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## RELATIONSHIP MARKETING: A PARADIGM SHIFT OF TRADITIONAL MARKETING THEORIES

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**Abstract:-** Every human interaction and transaction is built around relationships. Networks of relationships are the fundamental design of the human society. No wonder that this fundamental fact has been recognized and explored by all the businesses where in they have been building business strategies around the customer and strive to build a relationship with every Customer.

Relationship Marketing therefore has evolved not only as a marketing strategy but has been the foundation on which the Companies build their core values and ethics. Relationship Marketing defines the framework for the Company to reach out as well as and orient themselves to the outside markets, to the end customer as well as to the business partners, the suppliers and vendors too.

In the high tech age where the marketing concepts and tools have undergone major changes with the introduction of e- commerce, online selling, network marketing, direct marketing, B2B and B2C business models, relationship marketing has become the base on which the Business strategies as well as Marketing strategies are built. Relationship Marketing has evolved as a discipline that helps the Businesses to look beyond transactions to long term business associations. Successful Relationship Marketing strategy helps the Organization deepen and strengthen its revenue streams on long term basis.

**Keywords:** Marketing, E-commerce, Core values, Strategies,

### INTRODUCTION

Relationship Management holds the centre stage to designing marketing as well as communication strategies of the organization. It is essential to understand the dynamics of Relationship Marketing in the present context.

Relationship Marketing is being spoken of as one key business philosophies of the progressive organizations who are customer oriented or customer centric. Companies have realized that to be successful on the long term they need to be closer to the market, get under the skin of the customer, anticipate his needs and engineer products and services to satisfy the customer and engage his loyalty. As competition is increasing, product innovation is definitely one of the key important elements that the organizations need to depend upon to steer themselves ahead in the market. Along with the technical leadership the companies necessarily need to know how to reach out to the customer. Engaging the Customer, understanding the customer and building relationship has become the need of the day.

Relationship Marketing is considered to be a core corporate philosophy these days on which the business strategy is built upon. It is reflected in all of the marketing disciplines including branding, advertisements, promotions, public relations as well as through all sales channels and networks through which the company reaches out to the markets and customers.

Experts have raised the following issues that signified the deficiency in traditional marketing theories which resulted in the paradigm shift from these traditional marketing theories to Relationship Marketing theories:

1. The need to thoroughly understand the relational webs that consist of people in various operating units from both

buyer and seller organizations.

2. The manipulation of regulations and policies by various professional and government authorities has crippled the marketing mix from being able to identify the real decision maker in an exchange process.
3. While customer feedback is used to loop back the marketing process for refining the marketing mix, interaction between buyer and seller provides on the spot refinement opportunity in serving the customer. In essence, the customer has become a co producer in the exchange process.
4. The market is a complex network of relationships between inter-linking industries that depend on each other. The network has to be analyzed to better identify and assess market opportunities.
5. With increasing business partnerships such as strategic alliances, joint ventures and cross shareholding between organizations, market mechanisms are brought into organizations. Without clear boundaries as to who is the competitor, buyer, or seller, the phenomenon has created an internal market where marketing strategies have to be developed to address the need.
6. Interactions between customers and staff in various operating units of different organizations in the exchange process have made them part-time marketers in addition to the full-time marketing professionals in the marketing unit.
7. Product development, production, purchasing, marketing, and other functions within an organization work together toward achieving the common goal of serving the customer. People in an organization should treat one another as internal customers.
8. People in an organization should be well attuned to achieving the common purpose of the organization. Human resources are crucial to the success of an organization. Therefore, internal marketing within the organization is a prerequisite for successful external marketing.
9. Relational quality, the quality of a relationship, has a major impact on the long-term business relationship with the customer.

Relationship Management forms part of the vision and business ethics that the Company envisages to imbibe as its core value system. When an Organization chooses to build its business blocks around Relationship Management, the Organization is marrying its profit making goal with Customer Relationship to build a synergy by which all the divisions as well as the functions of the organization look at their function and business through the RM lens. This helps build a strong customer orientation and culture of customer sensitivity across the organization at all levels, branches and functions. In any organization several of its departments are involved with the external customers, starting with marketing, sales, distribution to after sales service, quality as well as finance departments are involved with customers and their orientation towards the customer interaction is fashioned by the RM outlook of the organization.

One of the outcomes of the evolution of Relationship Marketing has been the birth of CRM solutions. Besides CRM we have also seen the birth of new departments and disciplines in Organizations namely Customer Service Department as well as Key Account Management. It is very easy for students to equate RM with CRM and that both are one and the same.

## **OBJECTIVES AND GOALS OF RELATIONSHIP MARKETING**

When a relationship management programme is properly implemented, the organizations begin to focus on their customers as much as they focus on the products.

As relationships are not effective in all the situations and with all the segments of the total market, the companies must be selective on this account and decide by judgement as to which market segments and which specific customers will respond profitably to relationship marketing.

According to Kotler and Keller (2006), "A key goal of marketing is to develop enduring relationships, with all people or organisations that could directly or indirectly affect the success of the firm's marketing activities. Relationship marketing has the aim of building mutually satisfying long-term relationship with key parties - customers, suppliers, distributors and other marketing partners in order to earn and retain their business. Relationship marketing builds strong economic, technical and social ties among the parties.

Relationship marketing involves cultivating the right kind of relationships with the right customer groups. Marketing must not only do customer relationship management but also partner relationship management as well.

The ultimate outcome of relationship marketing is the building of a unique company asset called a marketing network. A marketing network consists of the company and its supporting stakeholders (customers, employees, suppliers, distributors, retailers, ad agencies, university scientists and others) with whom it has to build mutually profitable business relationships. The operating principle is simple: Build an effective network of relationships with key stakeholders, and profit will follow.

## PROCESS OF BUILDING RELATIONSHIP MARKETING

The basic purpose of marketing is customer's delight with permanent customers for the business. In other words, the old customers should repeat orders with the firm. This requires building strong relationship between the seller and the buyer. The marketers who know how to build and manage strong relationship with the key customers are able to secure plenty of future sales from such customers. Relationship marketing is most appropriate with those customers who can influence the company's future to a great extent. Sales persons working with such customers should build strong relationships by offering personalized attention and service and through increased social contacts. Relationship marketing shall play an important role in future. A firm that has adopted this concept, everyone in the organization focuses on the satisfaction of its customers. They offer superior customer value. This helps attract the customer in the first place and keeps them satisfied after they buy.

Because the customers are satisfied with their purchases, they make repeat purchases from the firm again the relationship with the customers is profitable, so the firm is encouraged to find better ways to offer superior customer value. In other words, the firms adopting this concept, they as well as their customers, both win.

### Relationship marketing involves the following steps:

1. Identification of key customers who will influence the firm's future prospects.
2. Assignment of a relationship manager to each key customer.
3. Preparation of detailed job descriptions for all relationship managers.
4. Development of annual customer relationship plan.
5. Co-ordination and review of the performance of relationship managers.

According to Perrault and McCarthy (2005), "Marketing exchange may be part of an ongoing relationship and not just a single transaction. When marketing helps really meet the needs of a customer before and after a purchase, the firm does not just get a single sale; rather it has a sale and an ongoing relationship with the customer that benefits both the firm and the customer."

To achieve relationship marketing, a marketer has to keep in touch with regular customers, identify most loyal customers to provide additional services to these select customers, design special recognition and reward schemes, and use them for building long term relationships. The repeat order is often an easy marketing strategy. It is based on value edge products or services.

## BUILDING RELATIONSHIP WITH CUSTOMER VALUE

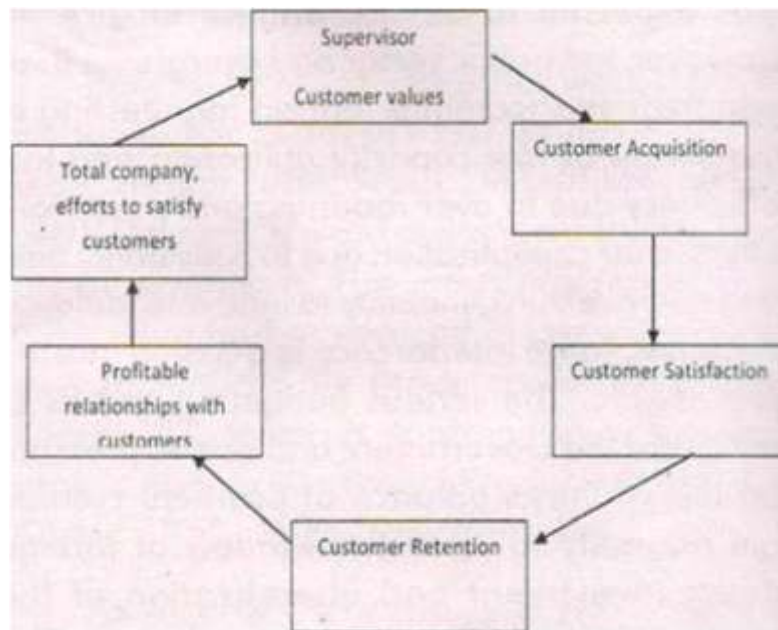
All types of marketing promotions are aimed towards retaining the existing customers and also to create new ones for the products and services offered by such promoters.

It is a proven fact that it is difficult to create new customers than retaining the existing ones. So, therefore more and more marketers these days find it useful and fulfill to adopt some such strategies, which would help them to retain their existing customers. The marketers, who understand this reality, seek and adopt ways to build long-term relations with each customer as even the most innovative firms face competition sooner or later.

According to Perrault and McCarthy (2005) marketing relationships with customers require that, everyone in a firm works together to provide customer value before and after each purchase. The long term relationship with the customer and the life time value of the customer's future purchases is threatened unless everyone works together to make things right for the customer."

Anytime, when the customer value is reduced - because the benefits to the customer decrease or the costs increase - the relationship is weakened.

Thus, the marketers have to be very careful to keep these relations with the customers attractive and ongoing. This all requires the firms to adopt an effective customer relationship building process. Thus the marketing firms adopting this concept have to be very careful to keep these relations with the customers attractive and ongoing. Figure below depicts the process of building relationship with customer value.



Customer Value Relationship Building Process

Thus, for building relationship with customers value requires the business firms to undertake the process of generating, maintaining and enhancing strong value laden relationships with customers

## CONCLUSION

It is therefore not unrealistic to allege that traditional marketing ignores the quality of interaction with the customer and the attention to customer need, satisfaction and expectation. Developing close, co-operative relationship with customers is becoming more important in the current era of intense competition with demanding customers than they have ever been. The relationship marketing is an emerging concept in the field of marketing management.

Relationship marketing is an attempt to build long-term relationship with the customers, which also helps in brand building as it goes beyond traditional marketing and seeks to establish an enduring relationship with the customers. A great deal of personal database has to be maintained by the business firms adopting this concept. Relationship marketing requires first understanding the level of their customer's needs and its intensity and then selling or providing them the matching products as its proper solution.

When a relationship management programme is properly implemented, the organisations begin to focus on their customers as much as they focus on the products.

Relationship marketing builds strong economic, technical and social ties among the parties. Relationship marketing involves cultivating the right kind of relationships with the right customer groups.

The ultimate outcome of relationship marketing is the building of a unique company asset called a marketing network - which consists of the company and its supporting stakeholders (customers, employees, suppliers, distributors, retailers, ad agencies, scientists and others).

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