RELATIONSHIP MARKETING STRATEGIES IN THE KNOWLEDGE SOCIETY

Pintea Florin Radu
"Bogdan Voda" University, Cluj-Napoca, Romania
radupsr200@yahoo.com

Abstract: *The paper work presents the importance of relationship marketing within the process of forming and developing the customer segments that are focused on the brand. Although mass marketing during the main stage of promotion will always serve for brand awareness, the relationship marketing is the one to establish and increase the loyalty after a purchase. By this means, one may reduce costs and increase incomes, Relationship marketing generating intangible benefits.*
The philosophy of the relationship marketing must be converted into tangible relationships. These connections must become a part of the business and marketing plan of any company. Relationship marketing orientation to organizations brought to the fore three concepts whose importance has grown significantly in the last decade: attracting, retaining and regaining lost customers. Options managers and marketing professionals may turn to offensive strategies for attracting new customers, or the defensive strategy of maintaining existing customers. Implementation of effective marketing strategies requires a substantial effort to measure the value of each customer. Relationship marketing takes into consideration the needs and the expectations of the customers. Relationship marketing is applied both for intermediate consumer and also for the final consumer and it is based on changing view the client satisfaction, becomes a priority and conditions the existence of the producer and seller with a bog accent on quality and better servings. Truly the relationship marketing refers to the process of knowing the real needs of the clients: economical, emotional and moral and also to satisfy efficiently these needs. Relationship marketing strategy depends on the number of clients the company has and the efficiency level of serving them. The company that properly implements the relationship marketing is a company that succeeds in attracting and maintaining the profitable clients. Relationship marketing is the key that really succeeds in real promotion towards sails to customers, to make them buy again and make recommendation for other clients. Relationship marketing establishes mutual advantageous relations between manufacturers and distributors, making an optimization of the company financial performances.

Key-words: *relationship marketing, brand-customer relationship, member-get-member programe*

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1. Introduction

Attracting new customers still represents the target of all business operators. On the long run, they are the ones who make companies profitable. However, they have realized that it is not enough to sell a product or a service. Brand loyalty and brand value must be revisited. This particular change in the companies' vision was determined by the principle that keeping old customers is cheaper than attracting new ones. A satisfied customer will keep on buying new products if he/she is pleased after the first purchase. Therefore, the companies' main objective regarding the creation of new strategies shall be getting familiar with the segments that show interest towards the brand and formulating relevant, personalized messages for them. Although mass marketing during the main stage of promotion will always serve for brand awareness, the relationship marketing is the one to establish and increase the loyalty after a purchase. By this means, one may reduce costs and increase incomes.[4] David Packard stated that marketing is too important to be left in the hands of the marketing department; the above-mentioned marketing method supports his opinion[5].

Sale policies define the rules for general work, helping employees to act in certain existing situations without wasting time making decisions in certain situations.[6]

Relationship marketing generates intangible benefits. The importance given to customer services encourages establishing a contact with the customers and their involvement. Companies learn a great deal about customers and the acquired information may be used in the future for a better approach of marketing strategies.[7]

2. The Stages of the Brand-Customer Relationship

According to Gumesson, in order to establish a close relationship with the customer, one must win his/her loyalty towards the brand. This kind of loyalty may be accomplished over the following stages:

2.1. Awareness

It refers to the customer's awareness of the brand. The aim is to create a positive perception, a feeling of trust in the brand's quality, in order to facilitate future communication. This is the stage when the first interaction takes place. In order to make an acquisition, the company must first make an investment in the relationship. A personalized communication, detailed information about the brand and product are essential. It is important to emphasize the price-product connection. According to marketers, this element shall enhance the brand – customer relationship.

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[4] Fournier Susan, et.al: *Preventing the Premature Death of Relationship Marketing,* Harward Business Review on Customer Relationship Management, 2004, pg. 134

[5] Payne Adrian, *Handbook of CRM*: *Achieving Excellence in Customer Management*, Butterworth-Heinemann is an imprint of Else vier, 2005, pg. 10

[6] Garbo V.I. , *Asigurarile si managementul lor*, Cluj-Napoca: Publishing Risoprint, 2012, pg. 247

[7] Payne Adrian, *Handbook of CRM: Achieving Excellence in Customer Management*, Butterworth-Heinemann is an imprint of Else vier, 2005, pg 10-15.

2.2. Consideration

It is natural for some people to lose interest for different reasons that are both independent and dependent from marketers. Inappropriate information, price, distribution or the quality of the product may not meet the customers' needs. Nevertheless, there will be interested people and it is important that they become committed through a personalized approach. They need an individual response from the company.

2.3. Conversion

Throughout this stage, the potential customer base shall suffer a dramatic fall. Only the really interested in the exchange of values shall remain. The marketers' message must be characterized, in order to be relevant and profound for the individual. Relationship marketing makes use of the PRM marketing (prospecting relationship marketing) in the development of the first three stages and consolidation of a structured and systematic process of acquiring new customers.

2.4. Post Sale

The final stage, after a purchase has been made, is reflected in a close and mature relationship. Hard work is necessary for maintaining a satisfied customer; however, earnings will be higher, because attracting new customers also triggers more expenses.

The objective of a loyalty program is to prolong the relationship established between the company and the customers for as long as possible. This is why it is necessary to make a hierarchy of customers, according to their importance and the proper marketing action. The marketing efforts should be focused on those customers that bring the highest value to the company.

There are certain loyalty programs that focus on individuals that will probably leave the brand. In these particular cases, their priority is to find out what element influences the customer's choice and to further develop specific strategies for reversing this trend and communicating it to the group. The reasons can be very diverse. The important thing is to identify these persons and to take positive actions in order to prevent their choice to leave. There are certain programs that aim at bringing back the individuals that have already left the brand. Based on the available statistical data, one can identify the reason that stands behind such a choice and can consequently create a new strategy.

The post sale stage offers many opportunities. The satisfied costumers will start having faith in both the company and the other products that haven't been tried yet. Using a set of techniques, relationship marketing employs cross-selling and updating programs and develops a consumption map for the customer base, which is useful for predicting the future consumption habits. Similarly, with a satisfied customer won by means of the "member-get-member" marketing technique, a specific program pertaining to relationship marketing, new customers will be attracted. The identified reference group will serve as inexpensive publicity. According to Gladwell, these individuals hold a certain amount of influence because they know things that others

don't. The company offers incentives to motivate these people to spread information.[8]

The difference between the PRM program and the "member-get-member" technique resides in the fact that the awareness stage is applied to people who already have a connection with the above-mentioned customers. The jump to the final stage may be accomplished sooner and more effectively. The purpose of the relationship marketing consists of uplifting the customer to the highest stage of the relationship.

Figure 1: The stages of brand relationship (Source: A. de Azevedo and R.
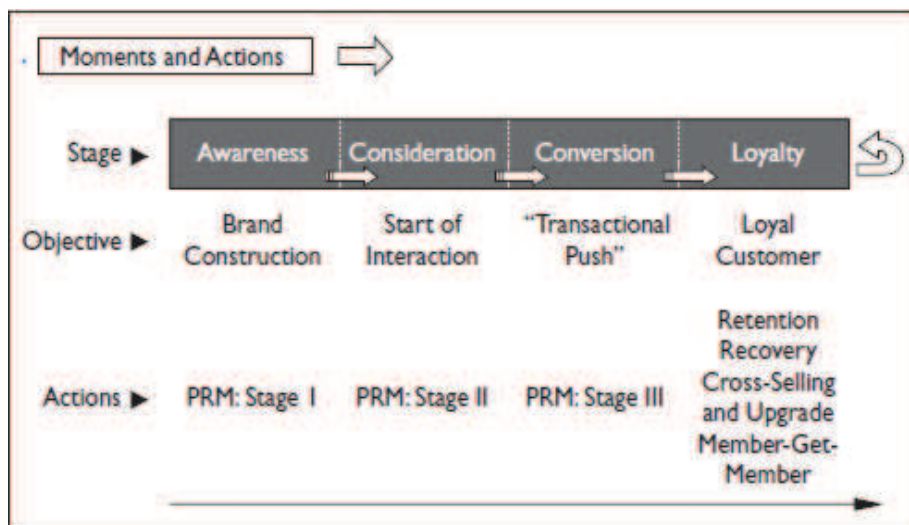
Pomeranz: *Customer Obsession: How to Acquire, Retain, and Grow Customers in the New Age of Relationship Marketing*, USA, 2008, p.30)

3. Prospecting Relationship Marketing – PRM

The market encompasses several niche segments. Marketing involves expenses. In order to have the most effective outcome, marketers must be sure that the sent messages are fit for the envisaged segment. This strategy is based on demographical and behavioral data. The relevant attributes are studied with the help of descriptive analyses so that marketers can develop direct methods of communication based on multiple factors. Once a list of perspectives has been created, the company can implement a range of brand communications, through different channels, for the potential customers. A variety of channels will ensure that the individuals will benefit from the most convenient, available method to build up a relationship.

PRM focuses on the differential processes specific for each of the first three stages: awareness, consideration and conversion. During the first stage, the company's efforts are dedicated to brand awareness and response promotion. Direct emailing, telemarketing, emails that include direct links to the company's web page and other

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[8] Malcolm Gladwell, *The Tipping Point-How Little Things Can Make a Big Difference,* Boston: Little, Brown, 2004 pg. 251

techniques of direct marketing direct can prove to be very useful. The objective of the relationship marketing during this first stage is to direct the customer towards different contact points.

During the following stage, information must be much more direct. People want much more information. The websites are quite appropriate for this stage. The multimedia channels are interactive and can show the opinions of the satisfied customers and details regarding products and services. Phone services, the company's sale points and the sales persons represent other useful channels that can provide a personalized approach of the customer.

During the third stage, the relationship must become even more personalized and the information even more customer-focused. By personalizing the websites, the user is allowed to receive the pages he/she is interested in, without having to surf the Internet for them once again. The call center employees will recognize the caller, by using the call history, and will easily get to the more relevant issues. This should also be happening at the sales points or whenever the customer is in a direct contact with the sales persons.

It is important to observe the customers and note their behavior in a database, during each stage. These pieces of information will be used for developing more refined future strategies.

With PRM, the detailed communication planning must be implemented first, by specifying the actions that need to be carried out, the chosen channels and the favorable moment. People transmit our thoughts and feelings through – verbal and nonverbal through body language, tone of voice, facial expressions, gestures and action.[9] The results need to be monitored and analyzed; any kind of difference will result in the modification of the plan.

4. The "Member-Get-Member" Program (mouth-to-mouth)

This program employs the existing connections among people as channels for directing the message.

The process is divided into five stages:

1. Identifying the individuals from the customer base who are able to influence others. They will be responsible for initiating the awareness process. Most companies do not own information regarding the people included in their database or their ability to influence others. The existing customers are important not only for the prior purchases but also due to their connections.

2. Identifying the mechanisms that encourage customers to use their influence within their network of acquaintances. In general, there are two reasons that can indicate an existing contact. The first is the close relationship with the company. Customers who are impressed with the promotional offers can rapidly inform their acquaintances. The second refers to the financial benefits. With each new customer attracted by the process, the influencer will receive tangible advantages, such as a price reduction on a new purchased product or a gift. Naturally, the higher the reward, the bigger the participant's effort.

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[9] Pipaş, Maria Daniela and Jaradat, M,. *Managerial communication and leadership styles,* review Quality – access to success, 2012, pg. 649-656

3. Identifying the mechanisms that help the group to reach other segments, which, on their turn, will influence other people, in an endless cycle. The strength of the program resides in the fact that the process does not stop at the first level of customers from the company's database. This level is constantly extended, based on the fact that references may influence contact groups.

4. Creating the communication network by means of an appropriate message, developing the instruments that facilitate the indication of new individuals. The personal communication regarding the reward and the program can be accomplished by direct emailing, marketing emails or telemarketing. For example, an email that encourages the reader to indicate the email address of other possibly interested persons or, on a website, a price reduction that can be offered for providing the email address of other persons.

5. Analyzing the result and refining future actions. It is essential to stock the information regarding the program in a data base:
   - Which persons submitted the highest number of notifications?
   - Which notifications generated new customers?
   - Which is the average response time?
   - What level did the program attained?
   - Which is the relationship tree among participants?

All the gathered information must be analyzed and, according to the results, the customer base must be upgraded and completed with behavioral information, highlighting the best influencers, their group of acquaintances and their way of responding to offers. For example, Amazon.com has many affiliate programs for people who are interested to earn a certain percent from sales. With virtual distribution channels multiple commercial transactions are conducted online, their volume increases from year to year.[10] These people include addresses of the virtual store on their web sites. When visitors make a purchase from Amazon.com the credit will be automatically available.

5. Loyalty

The objective of the loyalty programs is to keep customers satisfied, by preventing them to consider the alternative of the competitor. People must be convinced to stay loyal, by using relationships that shall never be established with other companies. Rewarding campaigns for multiple purchases, personalization, convenience, brand perception, creating communities and cross-selling, all represent variables which can be explored by the relationship marketing in order to guarantee that the company will have a closer relationship with its customer base.

6. Personalization

Customers have various interests, values and buying habits and, therefore, must be treated differently. Technology can be used for improving the personalization process through databases.

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[10] Sirbu Janetta, *Flexibilitatea-sansa pentru intreprinderea moderna*, Cluj-Napoca: Publishing Dacia, 2004, pg. 192

7. Convenience

Internet can facilitate interaction. Live Chat enhances answering questions. The combination of sales with multimedia posts at the sale points will make the buying experience easier and more convenient.

8. Brand Perception

Positive brand perception is closely connected to the customer's satisfaction. The relationship marketing is based on the principle that the positive brand perception can be accomplished through systematic communication with the customer base, which, on its turn, influences the final result. Such consolidation actions can include birthday cards, holiday cards, and newsletters on the new available products, invitations to various events, training sessions and workshops.

9. Creating Communities

These communities are created by companies, in order to consolidate the relationship among different segments, such as forums, online events, chats with professionals or drawing up email lists that can be shared among members. The interaction among the involved parties enables the company to abandon any type of doubt regarding the offered products or services. Once the customer is seriously involved, the flow of ideas can be accelerated, as in the case of P&G, which came up with a solution that allows customers to give opinions or ideas for new products.

10. Cross-Selling and Upgrades

Cross-selling is the process of selling products or services from different categories that are nevertheless linked to the prior sale.

Upgrading is the sale of the new version of an already purchased product. The satisfied customers with a purchased brand after a new acquisition will always think first of that particular company. Therefore, one may use direct marketing instruments, email marketing, direct emailing or telemarketing in order to provide the most relevant solutions in the proper moment. The loyalty indicators improve when the customer spends more money on a product range from the same brand. According to Newell, banks keep those persons with whom they developed multiple relationships, three or four times longer than with those with whom they established a single relationship[11]. Cross-selling and upgrading increase earnings, sales and the loyal customer base.

11. Retention and Recovery

The main purpose of these programs is the systematic identification of the reasons of insatisfaction, in order to prevent the customers' movement towards the competition or to ensure their recovery. The maximization of the life duration of customers is the main objective of the relationship marketing.[12]

Fournie developed a CRM model, starting from the customer's perspective and the social and marital relationships. She presented six factors that define the relationship

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[11] Newell Frederick, *Loyalty.com—Customer Relationship Management in the New Era of Internet Marketing,* New York: McGraw-Hill, 2006, pg. 79

[12] Abaete de Azevedo, Ricardo Pomeranz, *Customer Obsession, How to Aquire, Retain and Grow Customers in the New Age of Relationship Marketing*, USA, 2008 pg. 21-52.

that customers can have with the brand: intimacy, commitment, partnership, attachment, interdependence and love. She states that strategists should reform their opinions on relationships, moving from an income generating and cost reducing vision to finding a way of making customers give a meaning to the brand.[13]

12. Conclusions:

Nowadays it is important for the companies to analyze the customers' behavior and attitude in order to choose the best direct marketing technique for their attraction. The obtained information must be registered into a database called *Consumer Information Center* (CIC). This information will provide a more precise identification of the user categories, based on their buying tendencies and will help develop a more personalized communication. During the following stage, each communicating action must be evaluated against the marketing results. (ROI) This will allow the adjustment of actions and the maximization of investments throughout the customer's life cycle. This process is called relationship marketing.

The philosophy of the relationship marketing must be converted into tangible relationships. These connections must become a part of the business and marketing plan of any company. These relationships can be divided into four categories: classical marketing relationships, nano relationships, special market relationships, and mega relationships. Each of the above-mentioned includes several concrete relationships, which form together the 30R of the relationship marketing. According to Gumesson, in order to establish a close relationship with the customer, one must obtain his/her loyalty towards the brand. This loyalty may be won over four stages: awareness, consideration, conversion and post sale. The objective of a loyalty program is to prolong the relationship between the company and the customers for as long as possible. The objective of the relationship marketing is to uplift the customer to the highest stage of the relationship. For this purpose, marketers use several different strategies, among which the most common are the PRM and the "member-get-member" techniques.

The importance of value in business increased after the emergence of the idea that the success of the customer relationship management (CRM) is based rather on the exchange of values between the company and its customers than on the exchange of money, goods and services. The core values of the relationship marketing are the following:

- *Marketing should be extended towards an oriented management of the company*
- *Long-term collaboration and "win-win"*
- *All involved parties should be active and assume responsibilities*
- *Relational and service-related values instead of bureaucratic and juridical values*

Managers and researchers agree that values play a key role in the creation and support of the vital relationship with customers.

After having read several books, reviews and opinions on the relationship marketing, one may wonder what is the future of both the direct and the relationship marketing. Marketers are convinced that the direct marketing will further develop over the next

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[13] Sorce Patricia, Ph.D*., Relationship Marketing Strategy*, A Research Monograph of the Printing Industry Center at RIT, September 2002, No. PICRM-2002-04, pg. 13.

years, but what is going to happen with the relationship marketing? After having considered both positive and negative opinions on this matter, we strongly believe that the future of the direct marketing is, in fact, the relationship marketing.

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