable, duplicated or generated by invalid traffic. Media planning therefore combines audience quality, context, attention, cost and incremental effect.

10.13.7 The communication portfolio: advertising, sales promotion, public relations, direct marketing and personal selling

Integrated marketing communication is a portfolio problem because different instruments alter customer knowledge and behaviour through different mechanisms. Advertising can create reach, salience and shared meaning; sales promotion can stimulate trial or timing through a temporary incentive; public relations can provide explanation and third-party visibility; direct marketing enables addressable contact with identifiable customers; and personal selling supports diagnosis, evidence exchange and adaptation where the offer is complex, high-value or risky. No instrument is inherently superior. The choice should follow the communication objective, decision stage, evidence burden, customer attention, economics and potential for harm.

Personal selling deserves particular attention in organizational markets because the seller often has to interpret a buying centre, translate technical benefits into the customer's economics and respond to concerns that cannot be resolved by a mass message. Weitz et al. (1986) conceptualized adaptive selling as the knowledgeable adjustment of selling behaviour to the customer and situation. Adaptation is legitimate when it improves relevance and understanding; it becomes manipulation when different customers are given materially inconsistent facts, hidden terms or pressure calibrated to vulnerability. Negotiation mechanics remain with Chapter 6, while this chapter owns the role of personal selling in the marketing communication system.

Sales promotion and public relations require the same accountability. A promotion should be judged by incremental trial, post-promotion behaviour, margin and reference-price effects rather than redemption alone. Public-relations activity should not be treated as independent endorsement merely because the message appears outside paid advertising. Across instruments, the material claim, sponsorship relationship and customer promise must remain coherent even when the format, tone and level of detail change.

10.13.8 Paid, owned and earned media

Paid media includes placements for which the firm pays. **Owned media** includes the firm's sites, apps, stores, email lists and publications. **Earned media** includes unpaid coverage, reviews, recommendations and sharing. The categories overlap when influencers are compensated, platforms amplify content algorithmically or affiliates earn commissions. Transparency requires clarity about commercial relationships rather than relying on labels customers may not understand.

10.13.9 Advertising claims, substantiation and disclosure

Truth in advertising is both a legal and moral discipline. The U.S. Federal Trade Commission states a durable principle: advertising claims must be truthful, not deceptive or unfair, and supported by evidence where required (Federal Trade Commission [FTC], n.d.-a). Jurisdictions differ, and firms must check local law, but the principle travels well: a marketer should know what a reasonable audience is likely to take from the **overall impression**, not only whether each isolated sentence can be defended.

Endorsements create additional disclosure obligations. The FTC's 2023 revised Endorsement Guides address material connections, fake or manipulated reviews, virtual influencers and the need for clear and conspicuous disclosures (FTC, 2023). A disclosure hidden behind “more,” placed where users are unlikely to notice it, or expressed in language the intended audience does not understand can fail its purpose.

MANAGERIAL INSIGHT | A technically true sentence can participate in a misleading advertisement. Ethical review should test the likely **net impression**: headline, image, omission, price display, timing, default, influencer relationship and qualification together. If the campaign depends on customers overlooking a material condition, the problem is not solved by placing the condition in small print.

10.14 Digital Marketing, Platforms and AI-Mediated Persuasion

Digital marketing is not a separate philosophy of marketing. It is the application of marketing principles through digitally mediated search, content, communication, commerce and measurement systems. Kannan and Li (2017) show how digital technologies alter customer touchpoints, data availability, channels and firm-customer interaction across the marketing process. The enduring questions remain: who is the customer, what value is created, how is it communicated, what action is sought, and what evidence shows incremental economic effect?

10.14.1 Search: intent, relevance and discoverability

Search marketing includes **search-engine optimization (SEO)** and paid search. SEO improves the technical, structural and content conditions under which relevant pages can be discovered organically. Paid search buys placement around queries or audiences. Search is powerful because a query can reveal current intent, but marketers should not assume every click represents incremental demand. Branded-search advertising may receive credit for customers already seeking the brand.

SEO also creates a temptation to optimize for algorithms rather than users. Content stuffed with keywords, synthetic pages or misleading titles can win transient visibility while degrading trust. Search strategy should align discoverability with genuine usefulness and accurate representation.

10.14.2 Content marketing

Content marketing uses useful, entertaining, educational or decision-relevant material to attract and serve audiences. It can reduce customer uncertainty and build authority, particularly in B2B, professional services and complex categories. The discipline is to ensure that informational content is not disguised advertising when sponsorship or commercial intent is material to evaluation.

Generative AI lowers the cost of content production and variation. This can improve localization, draft quality and experimentation, but it can also flood markets with inaccurate, derivative or synthetic content. Human accountability remains essential for factual verification, brand voice, copyright and licensing checks, cultural context, disclosure where material, and avoidance of fabricated testimonials or evidence.

10.14.3 Email, SMS and lifecycle communication

Email, SMS, app notifications and messaging channels are especially valuable for onboarding, service communication, replenishment, retention and reactivation because the firm has an existing relationship with the customer. Their low marginal cost creates a classic overuse problem: when every message is cheap to send, attention becomes the scarce resource.

Lifecycle messaging should therefore be governed by relevance, permission, frequency, accessibility and clear opt-out. A message that improves short-run click-through while teaching customers to ignore future communication is economically self-defeating.

10.14.4 Social media and creator/influencer marketing

Social platforms combine content, social proof, targeting, commerce and entertainment. They allow brands to participate in communities but also place them inside algorithmic systems whose incentives may reward emotional intensity, novelty and engagement rather than truth. Marketers should distinguish **community relevance** from chasing virality.

Influencer marketing can reduce perceived distance between commercial messages and trusted social relationships. That is precisely why disclosure matters. Material relationships should be clear enough for ordinary users to understand at the time the endorsement is encountered, not hidden in profile pages or ambiguous tags (FTC, 2023, n.d.-b).

10.14.5 Paid social, display, video and programmatic advertising

Paid digital media allows granular targeting, rapid creative testing and real-time optimization. Programmatic systems automate buying and placement decisions using auctions and data. These capabilities introduce risks including invalid traffic, brand-safety failures, opaque fees, cross-site tracking, discrimination, over-frequency and incentives to optimize clicks rather than customer value.

The marketer should know the measurement chain: eligible audience, served impression, viewable impression, attention, click or other engagement, conversion, retained customer and economic contribution. Each stage can lose meaning. A low-cost impression in a poor context can be more expensive in customer terms than a higher-cost placement that reaches the right audience with attention.

10.14.6 Marketplace marketing and retail media

Retail media allows sellers to purchase visibility inside marketplaces and retailer ecosystems, often close to the point of purchase. Jumia's Q2 2026 results illustrate the model: the company reported US$3.5 million of marketing and advertising revenue and 26% seller adoption of retail media in the quarter (Jumia Technologies AG, 2026b). Retail media can improve relevance and measurement because exposure and transaction occur within one ecosystem. The same integration creates conflicts because the platform can control organic ranking, paid placement, merchant data and attribution.

A responsible platform should distinguish sponsored from organic results clearly, avoid making advertising effectively compulsory for basic discoverability, give sellers intelligible performance data and protect customers from a search environment where commercial payment silently replaces relevance.

10.14.7 Personalization, recommender systems and privacy

Personalization can reduce information overload by ranking relevant products, tailoring offers or adjusting content. The legitimacy of personalization depends on what data are used, why they were collected, how sensitive inferences are handled, whether customers can reasonably object and whether errors can be corrected.

Rwanda's data-protection framework provides a locally relevant example. The Data Protection and Privacy Office explains that a data subject may request a controller or processor to stop processing personal data for direct-marketing purposes, including profiling related to direct marketing (Data Protection and Privacy Office, n.d.-a). The legal details of any campaign require jurisdiction-specific advice, but the marketing principle is broader: direct marketing should not depend on customers being unable to understand or resist profiling.

The European Union's Digital Services Act offers a different regulatory model for large digital services. European Commission guidance highlights restrictions on dark patterns and targeted advertising based on sensitive data or the data of minors, together with advertising-transparency requirements (European Commission, 2025). These rules are jurisdiction-specific, yet they illustrate the growing policy concern that personalization affects autonomy and power, not only relevance.

10.14.8 Dark patterns and conversion-rate optimization

Conversion-rate optimization (CRO) improves the proportion of visitors who complete a desired action. It can remove legitimate friction: clearer forms, faster pages, better explanations and accessible checkout. It becomes ethically defective when it removes **deliberative freedom** rather than friction, for example by hiding cancel buttons, preselecting unwanted options, disguising advertising, manufacturing urgency or repeatedly pressuring a user who has declined.

A useful test is reversibility: would the organization be comfortable if customers clearly understood how the interface was designed to influence them? If the conversion gain depends on misunderstanding, fatigue or accidental consent, it is not evidence of superior customer value.

10.14.9 Generative AI in creative development and customer interaction

Generative AI can support copy variants, image ideation, translation, product-description drafting, customer-service assistance and synthetic testing environments. It can also produce false facts, biased representations, nonexistent testimonials, unauthorized likenesses or creative that customers wrongly interpret as human experience.

Recent research suggests that AI disclosure effects are context-dependent rather than uniformly positive or negative. Grigsby, Michelsen, and Zamudio (2025), studying service advertising across experiments, found that generative-AI disclosures could affect trust and advertisement evaluations. Such evidence should not be turned into a universal rule about disclosure; category, task, customer expectations and the nature of AI involvement matter. The professional standard is clearer: disclosure should be driven by materiality, law, risk of deception and audience expectations, while factual and moral responsibility remains human.

10.14.10 Accessibility and inclusive customer access

Accessibility is part of customer value, not a technical correction applied after a campaign is finished. Marketing content, forms, checkouts and service interfaces can exclude customers with visual, auditory, motor or cognitive disabilities, as well as people using small screens, low-bandwidth connections or unfamiliar languages. The World Wide Web Consortium's WCAG 2.2 provides an authoritative technical standard for digital accessibility, including requirements relevant to text alternatives, captions, keyboard operation, focus visibility, consistent help, target size and accessible authentication (World Wide Web Consortium [W3C], 2024). A marketer need not become an accessibility engineer, but cannot responsibly specify digital journeys while treating accessibility as someone else's problem.

Inclusive marketing also extends beyond formal disability standards. Readable typography, plain language, captions and transcripts, meaningful alt text, sufficient contrast, non-colour-only cues, low-bandwidth assets, local-language options and alternatives to app-only interaction can widen practical access. In African markets with large differences in device quality, connectivity, literacy and language, inclusive channel design is a form of market orientation rather than a concession to technological limitation. The relevant question is whether the target customer can perceive, understand and act on the information needed for an informed exchange.

Accessibility claims should be tested through the actual journey, including advertisement, landing page, checkout, payment, confirmation, support and cancellation. An accessible advertisement that leads to an inaccessible purchase or complaint process has not created accessible customer value. Legal requirements vary by jurisdiction, but the professional standard is stronger: use inclusive design and user testing early enough that access is designed into the experience rather than added as a symbolic compliance label.

POLICY LENS | Digital marketing regulation is converging on several recurring concerns even though legal systems differ: truth in claims, transparency about sponsorship, meaningful consent, protection of children and vulnerable users, rights concerning direct marketing, limits on sensitive-data targeting, and restrictions on manipulative interface design. Compliance teams should map the law in every applicable jurisdiction. Marketing leaders should not wait for regulation before asking whether a tactic respects customer agency.

10.15 Customer Relationship Management, Acquisition, Retention and Lifetime Value

Customer relationship management (CRM) is not a database or software license. Payne and Frow (2005) conceptualize strategic CRM as a cross-functional process linking strategy, value creation, channels, information and performance. Technology enables CRM, but the managerial purpose is to coordinate how the organization acquires, serves, learns from and retains customers.

10.15.1 Acquisition is a beginning, not the outcome

Customer acquisition cost (CAC) should be defined before it is calculated. A simplified formula is:

CAC = Incremental acquisition-related sales and marketing cost / Number of newly acquired customers attributable to that effort

The difficult word is **attributable**. Dividing total marketing spend by all new customers can be useful as a blended operating metric, but it is not a causal estimate of incremental acquisition. It can also omit sales commissions, onboarding incentives or agency cost.

Acquisition quality should therefore be examined through activation, early experience, repeat purchase, returns, gross margin, support cost, fraud and retention. Jumia's 90-day second-purchase cohort measure is informative precisely because it looks beyond first order.

10.15.2 Retention and churn

For a subscription or contractual service, a simple period retention rate can be expressed as:

Retention rate = Customers retained from the opening cohort / Customers in the opening cohort × 100

Churn rate = 1 − Retention rate

Definitions must specify whether customer count, revenue or contracts are being retained and how reactivations are treated. In non-subscription categories, repeat-purchase and interpurchase-time measures may be more appropriate.

A high retention rate is not sufficient evidence of customer value. Contractual lock-in, low switching awareness or difficult cancellation can create retention without loyalty. Marketers should distinguish **earned retention** from **frictional retention**.

10.15.3 Cohort analysis

Cohort analysis groups customers by acquisition period, campaign, segment or first product and follows behaviour over time. It helps separate changing customer mix from lifecycle effects. A firm can grow total repeat purchases while new cohorts deteriorate if the installed base is large. Cohorts reveal whether newer customers are activating and retaining at comparable rates.

10.15.4 Customer lifetime value

Customer lifetime value (CLV) estimates the present value of future contribution associated with a customer relationship. Gupta and Lehmann (2003), Gupta, Lehmann, and Stuart (2004), Venkatesan and Kumar (2004), and Gupta et al. (2006) helped establish customer value as an economically rigorous marketing concept rather than a loyalty slogan.

For a simplified constant-margin, constant-retention setting, one common steady-state expression is:

$$\mathbf{CLV \approx m \times r / (1 + d - r) - AC}$$

where **m** is expected contribution margin per period, **r** is retention probability, **d** is the discount rate per period, and **AC** is acquisition cost. This formula is pedagogical. Real customers have changing margins, heterogeneous churn, cross-sell, service cost, acquisition timing and uncertain horizons.

Worked example: contribution-based CLV

Suppose a subscription service expects CU120 annual contribution before acquisition cost, annual retention probability of 0.80 and a 10% annual discount rate. Acquisition cost is CU150.

CLV ≈ 120 × 0.80 / (1.10 − 0.80) − 150

CLV ≈ 96 / 0.30 − 150 = 320 − 150 = **CU170**

The result is highly sensitive to retention. If retention falls to 0.70:

CLV ≈ 120 × 0.70 / (1.10 − 0.70) − 150 = 84 / 0.40 − 150 = **CU60**

A ten-percentage-point reduction in assumed retention reduces estimated CLV by CU110 in this simplified model. The example shows why optimistic retention assumptions can make uneconomic acquisition look attractive.

10.15.5 CLV is a decision aid, not a statement of human worth

Customer value models can rationally guide acquisition spending and service design, but they can also invite moral confusion. A low-CLV customer is not a low-value person. Firms can differentiate service economically while still respecting dignity, contractual promises, accessibility and fair treatment. Essential-service providers may also have legal or moral duties that cannot be reduced to customer profitability.

10.15.6 Loyalty programmes

Loyalty programmes can reward repeat patronage, improve data and create switching incentives. They should be evaluated by incremental behaviour and contribution, not membership counts. A points programme can shift customers from full-price purchasing to reward-seeking without increasing lifetime value. Expiring points, opaque redemption rules or personalized offers can also create fairness concerns.

10.16 Marketing Analytics, Campaign Accountability and Causal Measurement

Marketing analytics connects customer and campaign evidence to decisions. Chapters 4 and 5 already developed statistics, prediction, decision analysis and model governance. Chapter 10 focuses on **marketing metrics, economic interpretation and causal accountability**.

10.16.1 A hierarchy of marketing metrics

Marketing metrics form a ladder rather than a flat dashboard. At the base are availability and exposure measures such as distribution, search visibility, reach and impressions. The next layer asks whether exposure generated attention and engagement, followed by response measures such as leads, trials, store visits and conversions. Higher on the ladder are customer-quality outcomes such as activation, repeat purchase, retention, churn, returns and complaints; these connect in turn to customer economics through contribution, CAC, CLV and cost-to-serve, and finally to enterprise outcomes such as revenue quality, gross profit, operating contribution, cash and durable brand assets. Figure 10.5 later in the section visualizes this movement from easy-to-count activity toward economic and causal accountability.

Lower-level measures remain useful because they diagnose mechanisms and identify where a journey is failing. The analytical error is to let a lower-level metric become the terminal definition of success. A click may reveal message relevance, for example, but it cannot substitute for evidence of customer quality, incremental contribution or durable enterprise value.

10.16.2 Core digital and campaign formulas

Table 10.9. *Core marketing metrics, formulae and cautions.*

Metric	Formula	Interpretation	Main caution
Click-through rate (CTR)	Clicks / Impressions	Share of served impressions generating a click	A click is not value; bots and accidental clicks matter
Conversion rate	Conversions / Eligible visits or clicks	Share completing defined action	Denominator and conversion definition must be explicit
Cost per acquisition (CPA)	Campaign cost / Attributed acquisitions	Average attributed acquisition cost	Attribution may not be incremental
CPM	Cost / Impressions × 1,000	Cost of thousand served impressions	Does not measure attention or audience quality
ROAS	Attributed revenue / Advertising spend	Revenue credited per advertising currency unit	Ignores margin, incrementality and other costs
Contribution ROAS	Attributed contribution / Advertising spend	Contribution credited per advertising unit	Still depends on attribution assumptions
Incremental ROAS	Incremental contribution caused by advertising / Advertising spend	Causal contribution per advertising unit	Requires credible counterfactual
Retention rate	Retained opening-cohort customers / Opening cohort	Relationship persistence	Can reflect lock-in rather than loyalty
Churn	1 − Retention	Relationship loss	Definition varies by customer, revenue or contract

Source/Note: Author's synthesis. Attribution metrics should not be interpreted as causal effects without a credible counterfactual.

10.16.3 ROMI and contribution logic

A contribution-based return on marketing investment can be written as:

ROMI = (Incremental contribution attributable to marketing – Marketing investment) / Marketing investment

If a campaign costs CU100,000 and causes CU160,000 of incremental contribution, ROMI is 60%. If the CU160,000 is merely attributed rather than incremental, the number should be labeled accordingly. Marketing should not borrow the language of causal return when only association is observed.

10.16.4 Attribution models

Last-click attribution gives full credit to the final recorded touchpoint. First-click credits the first. Linear and time-decay models allocate credit through rules. Algorithmic or data-driven attribution estimates patterns across paths. Berman (2018) shows why last-touch attribution can distort incentives because channels closer to conversion can receive credit for demand created elsewhere.

No attribution model eliminates the counterfactual problem. The strongest measurement architecture uses experiments, holdouts or quasi-experimental evidence to calibrate attribution rather than allowing platform-reported conversions to define truth.

10.16.5 Brand measurement

Brand metrics include unaided and aided awareness, consideration, associations, perceived quality, preference, salience, trust and willingness to recommend. These are latent constructs measured through instruments, not direct financial assets. Trend consistency and segment interpretation matter more than a single score.

Brand tracking should be linked to customer behaviour and economic outcomes where possible without forcing every brand effect into immediate sales. Some demand-creation investments work over longer horizons; others merely create memorable advertising with little purchase effect. The measurement challenge is to preserve both accountability and realistic lag structures.

10.16.6 Dashboards and metric governance

A marketing dashboard should answer a decision question. It should define metric owners, data sources, refresh frequency, denominators, thresholds and actions. Red-green status indicators can hide uncertainty or create gaming if teams optimize the reported metric rather than customer value.

Good metric governance therefore asks: Does the metric represent the intended construct? Can teams manipulate it without improving value? Does it reconcile with finance? What customer or social consequence is omitted? When will the metric be retired?

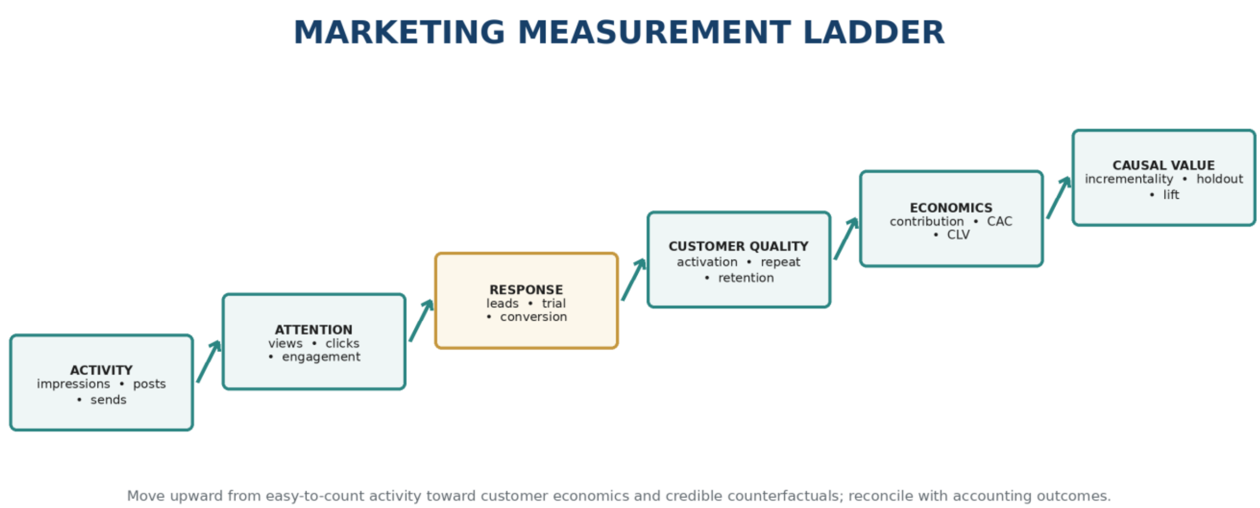

Figure 10.5. Marketing measurement ladder: from activity to causal and economic accountability.

Source/Note: Author's synthesis drawing on Rust et al. (2004), Lewis and Rao (2015), Berman (2018), and Chapters 4-5 of this book.

10.17 African Case: Jumia as a Hybrid Marketing System

The opening Jumia case can now be revisited using the complete marketing architecture. The company's situation is instructive precisely because no single marketing lever explains performance.

10.17.1 Market orientation and customer reach

Jumia's strategy combines online marketplace scale with expansion beyond major urban centers. In Q2 2026, 61% of orders, adjusted for perimeter effects, were reported from upcountry regions (Jumia Technologies AG, 2026b). This is a distribution and customer-access signal, not proof that rural or lower-income markets are homogeneous. It suggests that a platform designed only around affluent metropolitan customers would miss a substantial part of demand.

The ITU's 2025 African connectivity estimates reinforce the need for hybrid thinking. A 36% regional internet-use rate and a large urban-rural gap mean that digital acquisition, payment and service can encounter unequal capability and connectivity. Marketing therefore has to coordinate product assortment, local communication, trust, physical access and customer support rather than assume that app availability equals market access.

10.17.2 Acquisition versus customer quality

Jumia increased sales and advertising expense by 33% year on year in Q2 2026 and reported quarterly active-customer growth. The 44% 90-day second-purchase rate for the Q1 2026 acquisition cohort provides an early retention signal. The managerial question is whether incremental contribution from better acquisition and retention exceeds added marketing and service cost.

A superficial dashboard could celebrate all three numbers: spend up, customers up, repeat purchase up. A rigorous analyst would still ask whether cohorts were comparable, whether promotional intensity changed, whether gross profit per order improved, whether return rates shifted and how much of observed acquisition would have occurred without the marketing spend.

10.17.3 Retail media: seller value and platform governance

Seller adoption of Jumia retail media reached 26% in Q2 2026, while advertising revenue was 1.6% of GMV. The platform says it prioritizes seller return on advertising spend and long-term user activation. These are company claims and should be evaluated through seller-level incrementality and retention evidence.

The case reveals a structural tension. If paid visibility becomes too important, sellers can face a quasi-tax on discoverability and customers can see results shaped more by payment than relevance. If the platform refuses advertising, it sacrifices a potentially high-margin revenue stream and a seller tool. Responsible platform design must therefore keep sponsorship visible, preserve useful organic discovery and give sellers enough measurement to distinguish incremental value from competitive pressure.

10.17.4 What the case teaches

Jumia illustrates five transferable principles. First, customer access is a marketing capability, not merely a logistics fact. Second, digital marketing in Africa often operates inside mixed digital-physical ecosystems. Third, customer acquisition should be judged by cohort quality and contribution, not traffic alone. Fourth, platforms can become both channel and media owner, creating conflicts that require governance. Fifth, company-reported marketing metrics are signals to interrogate, not causal conclusions.

10.18 Comparative Global Case: NIKE, Brand Investment and the Limits of a Direct-to-Consumer Story

NIKE's fiscal 2026 results provide a useful comparison because they show a globally recognized brand rebalancing channels rather than treating digital direct-to-consumer growth as an unquestioned destination.

For the year ended 31 May 2026, NIKE reported total revenue of US$46.398 billion and demand-creation expense of US$4.754 billion, compared with US$4.689 billion in the prior year. NIKE defines demand-creation expense as brand marketing and sports marketing and states that brand marketing includes advertising production and media, digital marketing, brand events and retail brand presentation (NIKE, Inc., 2026). These disclosures show the scale of brand investment, not the incremental causal return of each dollar.

More revealing is channel performance. In North America, wholesale revenue increased 14% on a currency-neutral basis while NIKE Direct revenue declined 6%, including a 10% decline in digital sales. The company described a marketplace-management strategy that included repositioning NIKE Brand Digital as a full-price platform, reinvesting in wholesale distribution and elevating brand presentation in physical retail. Across Asia Pacific and Latin America, wholesale revenue rose 2% currency-neutral while NIKE Direct declined 6% currency-neutral (NIKE, Inc., 2026).

The case complicates a simplistic “own the customer by going direct” narrative. Direct channels can improve first-party data, margin and experience control. Wholesale partners can provide local discovery, assortment context, physical availability and reach. If a brand over-concentrates on direct digital channels, it can weaken the broader marketplace where customers encounter the product. Conversely, excessive wholesale dependence can reduce control and data access. The optimal channel architecture is contingent.

NIKE's demand-creation spending also demonstrates why brand investment cannot be evaluated solely by same-period digital attribution. Sports sponsorships, retail presentation and brand campaigns may influence salience, cultural meaning and future demand across channels. That does not exempt them from accountability. It means measurement must combine experiments where feasible, brand tracking, market-level evidence, channel economics and long-run contribution rather than force every effect into a last-click model.

Table 10.10. *NIKE fiscal 2026 selected marketing and channel signals.*

NIKE fiscal 2026 signal	Reported result	Marketing interpretation
Total revenue	US$46.398bn	Mature global brand scale does not remove the need for channel and portfolio renewal
Demand-creation expense	US$4.754bn	Brand investment is material and spans media, digital, sports and retail presentation
North America wholesale	+14% currency-neutral	Partner channels regained importance in marketplace strategy

NIKE fiscal 2026 signal	Reported result	Marketing interpretation
North America NIKE Direct	−6%	Direct ownership is not automatically superior if customer reach or assortment suffers
North America digital	−10%	Digital sales can decline even when brand demand remains significant elsewhere
APLA wholesale	+2% currency-neutral	Regional channel mix matters
APLA NIKE Direct	−6% currency-neutral	A global brand can require different channel rebalancing across markets

Source/Note: NIKE, Inc. (2026). Results are company-reported financial and operating disclosures; causal explanations remain management interpretations unless independently identified.

COMPARATIVE INSIGHT | Jumia and NIKE operate at different scales and with different business models, but both cases reject channel ideology. Jumia combines digital acquisition with local physical access; NIKE is reinvesting in wholesale and physical retail while repositioning digital direct channels. The general principle is to choose channels by customer value, reach, economics and control rather than by the prestige of being "digital-first" or "direct-to-consumer."

10.19 Faith, Ethics and Moral Reasoning in Marketing

Marketing is morally consequential because it works directly on attention, belief, desire, choice and exchange. The field's technical power has increased sharply: firms can infer likely preferences, personalize prices and messages, test thousands of creative variants and contact customers at moments of heightened receptivity. The moral question is therefore not whether persuasion should exist. Human beings persuade one another whenever they recommend, teach, sell, negotiate or advocate. The question is **what kind of persuasion respects truth, dignity, agency and neighbour-love, and what kind converts knowledge of human weakness into a mechanism of extraction**.

10.19.1 Biblical foundations: truth, neighbour-love and honest exchange

Christian moral reasoning begins with a view of persons as bearers of dignity rather than targets to be optimized. Marketing should therefore treat the customer as a neighbour whose good matters, not merely as a probability of conversion. Matthew 22:39 places love of neighbour within the central moral command, while Philippians 2:4 directs believers to attend to the interests of others as well as their own. These texts do not supply a pricing algorithm; they establish a moral posture incompatible with deliberate exploitation.

Truthfulness is equally direct. Ephesians 4:25 calls for speaking truth with one's neighbour. Proverbs 11:1 condemns dishonest scales, using the commercial practices of exchange as a moral image. Marketing claims, price presentations, scarcity messages and endorsements therefore fall within a serious Christian account of truth in economic life.

Stewardship adds responsibility for resources entrusted to the firm, including customer data, attention, brand trust and organizational capability. A company can legally possess data while still using them irresponsibly. Data are not morally inert simply because consent appears in a contract. The purpose, proportionality and consequences of use matter.

10.19.2 Persuasion versus manipulation

Persuasion presents reasons, meanings or invitations while leaving the audience with meaningful agency. Manipulation works by bypassing, distorting or exploiting the audience's decision process in ways the persuader would prefer not to make transparent. The boundary is not always simple because all communication selects and frames information.

A practical distinction can be made through five connected tests. The truth test asks whether explicit and implied claims are materially true and supported. The visibility test asks whether important costs, qualifications and commercial relationships are reasonably noticeable rather than technically disclosed but practically hidden. The agency test asks whether customers can understand, decline, compare and reverse where reversal is reasonably expected. The vulnerability test asks whether the tactic profits from fear, addiction, cognitive impairment, childhood, desperation or severe information asymmetry. The transparency test asks whether the marketer would be willing to explain the influence mechanism openly to the customer. These tests work together: a tactic can fail morally even when one isolated sentence is literally true.

A real limited-time discount can be persuasive. A fabricated countdown timer is manipulative because its mechanism depends on false urgency. A recommendation based on actual use can be persuasive. A paid endorsement presented as spontaneous personal enthusiasm conceals information material to evaluation.

10.19.3 Alternative ethical perspectives

Christian ethics should be articulated confidently without caricaturing other serious traditions.

Consequentialist reasoning asks whether a marketing practice increases net welfare. It is useful for examining total benefits and harms, but aggregate gains can obscure severe harm to minorities. **Deontological and rights-based reasoning** emphasizes duties, consent, truthfulness and respect for persons even where manipulation would increase aggregate welfare. **Virtue ethics** asks what kind of marketer and organization repeated practices are forming: truthful, temperate and just, or opportunistic and deceptive. **Justice approaches** examine how benefits, burdens, access and errors are distributed. **Care ethics** emphasizes vulnerability, dependence and relational responsibility. **Stakeholder reasoning** broadens attention beyond the purchasing customer to employees, families, communities, suppliers and others affected by marketing practices.

Christian moral reasoning shares concerns with these traditions while grounding them in a theological account of truth, human dignity, neighbour-love, stewardship and accountability before God. It also insists that moral legitimacy cannot be reduced to customer preference or corporate policy.

10.19.4 Vulnerability, children and compulsive design

Some customers have reduced capacity to evaluate claims because of age, health, financial distress, language barriers or cognitive burden. Other vulnerabilities are situational: grief, emergency, isolation or scarcity can temporarily change judgment. Marketing to vulnerable groups is not automatically wrong. People in need often benefit from relevant information. The moral line is crossed when vulnerability itself becomes the extraction mechanism.

Children require particular protection because persuasive literacy develops over time. The fact that a platform can infer a child's interests does not create a moral entitlement to exploit them. Similarly, designs optimized to maximize time spent can become morally problematic when they intentionally cultivate compulsive use while externalizing sleep, family, educational or mental-health costs.

10.19.5 Privacy, consent and the stewardship of data

Marketing data can reveal location, identity, purchases, relationships, beliefs and inferred vulnerabilities. Consent is meaningful only when it is informed, specific enough to understand and not obtained through avoidable coercion or deceptive interface design. A twenty-page policy is not proof that the customer meaningfully understood a high-risk profiling practice.

The Christian concept of stewardship asks whether data collection is proportionate to the legitimate service being provided and whether security, access, retention and secondary use respect the person. The organization should be able to answer: Why do we need this data? What benefit does it create? What harm could misuse cause? Who can access it? When is it deleted? Can the customer object? Does the model infer sensitive characteristics the customer never chose to disclose?

10.19.6 Pricing, necessity and exploitation

Price increases can ration scarce supply, attract new supply and preserve business continuity. They can also exploit customers with no meaningful alternative. Ethical judgment therefore requires context rather than slogans about either “market price” or “price gouging.” Relevant questions include cause of scarcity, ability to expand supply, transparency of added cost, essentiality of the good, customer vulnerability, duration, alternatives and distribution of burden.

A Christian business does not serve customers by becoming financially insolvent. Neither does it treat scarcity as permission to extract without limit. Legitimate profit and neighbour-love must be reasoned together.

10.19.7 Brand purpose, cultural respect and conscience

Marketing can strengthen or degrade cultural life. Brands should avoid caricaturing communities, exploiting sacred symbols, sexualizing audiences to gain attention or demanding ideological conformity unrelated to the product. Respect for culture does not require moral relativism. A firm can maintain convictions while communicating without humiliation or deception.

Freedom of conscience matters internally as well. Employees should not be coerced into personally endorsing claims, causes or identities that conflict with conscience when their professional role does not legitimately require personal advocacy. Managers should distinguish representing an organization's factual position from compelling personal moral speech.

10.19.8 AI, synthetic media and moral responsibility

Generative AI can make deception cheap. A marketer can create synthetic testimonials, cloned voices, photorealistic “customers” or an apparent consensus that never existed. Even where synthetic representation is lawful, the moral question is whether a reasonable audience would mistake fiction for evidence.

AI does not dilute human responsibility. If a model generates a false product claim, fabricated citation or culturally offensive image, the organization that deploys it remains accountable for review. “The model produced it” is no more adequate than “the agency wrote it.” Automation changes the production process, not the moral owner of the decision.

10.19.9 Marketing attention as stewardship

Human attention is finite. Digital businesses can monetize increasingly precise predictions about what will hold a person's gaze. The economic incentive is understandable, but attention should not be treated as an inexhaustible raw material. An organization should ask whether it creates enough value to justify the attention it requests and whether it intentionally designs against self-control.

This perspective changes campaign optimization. The goal is not maximum message frequency. It is sufficient, relevant, truthful communication to enable valuable exchange and relationship. Respecting attention can be both morally sound and commercially wise because overexposure creates fatigue and distrust.

FAITH AND VOCATION | A Christian marketer's vocation is not to make weak products look desirable. It is to help an organization understand real needs, design useful offerings, make honest promises, invite exchange without coercion and tell the truth when evidence does not support the desired claim. The pressure point is often not public scandal but the small compromise: bury the fee, exaggerate the scarcity, omit the limitation, buy the undisclosed review, stretch the definition of “local,” or target the customer precisely because distress makes resistance less likely. Moral formation is built in those decisions.

10.20 Responsible Marketing Decision Protocol

The following protocol integrates technical, economic and moral judgment. Table 10.11 is designed for managers, entrepreneurs, consultants and analysts who need a repeatable way to review a marketing decision before money and reputation are committed.

Table 10.11. *Responsible Marketing Decision Protocol.*

Stage	Decision discipline	Questions
1. Define the customer problem	Establish legitimate need and context	What customer outcome matters? What evidence shows the problem exists? What alternatives are used now?
2. Define the target and boundary	Choose whom to serve and whom not to target	Is the segment meaningful and reachable? Does targeting rely on sensitive data or vulnerability?
3. Design the value proposition	Link benefit, sacrifice and proof	What changes for the customer? What must be true for the promise to hold? What evidence supports it?
4. Test product, service and brand fit	Ensure the promise can be delivered	Can operations reliably fulfil the experience? Does the brand architecture clarify or confuse?
5. Set economically coherent terms	Integrate price, margin and customer value	What contribution is required? How does price compare with WTP and alternatives? Is the pricing method defensible and fair?
6. Choose accessible channels	Match customer reality	Where can target customers discover, evaluate, buy, pay, receive and obtain support? Which customers are excluded by the channel?
7. Communicate truthfully	Design claims, creative and media	What is the net impression? Are qualifications and sponsorships clear? Does the creative exploit fear or vulnerability?
8. Govern data and personalization	Protect agency and privacy	What data are used, under what authority and purpose? Can customers understand, object or correct?
9. Measure incremental and economic effect	Connect activity to causal value	What is the counterfactual? Which metrics are leading indicators and which are financial outcomes?
10. Review consequences and learn	Correct unintended effects	Who benefited, who bore cost, what complaints or disparities emerged, and what should be changed or stopped?

Source/Note: Author's synthesis integrating customer value, evidence, economics, legal awareness, ethics and accountability.

PRACTICE TOOL | The five-accountability review. Before approving a major campaign, require one page that answers five separate questions: (1) customer value, (2) financial logic, (3) evidential support, (4) legal and data-protection constraints, and (5) moral legitimacy. A campaign should not be allowed to hide a weakness in one category behind strength in another. High expected profit does not cure a deceptive claim; strong moral intention does not cure an economically unsustainable model.

10.21 Common Misconceptions, Analytical Errors and Professional Pitfalls

Table 10.12. *Common marketing misconceptions and corrective disciplines.*

Misconception or error	Why it fails	Better discipline
“Marketing means advertising.”	Advertising is only one communication instrument.	Start with customer, value, target, offer, price and access before promotion.
“The customer is always right.”	Customers can misunderstand, conflict with one another or demand harmful actions.	Respect customers while retaining evidence, law and moral judgment.
“More awareness is always better.”	Awareness without relevance can waste budget or amplify negative associations.	Define the intended behavioural or economic mechanism.
“A large TAM proves opportunity.”	Population counts ignore access, affordability, competition and conversion.	Distinguish TAM, SAM and realistically obtainable demand.
“Demographics are segments.”	Age or income categories may not explain needs or response.	Segment on differences that justify different action.
“Personalization is always customer-centric.”	It can improve relevance or exploit sensitive inference.	Test purpose, permission, fairness and customer benefit.
“A premium price proves a premium brand.”	Price can signal quality but cannot create delivered value.	Align price, proof, experience and alternatives.
“Discounts grow sales, therefore they work.”	Discounts can destroy contribution and reference price.	Calculate required volume and long-run response.
“Direct-to-consumer is always superior.”	Direct channels add acquisition, service and fulfilment burden.	Compare reach, economics, control and customer preference.
“Omnichannel means using every channel.”	More channels can create inconsistency and cost.	Integrate only channels that reduce customer friction and add value.

Misconception or error	Why it fails	Better discipline
"Influencers make ads authentic."	Paid relationships can make trust more fragile if hidden.	Disclose material connections clearly and govern claims.
"ROAS measures return."	Platform attribution can credit non-incremental sales and ignore margin.	Use contribution and incrementality where feasible.
"Big data eliminates research uncertainty."	Large behavioural datasets can still be biased, mismeasured and non-causal.	Preserve research-design and statistical discipline from Chapters 3-5.
"High retention equals loyalty."	Lock-in and cancellation friction can retain unhappy customers.	Examine satisfaction, switching conditions, complaints and voluntary repeat behaviour.
"AI-generated creative is just another productivity tool."	It can introduce factual error, rights issues and synthetic deception.	Establish provenance, review, disclosure and human authorization.
"If it is legal, it is ethical."	Law sets enforceable minimums and can lag technology or omit moral harms.	Evaluate truth, dignity, justice, vulnerability and foreseeable consequences separately.

Source/Note: Author's synthesis.

10.22 Chapter Synthesis

Marketing is the disciplined customer-side architecture of enterprise. It begins with market sensing and customer understanding, not communication tactics. A market-oriented organization generates and shares intelligence, chooses customers deliberately, designs relevant value propositions and coordinates the organization around delivery. Customer value is comparative: benefits must be judged against monetary and non-monetary sacrifices and realistic alternatives. Buyer behaviour is shaped by attitudes, norms, perceived control, heuristics, social relationships, culture, trust and situational constraints; organizational buying adds multiple actors, derived demand, procurement structure and total-cost reasoning.

Segmentation identifies meaningful heterogeneity; targeting chooses where the organization can create legitimate and sustainable value; positioning defines the intended place in customer judgment. Product and service strategy translate that positioning into an offering; service quality and recovery protect the promise when delivery is variable or fails, while brand architecture organizes meaning and expectation across a portfolio. Pricing determines value capture and must integrate cost, competition, willingness to pay, elasticity, contribution and fairness. Channels make value accessible and increasingly require coordination across digital and physical touchpoints. Jumia demonstrates why African digital commerce remains hybrid, while NIKE shows that even a global brand cannot treat direct digital channels as automatically superior to wholesale and physical retail.

Marketing communication should make value intelligible rather than manufacture false beliefs. Advertising objectives, creative strategy and media choice must be linked to customer decision processes and supported by evidence. Integrated communication coordinates advertising, sales promotion, public relations, direct marketing and personal selling without allowing the instruments to contradict one another on material facts. Digital marketing increases precision and speed but also concentrates data, platform power and persuasive capability; accessibility and inclusive design determine whether that precision actually produces usable customer access. CRM and CLV shift attention from first conversion to relationship economics. Marketing analytics should move from impressions and clicks toward retention, contribution and incrementality, with experiments or credible counterfactuals used where feasible.

Christian moral reasoning gives the system a governing purpose: create and communicate genuine value through truthful, non-exploitative exchange. Customers are persons, not conversion probabilities. Privacy, attention, trust and vulnerability create moral responsibilities that do not disappear when terms are technically lawful. Legitimate profit remains necessary for sustainable enterprise, but profitability is not a moral certificate. The responsible marketer therefore joins customer insight, economic discipline, evidence, legal awareness and moral judgment.

10.23 Hand-off to Chapter 11: From Customer Promise to Operational Fulfilment

Marketing can define what customers value, which segments to serve, how the offer should be positioned, what price and channel logic fit the market, and what promise communication can responsibly make. But the promise creates an operational obligation. A same-day delivery message requires capacity, inventory visibility, process reliability and transportation. A premium service promise requires consistent quality and trained people. An omnichannel proposition requires systems that can coordinate orders, stock, returns and customer information across touchpoints.

Chapter 11 therefore moves from the **customer promise** to the **physical and operational system that must fulfil it**. It will develop process mapping, capacity, productivity, bottlenecks, lean systems, quality, inventory control, enterprise systems, procurement, global sourcing, transportation, warehousing, trade documentation, customs, supply-chain risk and resilience. The transition is deliberate: marketing should never promise what operations cannot responsibly deliver, and operations should not optimize processes whose outputs customers do not value.

Key Terms

Table 10.13. *Key terms and working definitions.*

Term	Working definition in this chapter
Advertising	Paid, identified communication intended to inform or influence an audience about an offering, brand or organization.
Brand	A system of identifiers, meanings, associations and expectations that distinguishes an offering and shapes customer response.
Brand architecture	The organized relationship among corporate, family, product and service brands in a portfolio.
Brand equity	The differential customer response and market value associated with brand knowledge beyond otherwise similar unbranded attributes.
Buying center	The set of organizational participants who influence, use, purchase, decide or control information in a B2B purchase.
CAC	Customer acquisition cost; acquisition-related marketing and sales cost divided by appropriately defined newly acquired customers.
Channel	The organizations and interfaces through which customers discover, evaluate, obtain, pay for and receive support for an offering.
Churn	The loss of customers, contracts or recurring revenue from a defined opening base during a period.
CLV	Customer lifetime value; the discounted expected contribution associated with a customer relationship, net of relevant acquisition cost.
Customer journey	The evolving pre-purchase, purchase and post-purchase processes and touchpoints through which a customer experiences a category or brand.
Customer value	The customer's assessment of benefits relative to sacrifices and alternatives in a particular context.
Dark pattern	Interface design that materially steers, tricks or obstructs users in ways that undermine informed and voluntary choice.
IMC	Integrated marketing communication; coordination of communication objectives, messages and touchpoints to create coherent customer meaning.
Incrementality	The change in outcome caused by a marketing action relative to what would have happened without it.
Market orientation	Organization-wide generation, sharing and use of market intelligence to create superior customer value and respond to competitive conditions.
Omnichannel	Coordinated customer experience across interacting digital and physical channels and touchpoints.
Perceived value	Customer evaluation of what is received relative to what is given and to available alternatives.
Positioning	Deliberate design of an offering's relevance and distinction in the target customer's frame of reference.
Price elasticity of demand	Percentage change in quantity demanded associated with a one-percent change in price, holding relevant conditions conceptually constant.
Retail media	Advertising inventory sold by retailers or marketplaces using their customer, transaction or platform environments.
ROAS	Attributed revenue divided by advertising spend; an attribution metric that should not be confused with causal return or profit.
ROMI	Return on marketing investment; here, incremental contribution net of marketing investment divided by that investment.
Segmentation	Division of a heterogeneous market into groups whose differences are meaningful for marketing decisions.
Targeting	Selection of segments or customers the organization chooses to serve with differentiated priority.
Value proposition	A defensible statement of the relevant benefit an offer creates for a target customer relative to alternatives and why the claim should be believed.
Willingness to pay	Maximum monetary amount a customer is prepared to sacrifice for an offering under specified conditions.

Source/Note: Definitions reflect usage in this chapter and should be read with the full discussion above.

Concept-Check Questions

1. Why is marketing broader than advertising and selling?
2. How do the Kohli-Jaworski and Narver-Slater approaches to market orientation differ?
3. Distinguish customer value, satisfaction and loyalty.
4. Why can purchase intention differ from actual behaviour?
5. What makes organizational buying a multi-actor process?
6. Why should marketing research begin with a decision rather than a preferred method?
7. What criteria make a segment managerially useful?
8. Distinguish segmentation, targeting and positioning.
9. What is the purpose of a reason-to-believe in a value proposition?

10. How can a brand extension create both growth opportunity and dilution risk?
11. Why can a 10% price discount require much more than 10% additional volume to preserve contribution?
12. Distinguish multichannel from omnichannel marketing.
13. Why is a high ROAS not necessarily evidence that advertising caused profitable sales?
14. What is the difference between attributed conversion and incremental conversion?
15. Why can high customer retention coexist with weak customer loyalty?
16. What assumptions make a simple CLV estimate fragile?
17. Why can personalization be both customer-serving and ethically problematic?
18. What distinguishes persuasion from manipulation in the chapter's moral framework?

Higher-Order Analytical and Critical-Thinking Questions

1. A firm has excellent customer-satisfaction scores but declining market share. Develop at least four competing explanations and specify the evidence needed to distinguish them.
2. Should a firm ever deliberately target a segment with lower short-run profitability? Analyze capability building, network effects, mission, fairness and long-run economics.
3. Critically evaluate the statement: “If customers voluntarily click ‘buy,’ the marketing was ethical.”
4. A digital platform can increase conversion by using inferred financial distress to time offers. Under what conditions, if any, could this be legitimate?
5. Compare a direct-to-consumer and intermediary strategy for a branded consumer product in an African market with uneven digital access. What customer and economic evidence should determine the channel mix?
6. How would you distinguish a genuine brand-purpose strategy from reputational “purpose-washing” without assuming that all corporate moral claims are insincere?
7. Why might a campaign with lower click-through rate create more enterprise value than a campaign with higher click-through rate?
8. How should a brand decide whether to disclose material use of generative AI in advertising when no specific law requires disclosure?
9. Explain how retailer ownership of both marketplace ranking and advertising inventory can create conflicts of interest. Propose governance safeguards.
10. Under what conditions can dynamic pricing increase both efficiency and perceived unfairness? How should managers respond?

Applied Case: Umuco Home, Growth Without Discount Dependence

Umuco Home is a fictional Rwanda-based home and personal-care company selling refillable cleaning products through supermarkets, its own website and a small network of neighborhood refill partners. The company positions itself around dependable cleaning performance, reduced packaging waste and predictable household cost. It has grown quickly in Kigali but is struggling to expand repeat purchase beyond its first customer cohort.

The finance team reports that the flagship one-liter cleaner sells for RWF 5,000. Variable product, packaging and transaction cost averages RWF 2,900, giving RWF 2,100 contribution before acquisition and fixed costs. During the last quarter, Umuco spent RWF 36 million on digital advertising and acquired 12,000 customers who placed a first order attributed to those campaigns. Management therefore reports an attributed CAC of RWF 3,000. However, a holdout experiment covering part of the eligible audience suggests that only 7,200 of those first orders were incremental to advertising.

The customer team reports that 47% of the new-customer cohort purchased again within 90 days. Interviews suggest three different patterns. Some customers love the refill concept but find the nearest refill point inconvenient. Some believe the cleaner performs well but compare the price with cheaper conventional alternatives. Others bought mainly because the first order carried a 25% promotion and expected the discount to continue. Supermarket partners report that customers often ask whether refill products are “weaker” than conventional products, despite Umuco's internal product testing.

The marketing director proposes four actions: increase the first-order discount to 35%; launch a creator campaign claiming that customers can “cut plastic waste by 80%”; add five refill points in secondary neighborhoods; and use browsing behaviour to identify customers who repeatedly visit the price page and send them personalized 20% discounts. The operations manager warns that new refill points may suffer stockouts unless replenishment is redesigned. The legal adviser asks whether the environmental claim has sufficiently clear boundaries and whether personalized discounting based on behavioural profiling is covered by the company's current consent process.

Case tasks

1. Recalculate Umuco's **incremental CAC** using the holdout estimate. Compare it with the attributed CAC.
2. Using the current unit contribution of RWF 2,100, calculate how many full-contribution purchases are required to recover incremental CAC before fixed costs.
3. If price is reduced by 25% while variable cost remains RWF 2,900, calculate unit contribution at the promotional price. Explain why permanent discounting may be economically dangerous.

4. Segment the evidence into at least three customer groups based on need or behaviour rather than demographics alone. Which group should receive priority and why?

5. Write a defensible positioning statement for Umuco Home.

6. Evaluate the proposed “cut plastic waste by 80%” claim. What evidence, baseline and qualification would be required before public use?

7. Evaluate the plan for personalized discounts. What customer-value, fairness, privacy and long-run reference-price questions should be answered?

8. Explain why marketing cannot solve the refill-point problem without coordination with Chapter 11's operations disciplines.

9. Design a three-month marketing test plan with one acquisition metric, one retention metric, one customer-experience metric, one contribution metric and one causal comparison.

10. Recommend a final course of action using the Responsible Marketing Decision Protocol.

Ethical and Faith-Informed Dilemma: The Conversion Target

You are marketing director of a subscription learning platform. A new interface test increases paid conversions by 18%. The design presents a seven-day free trial with a large “Start learning” button. The fact that the subscription automatically renews is disclosed in smaller text below the button. Cancellation is possible online but requires navigating through four screens. Customer-service data show that a disproportionate share of refund requests comes from first-time digital subscribers who say they did not realize the trial would renew.

Your chief growth officer argues that every term is technically visible, renewal is standard in the industry and the company needs the additional revenue to finance expansion into underserved communities. The product team proposes an even stronger version that preselects annual billing because it further increases conversion. Legal counsel has not concluded that the current design violates applicable law.

Prepare a reasoned recommendation. Distinguish legal compliance from moral legitimacy. Apply the truth, visibility, agency, vulnerability and transparency tests. Then analyze the decision through consequentialist, rights/deontological, virtue, justice/care and Christian moral reasoning. Explain whether the social benefit of expansion can justify avoidable customer misunderstanding and what alternative design could preserve both viable economics and informed consent.

Data and Evidence Exercise: Campaign Economics, Incrementality and CLV

A fictional regional retailer tested four acquisition channels for the same product during one month. All figures are in currency units (CU).

Table 10.14. *Campaign economics, incrementality and CLV exercise dataset.*

Channel	Spend	Impressions	Clicks	Attributed new customers	Incremental new customers from holdout/geo test	Average first-order revenue	First-order contribution margin %	90-day retention estimate
Paid search	24,000	800,000	32,000	1,600	1,120	70	35%	52%
Paid social	30,000	2,500,000	25,000	1,500	750	64	32%	41%
Creator partnerships	18,000	600,000	12,000	900	630	82	38%	58%
Retail-media sponsored products	20,000	1,000,000	20,000	1,250	1,000	60	30%	49%

Source/Note: Fictional dataset designed for pedagogical analysis; all figures are in currency units unless otherwise stated.

Assume expected annual contribution before acquisition cost for a retained customer is CU90, annual retention probability equals the 90-day retention estimate only for this simplified exercise, and annual discount rate is 10%.

Required analysis

1. Calculate CTR for each channel.

2. Calculate attributed CPA and incremental CAC for each channel.

3. Calculate attributed first-order ROAS and explain why it is economically incomplete.

4. Calculate first-order **incremental contribution** for each channel using incremental customers × average first-order revenue × contribution margin percentage.

5. Compare first-order incremental contribution with spend. Which campaigns recover acquisition spend immediately?

6. Estimate simplified CLV for each channel using **CLV = m × r / (1 + d − r) − incremental CAC**, where m = CU90, d = 0.10 and r is the retention estimate.

7. Rank the channels by estimated CLV rather than CTR. Explain why the rankings differ.

8. Identify at least five assumptions that make the CLV comparison uncertain.

9. Recommend a budget reallocation, but specify one additional experiment or evidence check before shifting more than 25% of total spend.

10. Explain which metric in the table is most likely to tempt a manager into a misleading “winner” conclusion and why.

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Annotated Further Reading

Kohli, A. K., & Jaworski, B. J. (1990). A foundational conceptualization of market orientation as intelligence generation, dissemination and responsiveness. Especially useful for treating marketing as an organization-wide capability rather than a promotional department.

Keller, K. L. (1993). A seminal framework for customer-based brand equity. Read alongside contemporary digital branding research to understand why brand meaning resides in customer knowledge, not corporate declarations.

Lemon, K. N., & Verhoef, P. C. (2016). A comprehensive treatment of customer experience across the customer journey. Particularly useful for mapping touchpoints and distinguishing firm-owned from partner, customer and social influences.

Kannan, P. K., & Li, H. A. (2017). A rigorous digital-marketing synthesis connecting technology, customer touchpoints, firm strategy and measurement. It remains a useful map even as specific platforms change.

Lewis, R. A., & Rao, J. M. (2015). Essential reading for anyone interpreting advertising ROI. The paper explains why even very large advertising experiments can produce wide uncertainty and why attribution should not be confused with causality.

Payne, A., & Frow, P. (2005). A strong antidote to the misconception that CRM is software. The article frames CRM strategically across value creation, information and multichannel integration.

Verhoef, P. C., Kannan, P. K., & Inman, J. J. (2015). A concise bridge from multichannel to omnichannel retailing, useful before studying the operational fulfilment challenges developed in Chapter 11.

Chikweche, T., Lappeman, J., Mohammed, H., & Egan, P. (2025). Valuable Africa-centered evidence on the heterogeneity of middle-class brand behaviour in a digitally changing environment. It is useful precisely because it resists treating Africa as one consumer segment.

International Telecommunication Union (2025). An authoritative statistical reference for connectivity, gender and urban-rural gaps. Marketers should use it to discipline digital-market assumptions, while always moving from regional aggregates to country- and segment-specific evidence before making decisions.

Federal Trade Commission (2023; n.d.-a, n.d.-b). Practical regulatory guidance on truth in advertising, endorsements, material connections and reviews. Although U.S.-specific, the materials offer transferable professional questions about substantiation, overall impression and disclosure that should be supplemented with applicable local law.