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Relationship Marketing: An Ideological Analysis

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I. INTRODUCTION

Since the beginning of the occurrence of marketing, there have been many changes in the business scenario, practically and academically. Over a long period of time, different concepts and conceptions have come into being and have been replaced by some other ones, yet the two aspects that have remained unchanged are marketer and customer. Marketer plans and directs all the efforts towards the customers, and they know it intrinsically that their survival and well-being are in the hands of the customer. This inter-relationship shapes the structure of an organization. society and economy. Though both the parties hold equal importance, yet the role of marketer is more or less reactive, and the centre stage is held by the customer.



Going through the process of evolution of marketing philosophies, one can understand that directly or indirectly the efforts were made to influence customers but the real-customer orientation came into being with the emergence of Marketing Concept which states that "Marketing is a process that begins with identification of customer needs, designing the marketing mis accordingly, delivering the product or service and with the objective of customer satisfaction It was probably for the first time, when the marketer looked at the picture from the customer's point of view and acted accordingly Since then, marketing got a new outlook and orientation Le customer, and it is from there that the importance of the customer has been felt increasingly and a new ideology of customer satisfaction originated Over the past decade, a large stream of research, collectively known as Relationship Marketing (RM), has argued that close, co-operative relationships between buyers and suppliers or channel partners yield benefits to all parties involved (McKenna 1993, lacobucci and Hibbard 1999) Scholars have explored relational variables such as trust, commitment, relationship quality and shared values, in most cases confirming the prevailing view that marketing relationships are a 'good thing'.
Relationship Marketing as understood is a two-way process emphasized by mutual efforts, interest and value Therefore, customer plays an equally important role in relationship building. A marketer cannot force a relationship on a customer. Relationship happens when customer acknowledges that it exists, when the customer also feels connected to the marketer, his philosophy, and his offer. Customers also choose to be into long-term relationship with the marketer, both emotionally and rationally. They connect emotionally and then find out the logical reasons and clues to justify the relationship. And, once the customer commits to the marketer, he/she adopts the role of innovator for the marketer. Value creation becomes an effortless natural process and ideas start coming from customers making it easier for the marketer to serve him better.

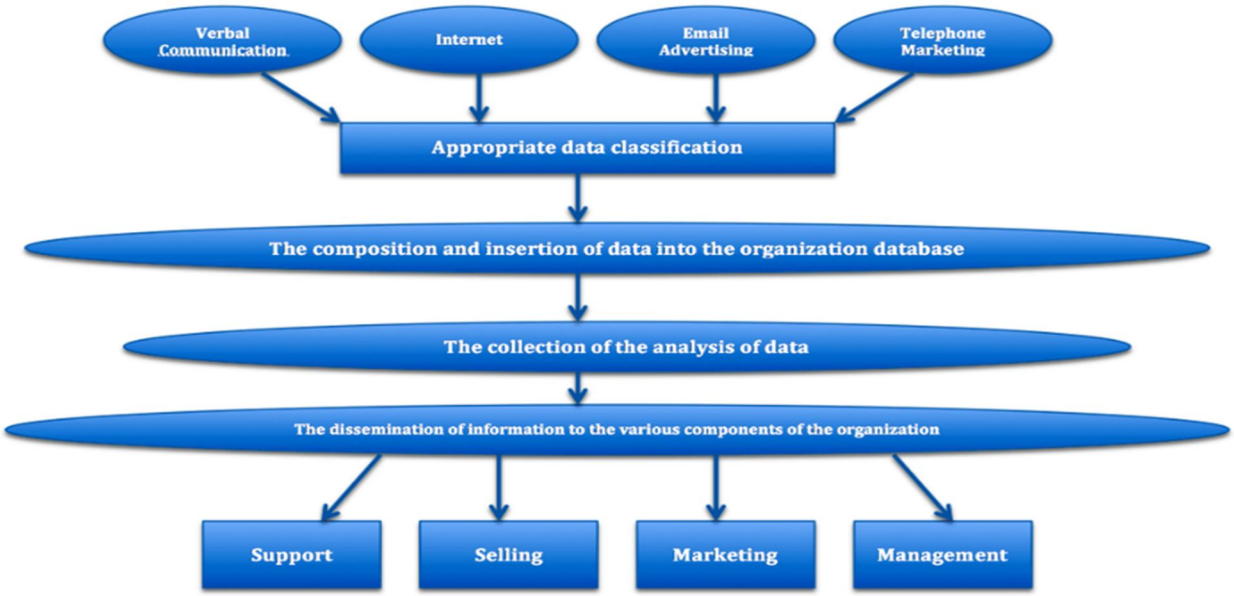
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Marketing is very dynamic and reflects the social and economical environment through various changes from timeto time which signifies a paradigm shifts. The dominant marketing paradigm of the twentieth century, the acceptedmodel of how marketing worked and should be practiced, was what has come to be called Transactional Marketing(Gronroos 1996, Aijo 1996, Gummesson 1987) A paradigm, it is suggested remains dominant until it is successfullychallenged by a competing paradigm that can better explain scientific and social phenomena. Relationship Marketinga term alluded to by Thomas (1976), but first explicitly used by Berry (1983: see Kotler 1992: Gronroos 1990, Berry 1995)has certainly the primacy of Marketing as a theory and practice. The focus of the paper is the development of Relationship
Marketing research and its claim to paradigmatic status, features and conceptualization of Relationship Marketing

II. THE ORIGINS OF RELATIONSHIP MARKETING

The theory and practice of traditional marketing assumed that consumers were available in great numbers and behaved passively. Within industrial (828) and service markets, the interactive participation of the customer is required to successfully complete the exchange (Gammesson 1987). Within 828, customer firms are often limited in numbers. An ancillary outcome to treating the customer as passive, someone to whom things are done (Don and Blois 1983) was to instill within the business, the philosophy of competing with customers, rather than interactive co-operation Traditional Marketing maintains the assumption of its microeconomic origins in that the marketing mix is used to help a company maximize its profit function (Waterschoot and Van den Bulte 1992, Gronroos 1991) It is because of this that firms considered that marketing objectives were met at the point of customer attraction There was growing recognition that, in marketing a service, the objectives should not only be to attract, but to then keep and maintain the customer- to develop a long-term relationship with them (Bitner et al 1994; Gronroos 1991). When selling a physical product, the costs of production are offset by the revenue of the purchase. With a service, the majority of costs are often incurred whilst setting-up the service (Berry and Parasuranaman 1991)



Components in the different types of CRM

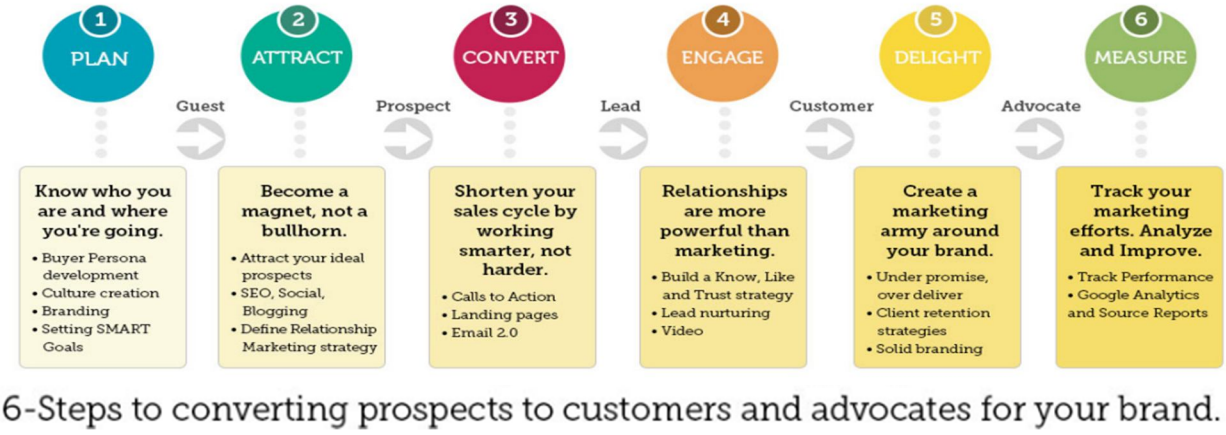
The term 'Relationship Marketing, alluded to by Thomas (1976) was first explicitly used by Berry (1983). He used the term as part of a critique of service marketing literature, arguing that researchers and marketers have concentrated far too much on attracting consumers to products and services than retaining them. He advocated a switch from a transactionary approach, where marketing effort was focused on customer attraction, to a relational approach, where the attraction of new customers should be viewed only as an intermediate step in the marketing process (Berry and Gresham 1986: 43), and the primary objective was retaining customers Berry (1983 25) defined Relationship Marketing as "attracting, maintaining and in multi-service organizations enhancing customer relationships Gummesson (1991: 62) defined RM as "establishing a relationship involves giving promises, maintaining a relationship based on fulfillment of promises; and, finally, enhancing a relationship means that a new set of promises is given with the fulfillment of earlier promises as a prerequisite"

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Relationship Marketing is a process that benefits both, the customer and marketer Marketer's benefit is more profit and goodwill, and customer is benefited by better and personalized services with all care and comfort. Though, it a the marketer who is responsible to give it a start: Theodore Levin (1981:97) calls relationship as "Reciprocal Dependency and stresses that the seller is responsible for initiating and nurturing it. The core of these ideas from services marketing is the interpersonal interaction between buyer and seller interaction

III. NARROW VERSUS BROAD VIEWS OF RELATIONSHIP MARKETING

One of the narrow perspectives on relationship marketing in data-base marketing that emphasizes the promotional aspects of marketing linked to database efforts (Bickert, 1992). Another narrow, yet relevant, viewpoint considers relationship marketing only as customer orientation, in which a variety of after marketing tactics are used for customer bonding (Vavra, 1992). A more popular approach with recent application of information technology is to focus on individual or one-to-one relationships with customers that integrate data-base knowledge with a long-term customer retention and growth strategy (Peppers & Rogers, 1993). Thus, Shani and Chalasani (1992-44) define relationship marketing as an integrated effort to identify, maintain, and build up network with individual consumers and t continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time. McKenna (1993) offers a more strategic view of relationship marketing by putting the customer first and shifting the role of marketing from manipulating the customer to genuine customer involvement. Berry (1983 25), in 1 hat broader terms, also has a strategic viewpoint on relationship marketing. He stresses that attracting new customers should be viewed only as an intermediate step in the marketing process. Developing closer relationship with these customers and turning them into loyal ones are equally important aspects of marketing.



6-Steps to converting prospects to customers and advocates for your brand.

Thus be defines relationship marketing as attracting, maintaining, and in multi-service organizations-enhancing customer relationships. Gross (1983), Gummesson (1987), and Levin (1981) espouse the value of interactions in marketing and its come impact on customer relationships. They take a broader perspective and advocate that customer relationships ought to be the focus and dominant paradigms of marketing Gronross (1990) states "Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties urvolved are met This is achieved by a mutual exchange and fulfillment of promises The implication of Gronrou's definition that customer relationships raise the profit of the firm and marketing should be devoted to building and enhancing such relationships.

IV. RELATIONSHIP MARKETING VERSUS MARKETING RELATIONSHIPS

El-Ansary (1997) analyses the difference between marketing relationships and relationship marketing. Marketing Relationships have existed and have been a topic of discussion for a long time. But what distinguishes marketing relationships from relationship marketing are their nature and specificity Marketing relationships could take any form, including adversarial relationships, rivalry relationships, affiliation relationships, and independent or dependent relationships. However, relationship marketing is not concerned with all aspects of marketing relationships. The core theme of all relationship marketing perspectives and definitions is a focus on cooperative and collaborative relationships between the firm and its customers and other marketing factors.

Thus the terms relationship marketing and marketing relationships are not synonymous Relationship marketing describes a specific marketing approach that is a subset or a specific focus of marketing

V. MECHANIS OF RELATIONSHIP MARKETING

There are four components of relationship marketing which a marketer should take care of, and the understanding ofwhich enables the marketer to do relationship marketing well. These are:

A. Product/Service

Product/Service is the starting point of interaction with the customer. It is believed that a person's acceptance or rejection of the product affects how fast he or she will form a relationship with a company and buy its product Therefore, the marketer should design the product as per the needs and wants of customers, because it is easier to adapt a product to customer's changing needs rather than keeping the product static and finding new customers. To cater to the changing needs and preferences of the customers, the marketer should build value additions and provide new and innovative services. The marketer should move from the level of providing a product to the complete solution of the customer problems. This reflects the marketer's concern for the customer and establishes the relationships

B. Employees

Employees are important source for establishing, maintaining, and reinforcing relationship with the customers. In an organization, they play a vital role by managing interaction with the customers The skills and efforts of all the employees are important in the organization, irrespective of the position they hold in the organization. The marketer should take care of the implications of the human resource management to have long-term relationships with the employees as well. Reichhald (1996) recommends that employees in the service organizations should be employed on the basis of their skills and experience as well as long-term services. The long term employees know the customer well and are able to serve them better. Employee retention also helps in creating positive word of mouth for the organization; also long-term employees justify investment in training. Apart from this, the employees should be trained for particular skills like-trust-building, questioning and listening to customers etc. Such efforts on the part of the marketer help the employee to understand their job and the better ways to perform it.

C. Customers

When it comes to customers, the very first thing in relationship marketing is that all the customers are not suitable for relationships. The customers worth pursuing are those whose life-time value exceeds the cost of acquiring them Understanding what the customers value most has always been a key determinant of marketing decisions Out of customer needs and wants flow the product idea and all other strategies. At the same time, it is not possible to satisfy the needs of all type of customers effectively and efficiently and maintain relationship with them. Therefore, it is equally important to know which customer to value most. Marketer should carefully study the market to get to the customers with whom long-term relationship can be pursued. It involves pretty amount of understanding of customer's behaviour to customize the services for customers

D. Measurement

With any investment, measurement of outcome is necessary to control the process, and to assess its success. Reichheld (1996) states that any relationship-building programme may not produce measurable results for several years.

Yes impact of these programmes may be seen in certain indicators like-increasing profits, reduced customer drop-out, positive recommendations, and high customer satisfaction.

With the proper knowledge and utilization of the components explained above, marketers can build successful and profitable relationships with the customers and can really make difference to themselves because this concept is supposed to be the mantra of success for marketers in this millennium

VI. THE CHARACTERISTIC FEATURES OF RELATIONSHIP MARKETING

The characteristic features of a relationship-based approach to marketing may not be put down formally as this is a field that is still evolving However, certain identifiable characteristics are concem, trust, commitment, and service

A. Concern

Relationship marketers are concerned for the welfare of their customers. They want to meet or preferably exceedcustomer expectations, producing satisfaction or delight. The key is to understand intimately the expectations of customers.

B. Trust and commitment

Commitment and trust are key (Morgan and Hunt 1994: 22) because they encounter marketers to work at preserving relationship investment by cooperating with exchange partners, and it promotes efficiency, productivity, and effectiveness in delivering a service. Further, commitment acts as an enduring desire to maintain a relationship, and trust as the confidence that one partner has in the other's reliability and integrity.

C. Service

The outcome of service for customers, in an environment of relationship commitment and trust, is a desire to provide excellent service. Relationship Marketing is a means to a profitable end, and excellent service produces improved profitability to marketers. This has been the focus of a steam of research (Rust and Zahorik 1993) which broadly supports this view.

VII. EMERGENCE OF RELATIONSHIP MARKETING

Certain external factors are responsible for this emerging form of Relationship Marketing

A. Information Technology and Relationship Marketing

Information is shifting the balance of power away from marketers and towards consumers. The new power that consumers enjoy is reshaping marketing from mass marketing to one-to-one marketing, and from monologue to dialogue. Without sophisticated IT systems in place, the marketers will be inadequate to fulfill the higher promises of relationship marketing.

B. Service Quality Management

The concept of quality goes far behind the product itself to embrace the entire relationship between the organization and its customers. And indeed from the customers' point of view, it is the only measure of quality. The nine out of ten quality failures relate not to product quality but to failures after the end of the production line. Thus delivery delays, documentation errors, unhelpful sales people and so on actually contribute more to the customers' perception ofquality than the inherent functional quality of the product itself

C. Growth Of The Service Economy

The service sector dominates the Indian economy today, contributing more than half of our national income. It is alsothe fastest growing sector, with an annual growth rate of 8% per year. The information services, health, educationand banking services growth has increased the role of relationship marketing among the customers.

D. Customer Retention Management

The purpose of marketing is 'getting and keeping customers, there tends in practice to be more attention focused on the 'getting and rather less on the keeping and yet it may cost as much as five times more to get a new customer than it does to keep an existing one Relationship Marketing plays a significant role in customer retention and to build customer loyalty.

E. An Increase In The Levels Of Customer Awareness And Education

The customers buy different services and products for various reasons. The discipline of marketing which helps indeveloping a deeper insight in these behavioral differences is called buyer behavior. As increasing level of customer awareness and education about the services & products is available in market, Relationship Marketing is a vital sool to increase the customer loyalty. The marketers and the sellers in the past adopted the approach of spreading information and keeping in touch with customers, through personal contact. In the current era with explosion in the size and reach of customers, the rising levels of technology has revolutionized the scenario.

F. The Benefits That Follow The Adoption Of The Relationship Marketing Approach are

1) Customer Loyalty
2) Customer mind share.
3) Increased organizations revenue & profitability
4) Reduced customer churn & dissonance

5) Relationship Marketing helps to retain existing customers than 10 try to capture new customers; and to maintain quality relations with the suppliers.

VIII. THE FUTURE OF RELATIONSHIP MARKETING

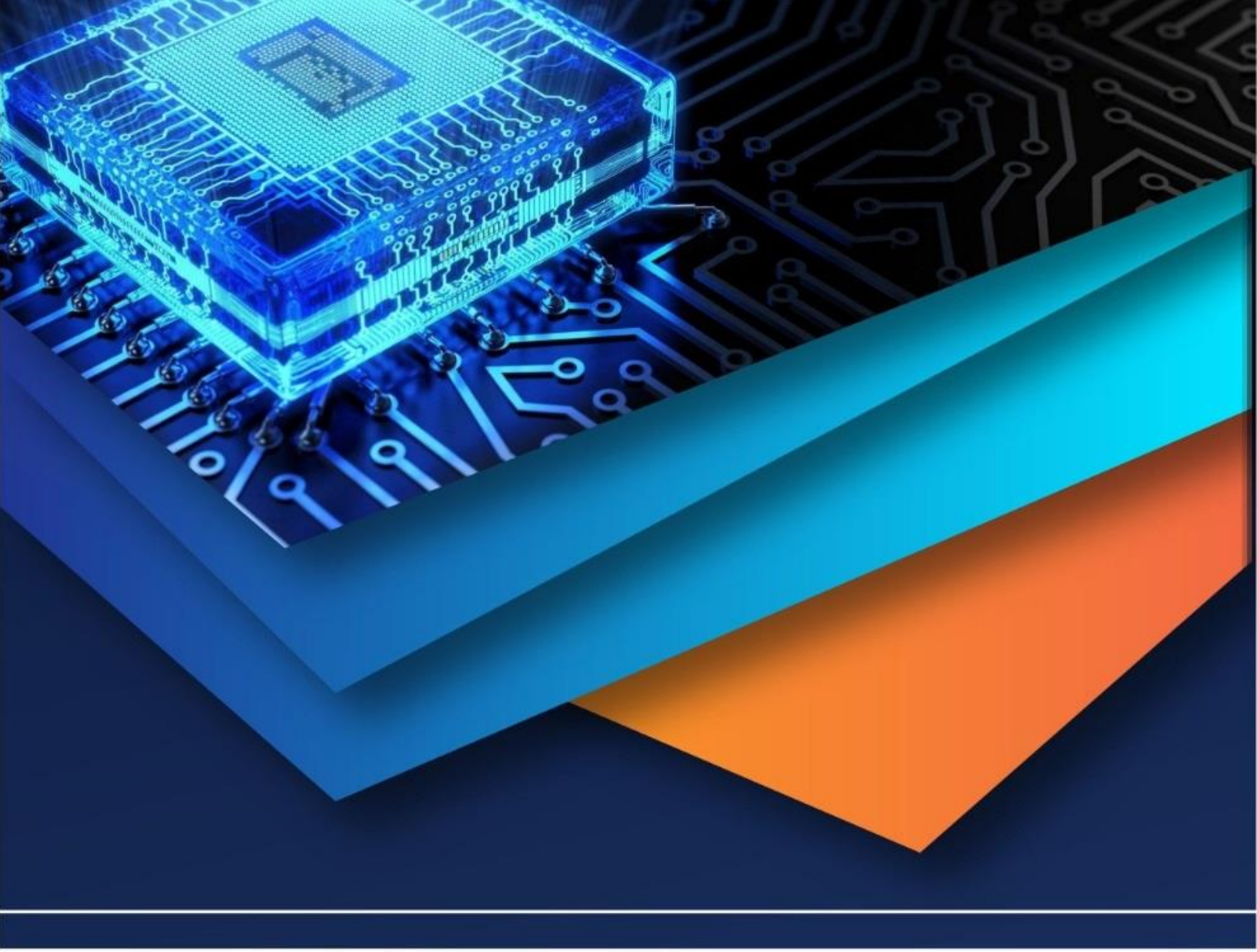
The domain of relationship marketing extends into many areas of marketing and strategic decision making. Its recent prominence has been facilitated by the convergence of several other paradigms of marketing and by corporate endeavors that have been developed around the theme of cooperation and collaboration of organizational units and stakeholders, including customers.

It would seem that the driving force behind the 'diffuse' approach may be the belief that only by adapting Relationship Marketing in such a way that it can be embraced across the board, has it the potential to become the dominant paradigm and orientation of marketing (Parvatiyar and Sheth 2000). Acknowledging the existence of other relationships. Parvatiyar and Sheth (2000: 8) insist that other aspects of organizational relationships, such as supplier relationships, internal relationships and lateral relationships are aspects that are attended to by various disciplines of managementand strategic management".

The external issues like will the marketers and the sellers of tomorrow be able to sustain the deeds they have performed till now in Relationship Marketing?", etc, are many and are to be borne in mind while adopting any particular approach to marketing. The drive toward a form of marketing that will exist comfortably in all situations and in all industries means setting for the lowest common denominator. Solutions to these problems are not easy to find. As Coviello and Brodie (2001: 396) note "it is important to understand both similarities and differences in marketing practice across context, including when and why different approaches can be practiced simultaneously. and how these practices might be influenced by other firms, market or managerial characteristics". If the phenomenon of cooperation and collaboration with customers becomes the dominant paradigm of marketing practice and research, relationship marketing has the potential to emerge as the predominant perspective in marketing

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