

International Relationship Marketing

Foundations of Relationship
Marketing

International Relationship Marketing

Selected topics in the areas of Relationship Marketing

- Foundations of Relationship Marketing
- Strategic focus of International Relationship Marketing
- Analyse phase of International Relationship Marketing
- Implementation phase of International Relationship Marketing
- Customer acquisition, retention, recovery strategy
- Control phase of Relationship Marketing
- Future Trend of International Relationship Marketing
- Case presentation groups

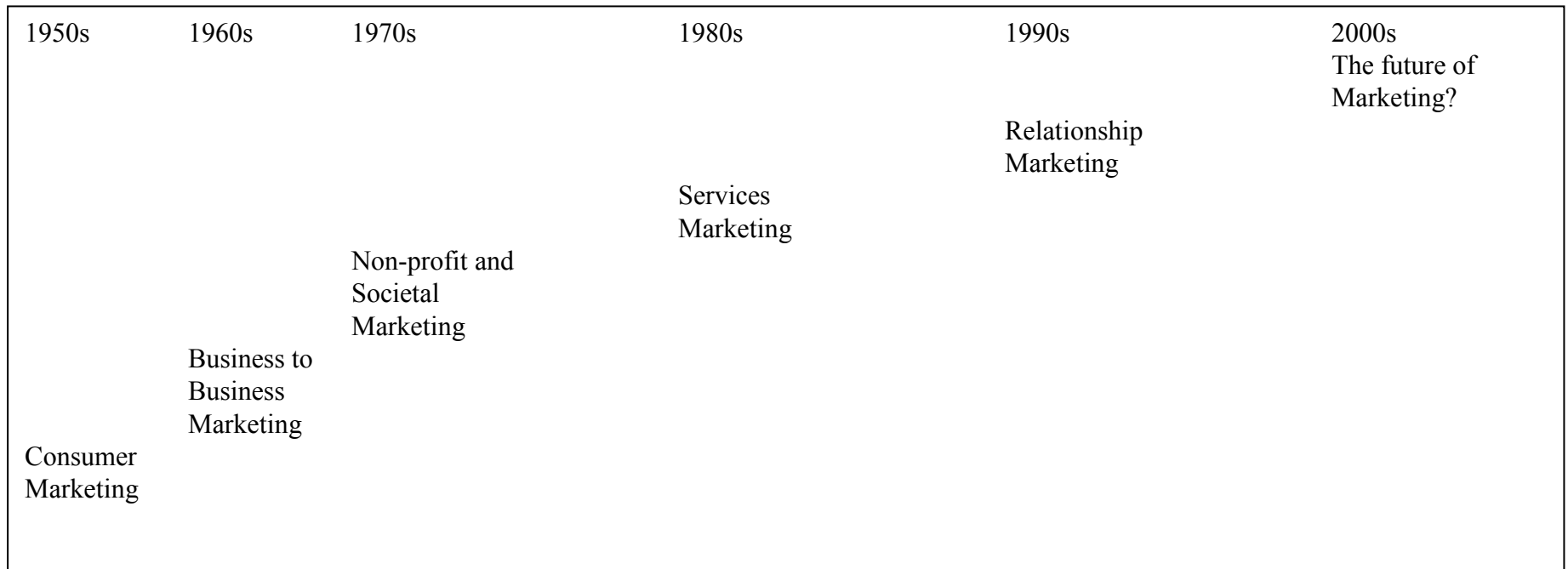
Foundations of Relationship Marketing

What is relationship marketing?

- Satisfaction vs. Commitment & Trust
- The 3rd variable in services
- Outcomes of achieving commitment, trust, and comfort
- How do we generate commitment, trust, and comfort?
- The Moneyball phenomenon
- Multiple constituencies
- Research opportunities

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Development in marketing theory



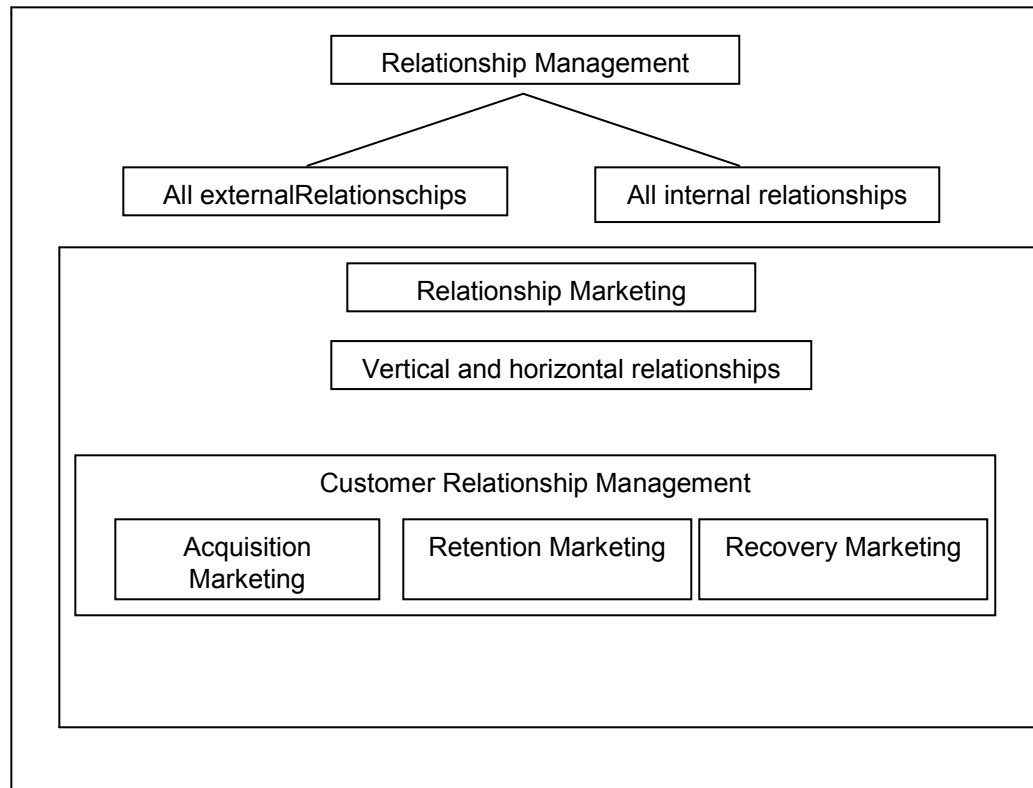
Source: Adapted from Christopher, M., Payne, A., Ballantyne, D., 1991;

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Quelle: Bruhn 2001

Berry 1983	Relationship Marketing is attracting, maintaining and enhancing customer relationships.
Grönroos 1990	The goal of relationship marketing is to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties involved are met.
Möller 1992	Marketing is about understanding, creating and managing exchange relationships between economic parties; manufacturers, service providers, various channel members and final consumers.
Morgan/Hunt 1994	Relationship marketing refers to all marketing activities directed toward establishing, developing and maintaining successful relational exchanges.
Sheth/Parvatiyar 1995	Relationship marketing is a marketing orientation that seeks to develop close interactions with selected customers, suppliers and competitors for value creation through cooperative and collaborative efforts.
Gummesson 2002	Relationship marketing is marketing based on interaction within networks of relationships

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Definition:

Relationship Marketing covers all actions for the analysis, planning, realisation, and control of measures that initiate, stabilise, intensify, and reactive business relationships with the corporation's stakeholders – mainly customers – and to the creation of mutual value.

(Bruhn, 2003, p. 11)

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From this definition four dimensions of relationship marketing can be defined Stakeholder orientation

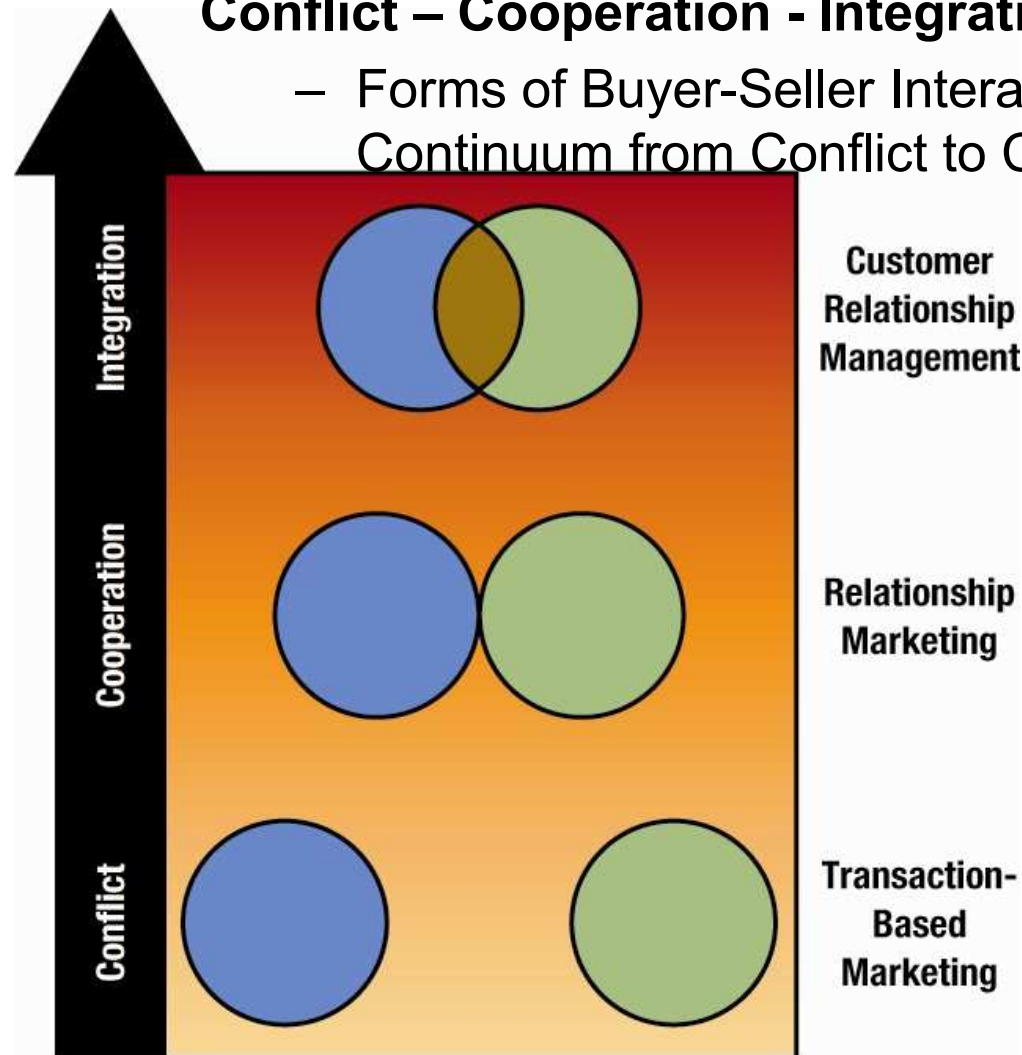
- Stakeholder orientation
- Decision orientation
- Time-horizons orientation
- Value orientation

(Bruhn, 2003, p. 11):

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Conflict – Cooperation - Integration

– Forms of Buyer-Seller Interactions on a Continuum from Conflict to Cooperation

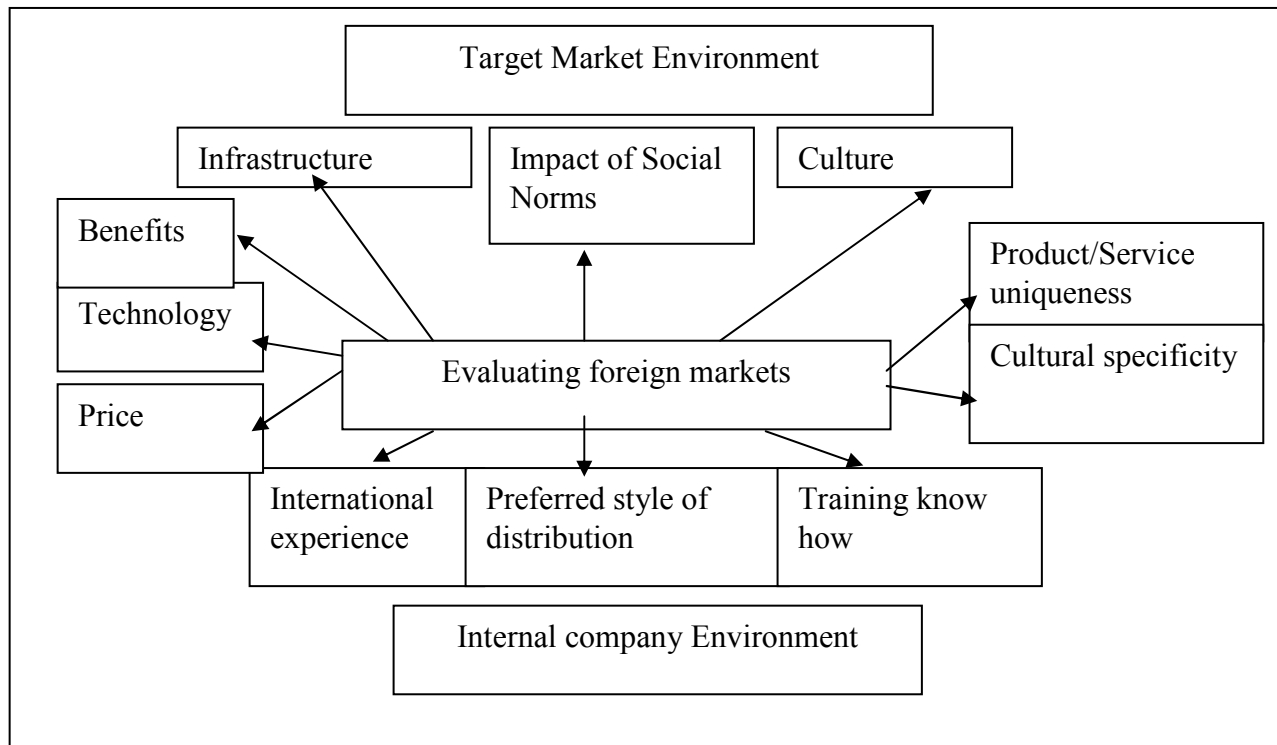


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CHARACTERISTIC	TRANSACTION MARKETING	RELATIONSHIP MARKETING
Time orientation	Short-term	Long-term
Organizational goal	Make the sale	Emphasis on retaining customers
Customer service priority	Relatively low	Key component
Customer contact	Low to moderate	Frequent
Degree of customer commitment	Low	High
Basis for seller–customer interactions	Conflict manipulation	Cooperation; trust
Source of quality	Primarily from production	Companywide commitment

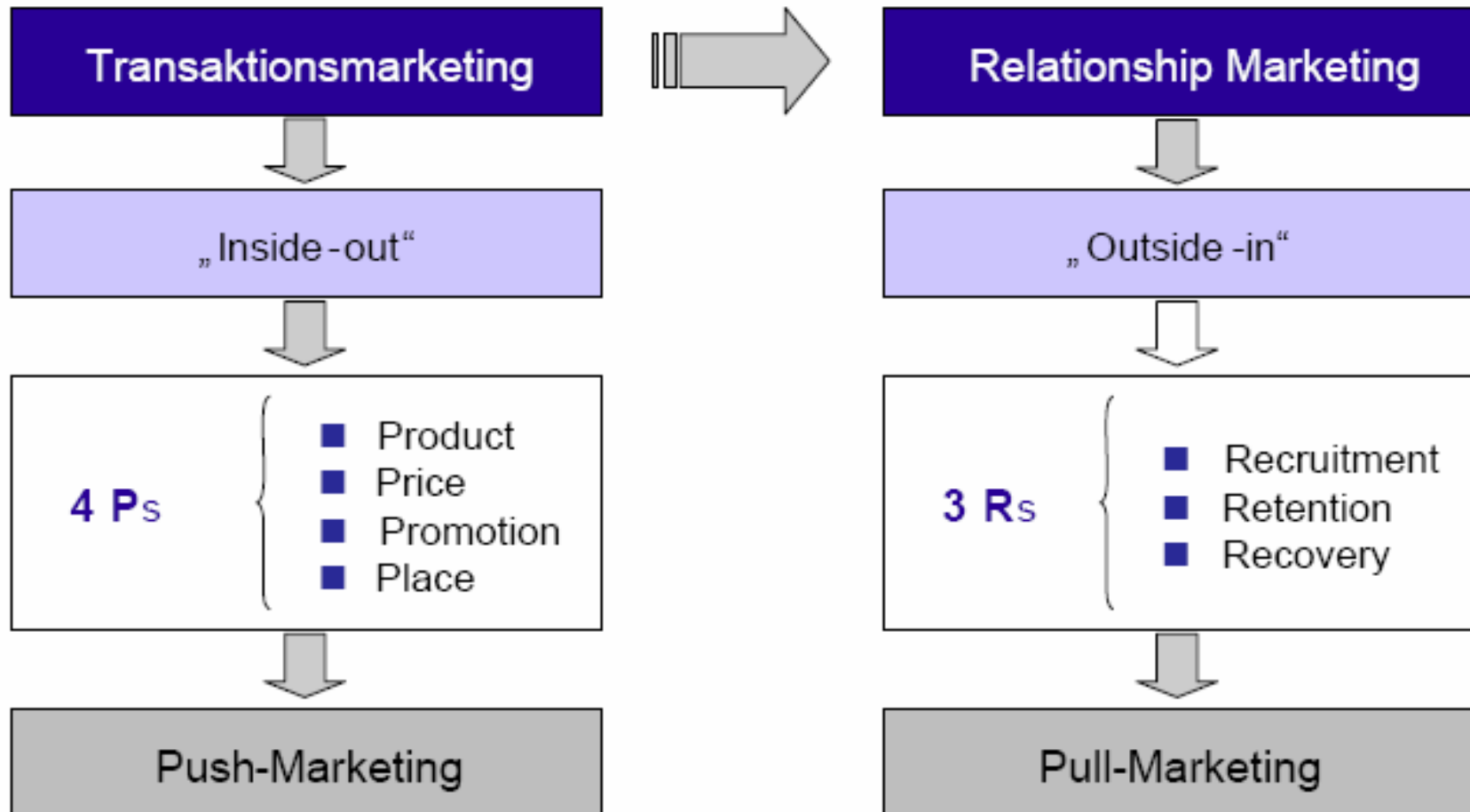
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Domain and environment of relationship marketing



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Quelle: Bruhn 2002



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**Three Steps to
Measure
Customer
Satisfaction**

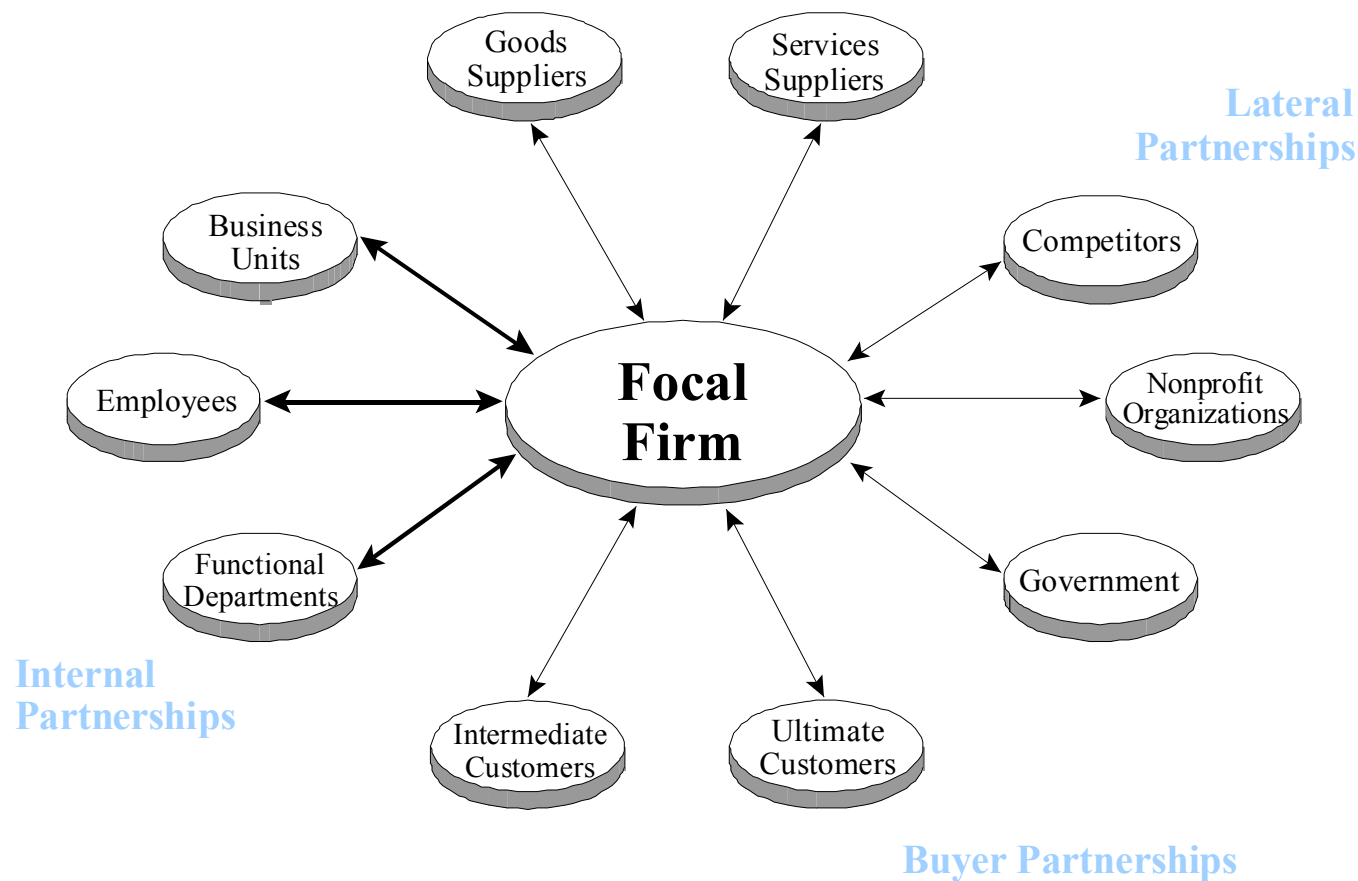
**Ongoing
Measurement**

**Customer
Feedback**

**Understanding
Customer Needs**



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- Satisfaction is very unstable
- Satisfaction is a poor predictor of outcomes
- Commitment & Trust are very stable
- Commitment & Trust are good predictors of outcomes

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Outcomes of Commitment & Trust

- Retention
- Positive Word of Mouth
- Cooperation
- Ease of Complaining
- Willingness to Complain
- Uncertainty
- Functional Conflict
- Share of Wallet
- New Product Adoption

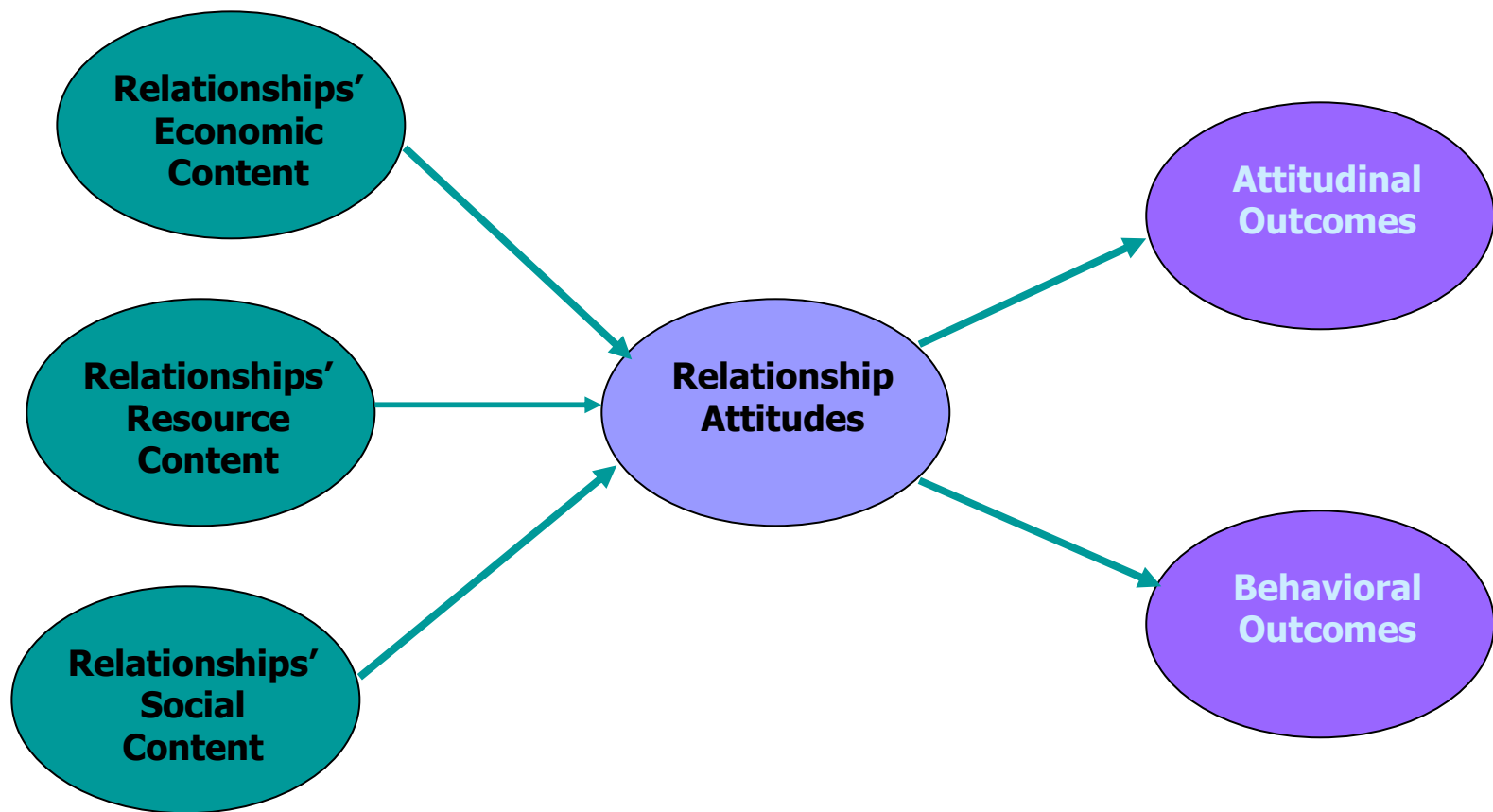
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How do we generate Commitment & Trust?

- Economic Content
- Resource Content
- Social Content

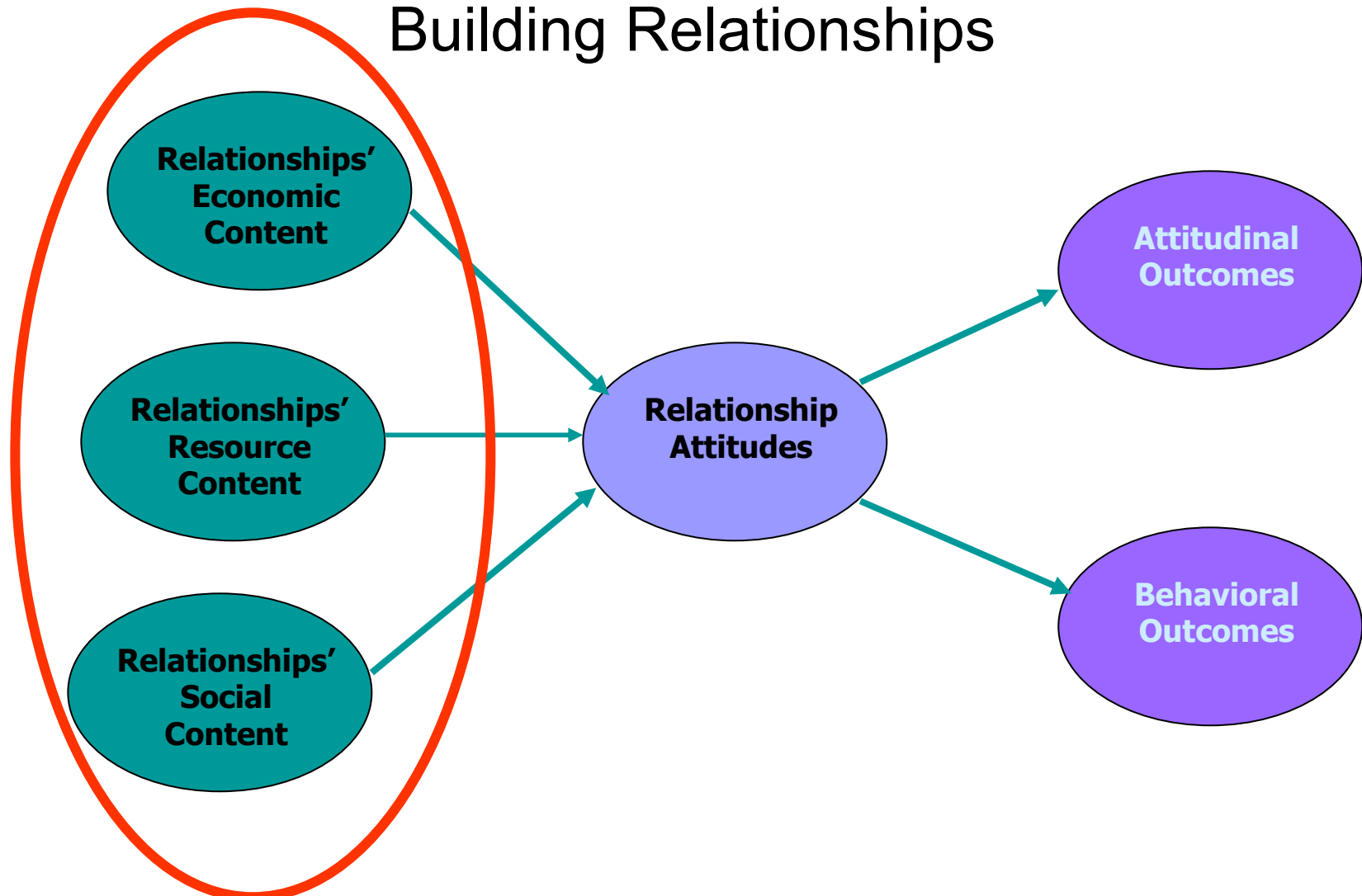
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Understanding How Customer Relationships Develop



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Building Relationships



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The purely economic costs and benefits of participating in the relationships
(Economic Content)

- Examples:
 - Service fees
 - Interest rates
 - Costs saved due to superior management of customer's wealth

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Benefits gained that match/complement the needs or resources held by the partner
(Resource Content)

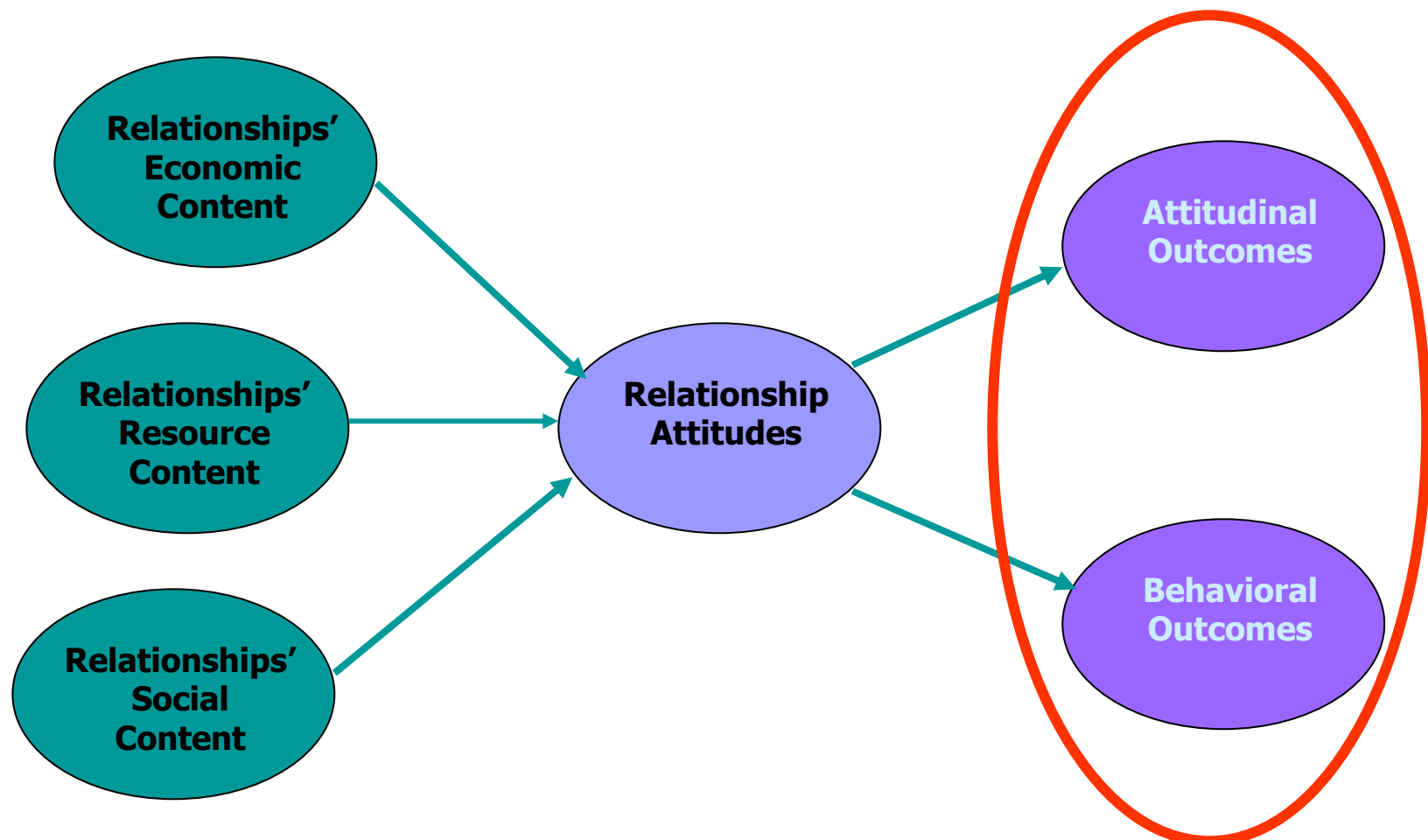
- Examples:
 - Professional competence
 - Comprehensive financial services
 - Business development assistance
 - Convenience (time as a resource)
 - Tangibles
 - Brand equity

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Psychic benefits gained due to feelings of compatibility -- similar values, goals, etc. -- that result in a feeling of comfort
(Social Content)

- Examples:
 - Relationships with employees
 - Fit of firm's mission and actions with customers' values
 - High quality communication programs

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Customer beliefs that result from relationship dynamics, these attitudes can go on to impact behaviors and the development of even stronger attitudes.

(Attitudinal Content)

- Examples:
 - Uncertainty
 - Brand ambivalence
 - Brand equity
 - Brand personality

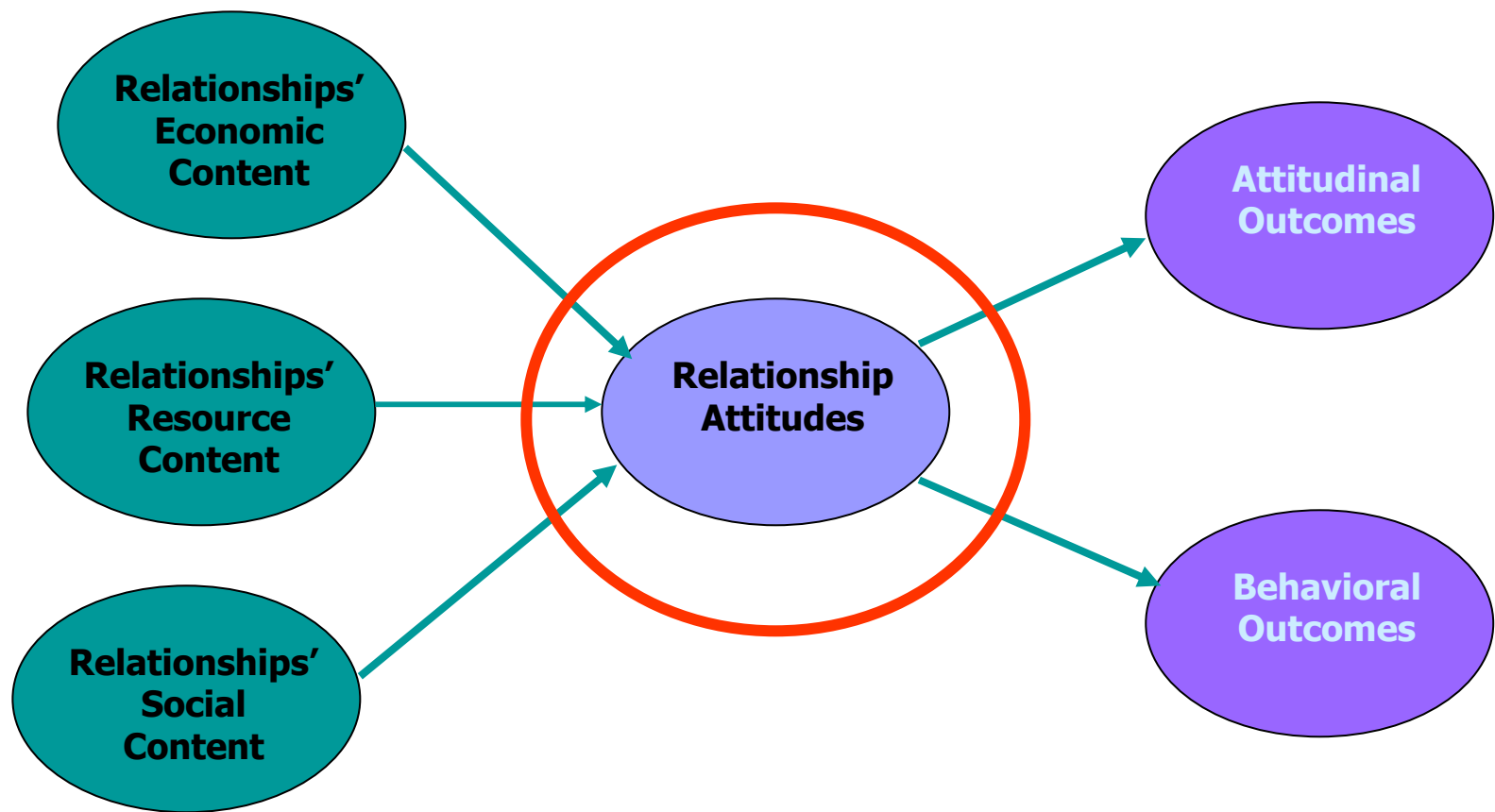
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Partner behaviors and intended behaviors that directly or indirectly impact the firm's performance.

(Behavioral Content)

- Examples:
 - Retention
 - Positive word of mouth
 - Complaining
 - Willingness to try new/other services

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Improving Buyer-Seller Relationships in Business-to-Business Markets

- **National Account Selling**
- **Business-to-Business Databases**
- **Electronic Data Interchange**
 - Quick-response merchandising
- **Vendor-Managed Inventory (VMI)**
 - Collaborative planning, forecasting, and replenishment
- **Managing the Supply Chain**

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Resources		Skills
Patents Product lines Brand equity Reputation <ul style="list-style-type: none"> - For product quality - For customer service - For product innovation Image <ul style="list-style-type: none"> - Company wide - Business unit - Product line/brand Knowledge of product-market	Customer base Marketing resources <ul style="list-style-type: none"> - Marketing infrastructure Sales force size Established relationship with: <ul style="list-style-type: none"> - Suppliers - Marketing intermediaries - End-use customers Manufacturing resources <ul style="list-style-type: none"> - Location - Size, scale economies, scope economies, - excess capacity, newness of plant and equipment - Information technology and systems 	Marketing Skills <ul style="list-style-type: none"> - Innovation and product development - Positioning and segmentation - Advertising and sales promotion Manufacturing Skills <ul style="list-style-type: none"> - Miniaturization - Low-cost manufacturing - Flexible manufacturing Planning and implementation skills R&D skills Organizational expertise, producer learning, and experience effects

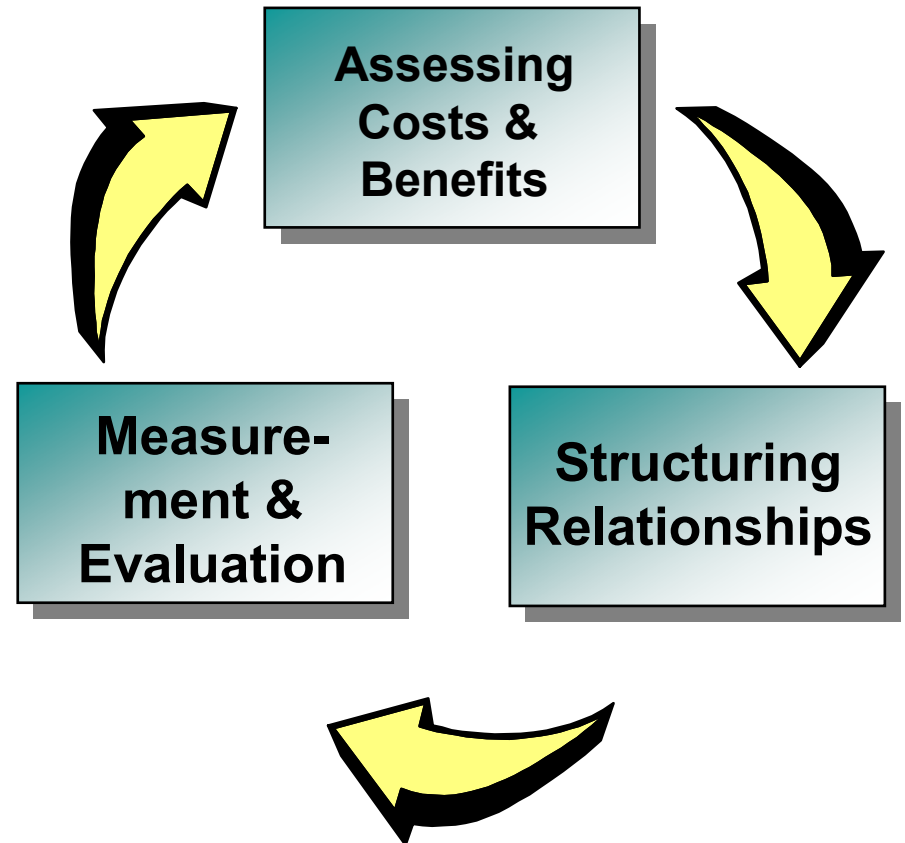
Business-to-Business Alliances

- **Resources and Skills That Partners Contribute to Strategic Alliances**

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Evaluating Customer Relationship Programs

- **Lifetime value of customer:** the revenues and intangible benefits that a customer brings to the seller over an average lifetime, less the amount of money which must be spent to acquire, market to, and service the customer



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Additional techniques used to evaluate relationship programs include:

- Tracking rebate requests, coupon redemptions, credit-card purchases, and product registrations
- Monitoring complaints and returned products and analyzing why customers leave
- Reviewing reply cards, common forms, and surveys
- Monitoring "click-through" behavior on Websites to identify why they stay or leave