

CONTEMPORARY MARKETING PRACTICES IN ROMANIA

Maxim Andrei

“Al. I. Cuza” University of Iași Faculty of Economics and Business Administration FEAA, 22 Carol I Blvd., IAȘI 700505 andrei.maxim@feaa.uaic.ro 0232.20.14.06

The scope of this research is to capture a broader view of the marketing practices of the Romanian organizations, a field less investigated up to the present. This study is the first in Romania to apply the methodology developed in the international research project Contemporary Marketing Practices (CMP) and is designed to evaluate the degree in which different types of marketing, characteristic for either the transactional or the relational approaches, are used.

Keywords: contemporary marketing practices, transaction marketing, relationship marketing

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Introduction

The relational perspective enjoyed a distinctive attention in the marketing literature of the last decades and represents the first theoretical development that threatens the supremacy of marketing mix. However, there are various divergent opinions regarding the place of the relational approach in the general marketing theory and practice. Some authors consider that the relationship marketing (RM) will replace or has already completely replaced the transactional marketing, while others totally reject the RM concept. There are also some that argue that the two approaches are complementary and the companies have to define their position in the context of a relational/transactional mix.

In order to support one of these points of view, it is necessary to conduct empirical investigations that provide a clear image of the real situation from the business environment. Contemporary Marketing Practices (CMP) surveys were conducted in many countries all over the world, but they are a premiere for Romania.

Research objectives

The research is focused on the following aspects:

- determine the main orientation in the Romanian business environment (transactional or relational);
- identify the types of marketing present in the Romanian business environment;
- reveal the relationships that exist between these types of marketing and the companies' performance.

The Contemporary Marketing Practices Framework

Contemporary Marketing Practices is a research program initiated by Rod Brodie and Nicole Coviello, professors at the University of Auckland. It was extended up to the present in more than 15 countries, including Canada, Sweden, Thailand, Argentina, Germany, United Kingdom and United States.⁴⁰⁷

Following a detailed analysis of previous research, the CMP group developed a classification framework that includes nine dimensions of the way companies relate to their markets:⁴⁰⁸

- *exchange dimensions*: purpose of exchange, nature of communication, type of contact, duration of exchange, formality in exchange;
- *management dimensions*: managerial intent, managerial focus, managerial investment, managerial level.

Considering these dimensions, the authors concluded that five types of marketing may be identified in the literature and in the business practice and grouped them in two main perspectives:

- *transactional perspective*: Transaction Marketing (TM);
- *relational perspective*: Database Marketing (DM), e-Marketing (eM), Interaction Marketing (IM), Network Marketing (NM).

As defined by the CMP framework, these five marketing types do not exclude each other and each organization may practice them in a smaller or greater proportion, creating in this way a portfolio of strategies.

Through *Transaction Marketing*, the firm targets a large number of customers that remain relatively anonymous, and tries to generate as many transactions as possible. It does so by offering an attractive combination of products, prices, advertising and distribution. A good example is that of supermarkets which use mass advertising to attract various potential customers. However, the salespersons have no specific information about these customers; they do not know their names, addresses, preferences and so on. Although transactions may continue over time, they are regarded as being distinct as there is no differentiation between loyal and occasional buyers.

407 Roderick J. Brodie, Nicole E. Coviello, and Heidi Winklhofer, "Contemporary Marketing Practices Research Program: A Review of the First Decade," *Journal of Business & Industrial Marketing* 23, no. 2 (2008).

408 Roderick J. Brodie et al., "Is E-Marketing Coming of Age? An Examination of the Penetration of E-Marketing and Firm Performance," *Journal of Interactive Marketing* 21, no. 1 (2007).

Database Marketing involves the approach of well identified clients. One example is that of the telephony services providers that can send personalized SMS-es to their clients, on different occasions (birthday, the anniversary of a certain number of years since they are customers, etc.). DM (as well as TM) is marketing *towards* the customer and not *with* the customer.⁴⁰⁹

Unlike the previous types, where the client could only react to the offer, *e-Marketing* introduces the dialogue, the possibility of the customer to communicate with the firm, to make proposals. Yet, the communication is not face-to-face, but mediated by technology (telephone, fax, email, Internet discussion groups, call-center etc.).

In the case of the *Interaction Marketing* there is a closer, personalized relationship between the firm's representatives and certain clients. The customer does not communicate with the company as a whole, but with a certain employees who deal with him on a regular basis and who know his needs. The interaction is face-to-face and it may also be informal. The two might have other conversation subjects than those strictly related to business. Examples could include the interaction between the sales agents and the employees of the firms that buy from them or the cooperation and the exchange of ideas between an architect and the client that wants a house.

The firm creates a network of relationships with other firms in order to gain common benefits and to better serve the final clients. The *Network Marketing* may involve relationships with suppliers (e.g. Just In Time systems) or even with competitor firms. Several producers could establish partnerships in order to have a greater negotiating power when confronted with their distributors or they could share technologies to produce more efficient.

Methodology

This survey used the standard questionnaire of the CMP project, with some changes imposed by the particularities of the Romanian study. The questionnaire was presented to five university professors, specialized in marketing, and to six managers from Iași. After this pre-testing, some minor adaptations of the text were made, in order to better preserve the meaning of some expressions that were initially affected by the translation from English to Romanian. Most of the questions involve the evaluation of some sentences on a 1 to 5 Likert scale.

Each of the CMP's nine dimensions presented above was operationalised with a set of variables that corresponded to the five different types of marketing. In the end, TM, DM, eM, IM and NM were evaluated by calculating the arithmetic average of the nine formative items. In order to make the results more visible, the average was divided by 5 (the number of levels of the Likert scale used), obtaining an index with values in the 0 to 1 interval.

The performance of the companies was measured with subjective indicators. A comparison based on objective indicators would not have been relevant given to the variety of the organizations included in the survey (dimension, business sector, etc.). The respondents had to evaluate the measure in which their organization uses some performance indicators and the results compared to the expectations they had for those indicators, during the previous year.

Survey sample

In selecting the companies to be included in this survey the aim was to obtain a high degree of variability in terms of size, sector, age and geographical location. However, given the complexity of the questionnaire used, convenience sampling was preferred to probabilistic sampling. This method is in line with previous CMP studies.

The final sample totals 142 organizations based in București, in Timișoara and in several counties of Moldova (Iași, Suceava, Botoșani, Vaslui, Neamț, Bacău) and Transylvania (Cluj, Mureș, Alba, Bihor, Maramureș).

The small and medium enterprises are predominant (60.4% and 27.4%, respectively). Most of the companies have been present on the Romanian market for more than 10 years (48.6%) and 73.2% are owned by Romanian investors. 56.7% of the respondents claim that in 2007 their turnover increased by more than 10%.

With regard to the characteristics of the respondents, 84.4% occupy a managing position and another 10% are marketers. 61.4% occupy their current position since at least 3 years and 91.5% consider that their job is either directly or indirectly related the company's marketing. Furthermore, 84.6% of those interviewed are higher education graduates and 54.6% claim to have some form of marketing training. Therefore, it can be concluded that the data provided by them are relevant.

Results and discussion

The usage levels of the five types of marketing were estimated by calculating their indexes (values between 0 and 1, as previously mentioned). The results are presented in Table 1.

409 Nicole E. Coviello, Roger Milley, and Barbara Marcolin, "Understanding It-Enabled Interactivity in Contemporary Marketing," *Journal of Interactive Marketing* 15, no. 4 (2001): 22.

Table 1: Indexes for the five marketing types

	Index	Std. Deviation	Minimum	Maximum
TM	.64	.12705	.33	1.00
DM	.62	.14534	.27	.93
eM	.61	.18904	.20	.93
IM	.74	.16153	.29	1.00
NM	.71	.14660	.24	1.00

As it can be noticed, the surveyed companies use all five types of marketing. However, interaction and network marketing seem predominant.

Paired samples t tests were used to evaluate the differences between the five indexes. For each of these tests, the effect size was also computed. Field⁴¹⁰ and Pallant⁴¹¹ recommend reporting this indicator as an objective measure of the test's importance. The fact that the test is significant does not mean that the effect it measures is important.

The effect was estimated using Pearson's correlation coefficient r which was computed using the following equation:⁴¹²

$$r = \frac{t^2}{t^2 + df}$$

The effect size was interpreted according to Cohen's recommendations: $r = 0.10$ – small effect, $r = 0.30$ – medium effect, $r = 0.50$ – major effect.⁴¹³

The tests revealed that IM and NM levels are significantly higher than TM, DM and eM levels, the magnitude of the results being either medium or large:

The IM level ($M=0.74$, $SD=0.16$) is significantly higher than:

the TM level ($M=0.64$, $SD=0.12$), $t(141)=5.32$, $p<0.05$, $r=0.40$ (indicates a medium effect).

the DM level ($M=0.62$, $SD=0.14$), $t(141)=6.87$, $p<0.05$, $r=0.50$ (indicates a large effect).

the eM level ($M=0.61$, $SD=0.18$), $t(141)=7.43$, $p<0.05$, $r=0.53$ (indicates a large effect).

The NM level ($M=0.71$, $SD=0.14$) is significantly higher than:

the TM level ($M=0.64$, $SD=0.12$), $t(141)=4.71$, $p<0.05$, $r=0.36$ (indicates a medium effect).

the DM level ($M=0.62$, $SD=0.14$), $t(141)=6.32$, $p<0.05$, $r=0.46$ (indicates a medium effect).

the eM level ($M=0.61$, $SD=0.18$), $t(141)=6.77$, $p<0.05$, $r=0.49$ (indicates a medium effect).

A correlation analysis of the five indexes was performed in order to see which marketing types are practiced together. The results are shown in Table 2.

Table 2: Correlations between the five types of marketing

	TM	DM	eM	IM	NM
TM	1.000	.624**	.450**	-.103	.050
DM		1.000	.819**	.209*	.322**
eM			1.000	.330**	.407**
IM				1.000	.659**
NM					1.000

* correlation is significant at the 0.05 level; ** correlation is significant at the 0.01 level

There is a positive, strong and significant correlation between transaction marketing and database marketing ($r=0.624$, $p<0.01$). In the opinion of Coviello *et al.* DM could actually be considered a superior, "more intense"

410 Andy Field, *Discovering Statistics Using Spss*, 2nd ed. (London: Sage Publications Ltd., 2005).

411 Julie Pallant, *Spss Survival Manual*, 3rd ed. (Berkshire: McGraw-Hill, 2007).

412 Field, *Discovering Statistics Using Spss*, 294.

413 *Ibid.*, 32.

form of transactional marketing.⁴¹⁴ TM also presents a medium, positive and strong correlation with e-Marketing ($r=0.450, p<0.01$). However, companies use TM independently of their IM and NM.

All relational practices are positively and significantly correlated among them, suggesting the fact that companies use them together, in diverse combinations. A very strong association can be observed between the two technology-based relational practices, i.e. DM and eM. These indexes share 67% of their variance ($r=0.819, p<0.01$). Other pairs, such as DM-NM, eM-NM and eM-IM, present medium correlations. There is also a weak relationship between DM and IM ($r=0.209, p<0.05$).

Table 3: Correlations between types of marketing and performance indicators

	Marketing indicators			Financial indicators		
	<i>new customers</i>	<i>customer retention</i>	<i>customer satisfaction</i>	<i>sales growth</i>	<i>profitability</i>	<i>market share</i>
TM	.324**	.298**	.235**	.080	.156	.242**
DM	.369**	.430**	.339**	.099	.142	.360**
eM	.332**	.439**	.395**	.101	.121	.346**
IM	.200*	.310**	.343**	.142	.152	.183*
NM	.189*	.220*	.230**	-.053	.058	.101

* correlation is significant at the 0.05 level; ** correlation is significant at the 0.01 level

Another analysis was aimed at investigating the link between the usage of different marketing types and firms' performance. The performance indicators and the method used for measuring performance were described in a previous paragraph. The results of the bivariate correlation analysis are presented in Table 3.

First, it is apparent that the relational practices IM, eM and DM achieve their goal of retaining existing customers, as they are the only ones presenting medium-strength associations with this performance indicator ($r>0,3$). IM, eM and DM seem to have a positive impact on customer satisfaction as well.

Transaction marketing also achieves its main goal, that of attracting new customers. TM and the "technological" forms of relationship marketing (DM, eM) are correlated with customer acquisition ($r>0,3$).

The marketing practices that have the strongest association with companies' performance in securing the desired market share are DM and eM ($r=0.360$ and $r=0.346$, respectively).

An unexpected result is the lack of correlations between any of the marketing practices and the other two financial indicators (sales growth and profitability).

Conclusions

The marketing approach of the companies that were investigated is both transactional and relational. The Romanian business environment does not appear to be dominated by a single marketing orientation.

Companies use all of the five types of marketing. However, interaction marketing and network marketing are more common than TM, DM or eM. Transaction marketing is used in combination with the technology-based types of relationship marketing (i.e. DM and eM) but independently of IM and NM.

The use of TM, DM and eM favors new customer acquisition. Companies' performance in satisfying and retaining those customers is associated with their level of relationship marketing (IM, DM and eM). Hence, both the transactional and the relational approaches fulfill their purposes.

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414 Nicole E. Coviello, Roderick J. Brodie, and Hugh J. Munro, "Understanding Contemporary Marketing: Development of a Classification Scheme," *Journal of Marketing Management* 13, no. 6 (1997): 513.