

BUILDING NEW RELATIONSHIPS WITHIN INTERNATIONAL ENVIRONMENT

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Abstract: *The marketing activity influenced by the relationship with the organization's stakeholders is one of factors influencing the organization's performance and effectiveness. The scope of this paper is to assess an approach in terms of new relationships an organization can build within international environment in order to make proposals for future effectiveness improvement and integration in the overall strategy.*

1. The organization relationship with its stakeholders

Many business decisions are taken within an international context and frequently involve managing across borders. The large corporations influence even small and medium companies because they have to compete in a volatile environment. One of the priorities that managers have to do is to understand the environment and to define well its stakeholders in order to establish the relationships are effective for the business. The relationships depend on organization strategy and the external environment factors. The main stakeholders of any organization are presented in fig.1

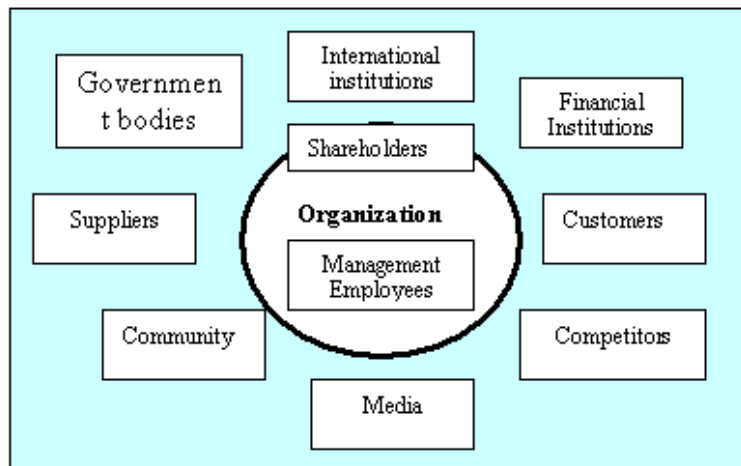


Figura 1. The main stakeholders of organization

The list of stakeholders emphasized in fig.1 is not ended, but what is important for a company is to build and keep relationships with all stakeholders, because every one has its own importance in the development of a business and to company's success.

Christopher et al. suggests six key stakeholders groups to be considered, as in the picture presented in fig.2. As could be seen in the figure bellow an organization could be present in all the six markets.

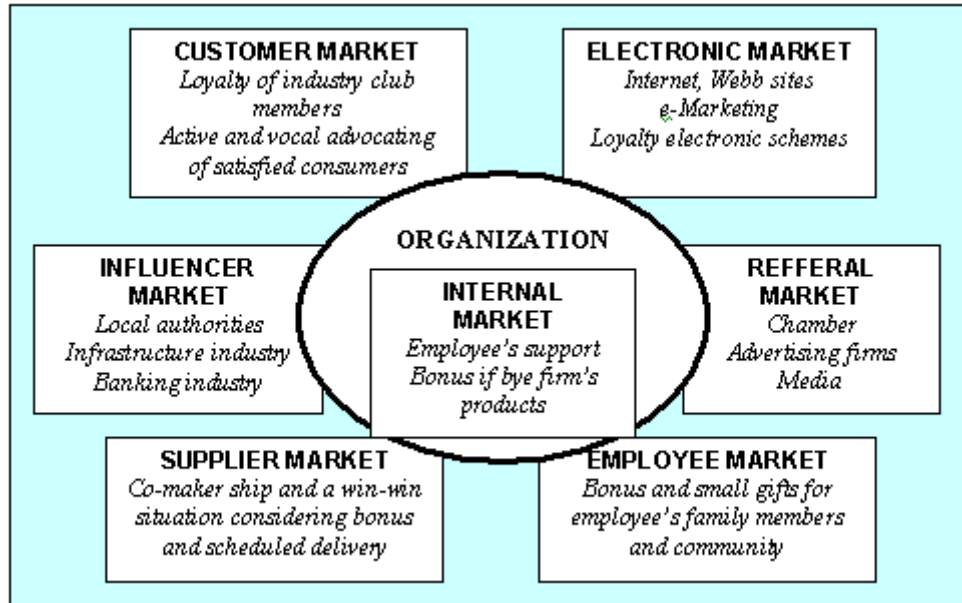


Figura 2. The seven markets model

Adapted from Christopher et al. (1991) and Gummesson (1999)

As could be seen in the figure bellow the organization could be present in all the six markets.

Customer market is always a priority. And it includes the actual and potential customers (organizations in business-to business relationships or consumers or brand relationships). The most important aspect in building relationships with customers is to develop loyalty.

Finance institutions (banks, investment funds, Stock exchange, etc.), governmental institutions, infrastructure suppliers (roads, electricity, telephone, etc.) are elements of *influencer market* that are operating into the organization's environment and influence the products and services selling.

Supplier market is about suppliers that have to become partners in a win-win strategy. They need to be part of the quality improvement programs and to co-operate within the overall effort to operate more efficiently within the global competition.

Employees market is about the present and future labour market. The companies need to do efforts to retain the most skilled persons, but in the same time they need to look for the future qualified and motivated employees.

Independent advisers, such as Chamber, different other industry producers, media, etc make the *referral market*, which is helping the organization in developing its market share (for example washing mashies and Calgon powder).

Internal market is serving the purpose and the objectives the company has been shared with its employees who are buyers or consumers of company's products or services and can influence the other player on the market having a positive attitude and opinions.

The new IT and communication technology, Internet and Webb sites are helping the development of a new market, so called *electronic market space*.

2. Organization's policies to build new relationships

- The increased competition because of deregulations on international markets, globalisation, the maturity and sophistication of customers that become more and more experts in buying, growth of technology, less differences between competing commodities and the need for sustainable competitive advantage including high quality levels are some of the cases of changes in marketing relationships. Even customers or consumers and competitors are of the main interest in management and marketing the reality emphasized that the wider range of stakeholders also causes the company's success. Employees have the role to ensure high levels of satisfaction for customers and they are providing ideas for innovation. Shareholders are concerned in the long-term strategic development. A social attention and community interest determines changes and adaptation of organizations' policies for marketing. Pollution and environment degradation are restrictions for most

of the companies and their management and marketing strategies, even they are not reflected in market prices. The policies to build new relationships with the stakeholders need to be based on trust, commitment, warmth, intimacy, co-operation and two-way communication.

In what is concerned the organization relationship with its customers the organizations needs to have in view the rules of friendship, the development of frequent and easy interaction, communication, propinquity, goal interdependence and mutuality.

- The rules of friendship

Trust and warmth in relations need to be present. Personnel have to be well educated, polite and friendly with customers. Top management generally keeps nice relationship with all partners and invites them once a year to the annual corporate party.

- The development of frequent and easy interaction

A latent relationship is always activated when opportunities exist; an 'open door' has to be ensured.

- Communication

Different ways to communicate have to be used by the top management. Telephone calls, e-mails, greeting cards are often used, but branding and loyalty schemes have to be developed.

- Propinquity

It is not to be lack of guarantee instant responses to customer inquiries, complaints and comments. The problem is that complains have to be taken seriously and the bad sound of an event has to be evaluated in terms of efficiency.

- Goal interdependence

Some groups of customers are affective involved. Retailers make suggestions, they spread information about using the products, and they capture attention of friends or other people. They are treated as 'home people' and they feel important.

- Mutuality

It has to be present in relationship with most of the partners. A good example is orange paints delivery to ORANGE telephone line and all employees have mobile phones using ORANGE line, with discount.

Most organizations are seeking for partnerships and alliances to build, but they are not really formal and consequent. The top management is still uses an empirical manner of doing marketing relationship, being a matter of improvement.

3. Integrating marketing relationships into overall strategy

Usually organizations are seeking to dominate and control its customers to secure the organizations' goals and here is probably the cause of tension that is created between suppliers and customers that are usually solved in the favor of customers. As shown above, several changes are necessary in order to improve the marketing activity performance and the organization's efficiency in order to integrate the new marketing relationships. Some of the changes, probably to be applied in many organizations, such as:

- Monitor changes in the external environment
- Identify market segments
- Implement an integrated communications and promotions program
- Monitor and evaluate performance and customer satisfaction
- Strategic partnerships and alliances building
- Implement a key account management
- Monitor changes in the external environment

Constructions, infrastructure, new technologies, the shift of customers power affecting the volume of activity and performance are a few examples of the need of environment changes monitoring. As a consequence the volume of activity and margin are influenced. Avoiding designing wrong sales forecasts and controlling the opportunity costs is the effect of this action.

- Identify market segments

Christopher's six markets briefly presented above could be used in organization's market segmentation. Customers have to be seen as active players. In this respect the organizations have to act on encouraging active dialogue, mobilizing communities, involving potential customers and

managing customers diversity. The volume of activity, the market size and the ratio efforts/effects could be improved.

- Implement an integrated communications and promotions program

If the relationship with industries clubs, Chamber, local authorities, advertising firms, banks are developed an integrated promotions program could be realized. Booklets and media advertising could promote products and services for inter - linked partners. Webb page, posters on the windows of stores and supermarkets all over the market, different other advertising materials could be of a real help. Communication is also a subject of improvement. Complains and any comment have to be solved at once, joined with excuses, preferences and bonuses. Opportunity costs could be under control and so the effectiveness of the whole activity to be improved.

- Strategic partnerships and alliances building

Sharing marketing costs leads to efficiency improvement. Network marketing brings a recognized value. Integrative relationships involve different pricing issues. In this respect price and costs are shared among partners and savings, as well.

- Implement a key account management

As a consequence of enlarging the segment of the implementation of key account management have to be taken into consideration to bring new competencies for the organization. The improvements will be seen on focusing on customer problems, on forging wide and deep networks of relationship, on flexibility development of the management's behavior. Quality and financial problems could be control and efficiency improves.

- Monitor and evaluate performance and customer satisfaction

- The organizations have to be involved in evaluating customer satisfaction, monitoring the effects of customer satisfaction or dissatisfaction and the effects on organizations' performance, i.e. measuring costs and profit.

As a **conclusion** of these brief approach is to underline the importance of building a new culture concerning the relationships with stakeholders that has to be on the top management agenda.

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