

Definition of Customers

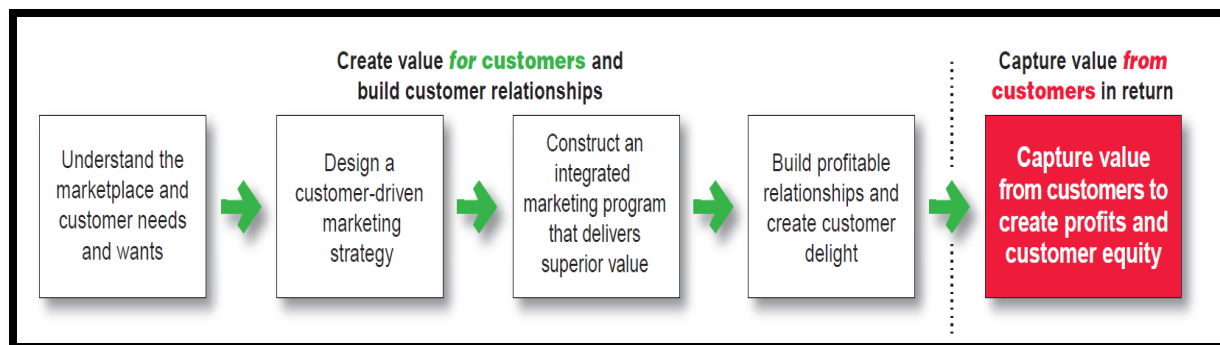
"A customer is someone who perceives value in the product or service offered and engages in a transaction to acquire it" (Kotler & Keller, 2016).

"Customers are individuals or groups who buy products or services to satisfy their personal needs or desires" (Schiffman & Kanuk, 2007).

"A customer is the most important visitor on our premises. They are not dependent on us; we are dependent on them. They are not an interruption in our work; they are the purpose of it." Chartered Institute of Marketing (CIM).

The marketing process

Kotler et al. (2020) define marketing as the process by which companies engage customers, build strong customer relationships, and create customer value in order to capture value from customers in return.



Other scholars and their view of customers in business management:

LeBoeuf (1987): "A satisfied customer is the best business strategy of all." This definition highlights the role of customer satisfaction in driving long-term business success.

Drucker (1974): "The purpose of a business is to create and keep a customer." Drucker's perspective emphasizes the central role customers play in the existence and purpose of a business.

Steve Jobs one of the founders of apple said, "You've got to start with the customer experience and work backward to the technology."

Importance of Customers to a Business:

Revenue Generation:

Customers are the lifeblood of any business, as their purchases directly translate to revenue. Without a steady stream of customers, a business cannot sustain its operations, pay its employees, or invest in growth.

Increase in profitability of the business:

Long-term customers contribute significantly to a business's profitability. The concept of Customer Lifetime Value highlights the importance of fostering long-term relationships with customers.

Long run existence of the business:

When a business attracts and retains profitable customers, it leads to the sustainable growth of the business and hence long life of the business

Brand Ambassadors:

Satisfied customers often act as informal brand ambassadors, recommending products and services to their networks through word-of-mouth or online reviews.

Innovation Drivers:

Customer preferences and feedback often serve as a catalyst for innovation. Businesses that listen to their customers are better equipped to adapt to changing market conditions and introduce new products or services.

Market Validation:

The presence and actions of customers validate the market's need for a product or service. If customers consistently choose a particular business over competitors, it signals trust in the quality, reliability, and value being offered.

Customers are far more than transactional entities; they are integral partners in a business's journey toward growth and sustainability. By understanding the diverse roles customers play, businesses can better appreciate their critical importance. As the global market continues to evolve, companies that prioritize their customers and adapt to their changing needs will remain competitive and successful

Students may also include all the reasons which they contributed in the class discussion

Types of Customers:

Customers can be classified in different ways, the first being that an organisation has **internal customers** and **external customers**.

Internal customers are individuals or departments within an organization that rely on or receive services, products, or support from other individuals or departments within the same organization. Understanding the concept of internal customers is crucial for fostering collaboration, improving efficiency, and ultimately enhancing customer satisfaction. By treating

internal stakeholders with the same level of service as external customers, organizations can create a productive, cooperative, and successful working environment.

External customers are end users or clients who purchase and use the company's products or services. They consist of individual customers known as **consumer markets** or businesses customers known **business markets**.

Consumer markets are individuals and households who buy goods and services for personal consumption.

Business markets buy goods and services for further processing or for use in their production process. They include:

1. **Marketing intermediaries** help the company promote, sell and distribute its products to final buyers. They include resellers, physical distribution firms, marketing services agencies and financial intermediaries.

Resellers are distribution channel firms that help the company find customers or make sales to them. These include wholesalers and retailers that buy and resell merchandise. Manufacturers have to select and partner with key resellers if they are to deliver their products or services efficiently.

Physical distribution firms help the company stock and move goods from their points of origin to their destinations.

Marketing services agencies are the marketing research firms, advertising agencies, media firms and marketing consulting firms that help the company target and promote its products to the right markets.

Financial intermediaries include banks, credit companies, insurance companies and other businesses that help finance transactions or insure against the risks associated with the buying and selling of goods.

2. **Manufacturers or producers** who buy goods and services for further processing or use in their production processes. They include industries or manufactures, commercial businesses such as restaurants service firms, or institutions such as schools, hospitals etc.
3. **Government markets** consist of government agencies that buy goods and services to produce public services or transfer the goods and services to others who need them. Such as ministries, government bodies like the army, police, local authorities KCCA, UNRA etc.
4. **International markets** consist of buyers in other countries, including consumers, producers, resellers and governments.

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