A STUDY OF RELATIONSHIP MARKETING ON CUSTOMERS SATISFACTION, RETENTION AND LOYALTY

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Abstract

Advancement of science and technology, growth of service sector, strengthening of competition and, what is the most important, diversity of customer needs and regular changes thereof, determined the necessity for a new approach to the development of operations. Relationship marketing is defined as "the new marketing", oriented towards the main objective of the company's operations - fulfillment of customer needs and building of long-term relationships with customers. However, loyalty from the customers' side is not guaranteed. customer's wish to maintain loyal relationships depends on the company's ability to foresee the needs of potential customers and to fulfill them before the competitors do that. A company that seeks to earn the customer loyalty and maintain a competitive advantage has to be well versed in the qualitative dimensions of relationships – the main principles for maintaining of relationships. Relationship marketing (RM) has emerged as one of the dominant mantras in business strategy circles, though RM investigations often yield mixed results. The study aims to investigate the impact of relationship marketing (RM) on costumers satisfaction, customer retention and loyalty. The study results indicated that there is an impact of using RM on customers satisfaction and retention. Also the study results indicated that customers are aware of customer relationship marketing strategies used by companies.

Key words: *relationship marketing, customer satisfaction, customer retention, customer loyalty.*

INTRODUCTION

Relationship marketing was first defined as a form of marketing developed from direct response marketing campaigns which emphasizes customer retention and satisfaction, rather than a dominant focus on sales transactions. As a practice, relationship marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages.

With the growth of the internet and mobile platforms, relationship marketing has continued

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to evolve and move forward as technology opens more collaborative and social communication channels. This includes tools for managing relationships with a customer that goes beyond simple demographic and customer service data. Relationship marketing extends to include inbound marketing efforts, (a combination of search optimization and strategic content), PR, social media and application development.

Stages of development

Relationship marketing refers to an arrangement where both the buyer and seller have an interest in providing a more satisfying exchange. This approach tries to disambiguiously transcend the simple post purchase-exchange process with a customer to make more truthful and richer contact by providing a more holistic, personalised purchase, and uses the experience to create stronger ties.

From a social anthropological perspective we can interpret relationship marketing theories and practices as commodity exchange that instrumentalise features of gift exchange.[1]It seems that marketers—consciously or intuitively—are recognizing the power contained in 'pre-modern' forms of exchange and have begun to use it. This particular perspective on marketing opens up fertile ground for future research, where marketing theory and practice can greatly benefit from in-depth research of the principles governing gift exchange.

According to Liam Alvey,relationship marketing can be applied when there are competitive product alternatives for customers to choose from; and when there is an ongoing and periodic desire for the product or service. Modern consumer marketing originated in the 1960s and 1970s as companies found it more profitable to sell relatively low-value products to masses of customers. Over the decades, attempts have been made to broaden the scope of marketing, relationship marketing being one of these attempts. Arguably, customer value has been greatly enriched by these contributions.

The practice of relationship marketing has been facilitated by several generations of customer relationship management software that allow tracking and analyzing of each customer's preferences, activities, tastes, likes, dislikes, and complaints. For example, an automobile manufacturer maintaining a database of when and how repeat customers buy their products, the options they choose, the way they finance the purchase etc., is in a powerful position to develop one-to-one marketing offers and product benefits.

In web applications, the consumer shopping profile can be built as the person shops on the website. This information is then used to compute what can be his or her likely preferences in other categories. These predicted offerings can then be shown to the customer through cross-sell, email recommendation and other channels.

Relationship marketing has also migrated back into direct mail, allowing marketers to take advantage of the technological capabilities of digital, toner-based printing presses to produce unique, personalized pieces for each recipient through a technique called "variable data printing". Marketers can personalize documents by any information contained in their databases, including name, address, demographics, purchase history,

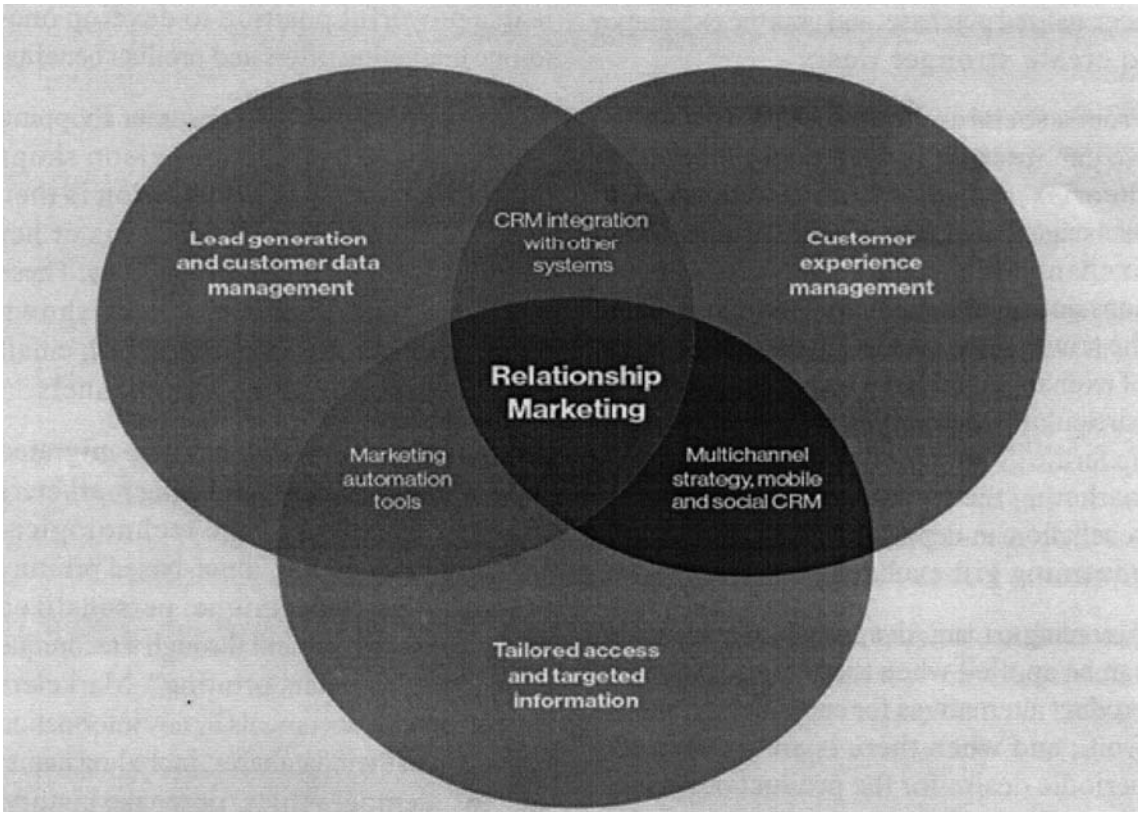
and dozens (or even hundreds) of other variables. The result is a printed piece that (ideally) reflects the individual needs and preferences of each recipient, increasing the relevance of the piece and increasing the response rate.

Meaning

Relationship marketing is a facet of customer

relationship management (CRM) that focuses on customer loyalty and long-term customer engagement rather than shorter-term goals like customer acquisition and individual sales. The goal of relationship marketing (or customer relationship marketing) is to create strong, even emotional, customer connections to a brand that can lead to ongoing business, free word-of-mouth promotion and information from customers that can generate leads.

Relationship marketing stands in contrast to the more traditional transactional marketingapproach, which focuses on increasing the number of individual sales. In the transactional model, the return on customer acquisition costmay be insufficient. A customer may be convinced to select that brand one time, but without a strong relationship marketing strategy, the customer may not come back to that brand in the future. While organizations combine elements of both relationship and transactional marketing, customer relationship marketing is starting to play a more important role for many companies.



Objectives of the study

1. To understand the concept of relationship marketing.
2. To study the impact and reason of relationship marketing in India.

Review of literature

Lectica Surarez Alvarez, Spain Rodolfo Vazquez , University of Oviedo, Spain: In this research aims to contribute to the relationship-marketing strategy by studying the role of complaint management in long-term relationships. Two factors distinguish it from other studies, it takes into account two types of customers, consumers and firms, and the result variable selected is the probability of ending an ongoing relationship. Two questionnaires were designed for every population.

Professor Iuliana CETINA: In this paper, relationship marketing was defined throughthe value chain concept. In this sense, the value chain concept is to be understoodas a set of client specific dimensions which should be researched by the companywith the purpose of enhancing the company's general economic and marketingactivity. These dimensions are divided in two categories, behavioural (observed)dimensions and psychological (unobserved), respectively.

Feng-Hua Yang Chih-Hua Huang: In this paper they tested the conditions under which internal marketing is positively related to employee well-being and service quality. The mediating role of employee wellbeing in the relationship between internal marketing and service quality was also examined. Forty-five employees from a multinational service company, herein known as "M", provided information about internal marketing and employee well-being. Further, 459 customers from this company provided information on service quality.

Tareq N. Hashem The study aims to investigate the impact of customer relationship marketing (CRM) on costumers satisfaction for the banking industry in Jordan. This study is one of several researches that will be conducted in different sectors in Jordan in the next few years in order to increase level of customer satisfaction in these sectors. It was also found that the impact of customer relationship marketing (CRM) on costumers satisfaction differs according to Gender, Age, educational level and income.

Robert W. Palmatier, Cheryl Burke Jarvis, Jennifer R. Bechkoff, & Frank R. Kardes the role of trust and commitment in affecting performancecoutcomes; however, a recent meta-analysis indicates that other mediating mechanisms are at work. Data from two studies—a laboratory experiment and a dyadic longitudinal field survey—demonstrate that gratitude also mediates the influence of a seller's relationship marketing investments on performance outcomes. Specifically, relationship marketing investments generate short-term feelings of gratitude that drive long-lasting performance benefits based on gratitude-related reciprocal behaviors. this research empirically demonstrates that gratitude plays an important role in understanding how relationship marketing investments increase purchase intentions, sales growth, and share of wallet.

Robert W. Palmatier, Rajiv P. Dant, DhruvGrewal, & Kenneth R. Evans

Relationship marketing (RM) has emerged as one of the dominant mantras in business strategy circles, though RM investigations often yield mixed results. To help managers and researchers improve the effectiveness of their efforts, the authors synthesize RM empirical research in a meta-analytic framework. Although the fundamental premise that RM positively affects performance is well supported, many of the authors' findings have significant implications for research and practice. Relationship investment has a large, direct effect on seller objectiveperformance, which implies that additional meditated pathways may explain the impact of RM on performance. Objective performance is influenced most by relationship quality (a composite measure of relationship strength) and least by commitment. The results also suggest that RM is more effective when relationships are more critical to customers (e.g., service offerings, channel exchanges, business markets)

Scope

This is the relationship marketing study and limited to only India. This study is carried out to understand the concept of relationship marketing and impact and reason of relationship marketing in India. And also help to understand the strengths and weakness of relationship marketing.

Methodology

From the literature review it is very clear that very little research has been done in India. This paper is descriptive and exploratory study based on secondary sources.

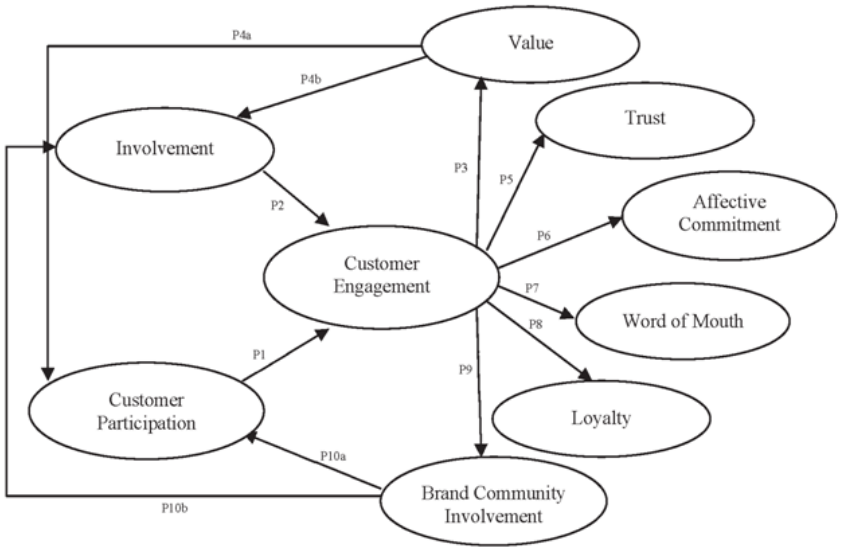
Secondary sources are:

Books, Case studies, Research Articles, Journals, Newspapers, Internet and Magazines.

Finally we have analyzed impact and reason of relationship marketing in india.

Analysis and Results

Reasons why Relationship Marketing is Important in Business



1. Build the Know, Like and Trust Factor

It's a phrase you've heard countless times, but are you living it? [Tweet ""To know and to not yet do it, is to not yet know." -Stephen R. Covey "]

To consider the importance of follow through with your know, like and trust factor, start by thinking about your own shopping habits, as a consumer. These days, online, will you buy from a complete stranger? Will you purchase something from a random website you've landed on? Will you hire a consultant, coach or assistant that you've never heard of, worked with or seen?

Chances are the answer is a big **NO**.

In today's age of technology, we have the luxury of getting to know and deciding to trust the person or company behind each purchase.

However, as business owners, this means that we must go that extra mile to consistently create our know, like and trust factor.

To do this, it is important that we are consistently active on our social media platforms, website, and offline networking. For example, in social media, you want to welcome new followers, reply to comments using the commenter's name, and create relevant content that is both educational and entertaining.

Moreover, test yourself! Ask a fellow entrepreneur to look at your social media postings and rate them for content, connection and consistency. The feedback can help you take your Know Like Trust Factor to a whole new level!

2. Word of Mouth Referrals

When it comes to owning your own business, word of mouth referrals are gold. And, when you focus on building your business's people-to-people connection, you create that "WOW" factor that gets your customer's talking.

Customers want to feel special and important, because they don't often get to feel that way in other areas of the life. This is key to remember because customers rarely purchase products or services solely based on the products intended result. Deep down, they are also asking themselves, "What will this do for me, or provide for me?"The answer isn't just the product results. The answer includes all of the feelings and desires that come with that product and the results.

By building your relationship marketing skills, you fulfill those additional needs. You provide more than just a product or service, you provide an experience.To create an experience, highlight your customer's successes, answer questions promptly (whether through social media, email or phone), and respond to concerns instead of reacting to them. To respond to a concern means that you find a way answer the question that empowers your company AND the person making the concern.

3. Create Business Opportunities

When you build your relationship marketing skills, you also open the door to more business opportunities because a personal connection experience leaves aa long-lasting impression.

That fond memory which you created with your customer will cause you to come to their mind more quickly and frequently. Thus, when a friend of your customer asks for a business venture referral, your name will be on the tip of your customer's tongue.

For example, Mari Smith's early success in 2007 started because she was referred to test a new Facebook app. Because Mari had built a person-to-person connection, she was referred and her business took off.

4. Stay On Top Of Your Audience's Needs

Following a relationship marketing model can be the difference between being a long-term success and a no-hit wonder!

With a person-to-person relationship marketing model you can learn first hand, and at no cost to you, what your audience MOST desires.For example, free Wi-Fi in Starbucks was a suggestion from patrons. Today, because Starbucks listened, its shops are always packed with customers who know they can conduct business AND get great coffee.

On the other hand, Borders did not listen to its customers. The company did not make the necessary changes, improvements and additions to keep people coming back, and as a result, the company has now forever disappeared.

Active listening and listening between the lines are two amazing benefits of person-to-person relationship marketing that can easily get lost in the sea of business if you're not paying attention.

5. Add Your Own Flare

In our new economy where Job's are unreliable, more and more people are going into business for themselves. In order to compete in this new booming, small business market, you have to STAND OUT. You need to have your own flare. Be unique.

By instating relationship marketing, you can quickly and easily develop your unique style. It gives you the space to learn about your audience's needs, and develop trust with your own techniques. You don't have to fit yourself to someone else's business model. You simply have to be yourself and respond confidently to your customers.

Business has changed since social media has arrived on the scene. Businesses have to change their focus and concentrate on building relationships with people in order to empower their brand and build lasting relationships that will result in long term profits.

Showing customer retention and loyalty



From the above chart it helps to know Relationship marketing helps to increase customers retention and customers loyalty.

Impact of relationship marketing



Findings

1. It helps increase in retention rate from 60% to 90% is associated with a doubling of the average life of a customer relationship from 5 to 10 years.

2. We identify six markets which they claim are central to relationship marketing. They are: internal markets, supplier markets, recruitment markets, referral markets, influence markets, and customer markets.

3. Recent trends and development is Live-in Marketing (LIM) is a variant of marketing and advertising in which the target consumer is allowed to sample or use a brands product in a relaxed atmosphere over a longer period of time. Much like product placement in film and television LIM was developed as a means to reach select target demographics in a non-invasive and much less garish manner than traditional advertising.

4. It helps to customer retention and loyalty.

Conclusion

Relationship marketing as a pillar has not only given marketing a new dimension, but has also given more stress catering to the demand of customers for products and services. The industry's procedures to get desired outcomes and strategies adopted for increasing sales and customer satisfaction has been highlighted throughout the study. Several research works in this area have also been considered. Trust and satisfaction have been tagged as important for maintaining as wells enhancing a company's image. Along with relationship marketing antecedents, international marketing constructs are important for understanding consumer behaviour in cross-border settings. Factors such as commitment, customization, gratitude, communication took an important part of our study. Overall stress has been laid on the study of relationship marketing mainly to show how important it is to maintain healthy relation with customers in order to grow and acquire prosperity in businesses

Suggestion and recommendation

1. Providing training programs in this field marketing staff along with establishing CRM course it helps to improve the know-how of the people in this regard.

2. The company has to conduct periodical market research needed to see if there are any changes on customers' needs, demands and expectations.

3. There should be general need for more research on relationship marketing strategies and their actual effects on customer satisfaction.

Direction for the future study

This present study was conducted on the relationship marketing. Where it is conceptual in nature. The further study can be do empirical in specific area.

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