

## THE WISDOM OF RELATIONSHIP MARKETING

### **Total Organisation Marketing**

Relationship Marketing assumes Total Organisation marketing, and so that is a necessary start point.

Many managers still think that 'doing things right' (implementation) is as important, or even more important, than doing the right things (strategy), Kotler reminded us.

Hooley stated that one of the important components of a model proposed for market orientation is that of linking employee and managerial behaviour to customer satisfaction. When you align this with the assertion that marketing is too important to leave to the marketing department (even if there still is one in the company) then it is increasingly obvious that marketing is everyone's job in the organisation.

There appears to be an overriding imperative for most, if not all, organisations to become marketing orientated in a holistic sense. This is the promise which Relationship Marketing offers.

### **Relationship Marketing**

Drucker laid down very insightful work with regard to an organisation's preferred view of its customers. Since it contains extremely important concepts now used in the Relationship Marketing domain a selection of Peter Drucker's ideas follows:

- Equally telling is the tendency to 'go through channels' rather than directly to the man who has the information or ideas needed or who should be informed of what is going on...'Going through channels' is not only a symptom of malorganisation; it is a cause.
- Age structure of management is like the metabolism of the human body; unless it is balanced all constitutional processes are diseased.
- Management must also ask: 'What will our business be?'
- The first step towards finding out what our business is; is to raise the question: 'Who is the customer?' The actual customer and the potential customer? Where is he? How does he buy? How can he be reached?
- What is our business is not determined by the producer, but by the customer.
- Marketing alone does not make a business enterprise... It is not necessary for a business to grow bigger; but it is necessary that it constantly grow better
- The first responsibility of top management is to ask the question 'what is our business?' and to ensure that it is carefully studied and correctly answered.

Gronroos says that Relationship Marketing is drawing more and more attention. It is suggested that a relationship approach to marketing is a new paradigm that goes back to the roots of the marketing phenomenon. Interestingly reverential treatment of the past is a postmodern academic concept and this ties Relationship Marketing into Postmodern Marketing.

Foxall is concerned that judging from the piecemeal definition of marketing offered in the marketing literature, marketing can be just about anything. It is not surprising, then that organisations are generally bewildered by Marketing. However, Moorman provides another view, when looking at the marketing literature and practise; it appears that during the past ten years there has been a movement toward thinking of marketing less as a function and more as a set of values and processes that all functions participate in implementing.

Tomer reminds us that Relationship Marketing involving a long term, symbiotic, learning partnership between buyer and the seller is dramatically different from the transaction-oriented marketing in which the aim of the seller is simply to close a specific sale. The difference between Transaction and relationship is again emphasised by Palmer who describes a relationship-based series of encounters that can be useful for

both customer and producer in a number of circumstances. Kothandaraman emphasises and offers a strategy towards capturing the difference between relational exchanges and traditional contractual exchanges. Levitt quite rightly almost makes this concept poetic, when he provides the picture of the sale merely consummating the courtship. Then the marriage begins. How good the marriage is depends on how well the relationship is managed by the seller.

Relationship Marketing does have many facets; many of these are at the foreground of people’s general experience of the potential rudeness and intrusion of particular forms of Relationship Marketing. Agee comments how one-sided a relationship it is when a marketer attempts to create a relationship with a customer simply to cross-sell other products...or because retaining customers costs five or six times less than acquiring a new one. Within the interpersonal it is recognised that genuineness is very important. Flattery for its own sake without meaning will always be recognised for what it is.

Over the last fifteen years Relationship Marketing has become a topic of great interest to many organisations. Cranfield School of Management suggest it could not be further from the truth that Relationship Marketing is simply the latest fashion. However there is the assertion that in spite of good intentions, there has often been a noticeable lack of company wide alignment of purpose towards meeting the customer’s requirements according to Christopher. Hartline says that many researchers point out that customer orientation can be effective only when the firm designs the necessary structures, processes, and incentives to operationalise the firm’s customer oriented values.

To discuss Relationship Marketing’s requirement for improved human involvement in organisations, the tabular comparison between Transaction Marketing and Relationship Marketing provided by Christopher will be analysed:

<b>Transaction Marketing</b>	<b>Relationship Marketing</b>
Focus on single sale	Focus on customer retention
Orientation on product features	Orientation on product benefits
Short time-scale	Long time-scale
Little emphasis on customer service	High customer service emphasis
Limited customer commitment	High customer commitment
Moderate customer contact	High customer contact
Quality is primarily a concern of production	Quality is the concern of all

Looking at the differences in terms of employee or people participation and necessary contribution, then the following can be deduced.

**A focus on customer retention** is not likely to be achieved through price reductions or cosmetic improvements in products offered. One of the most endearing and long lasting ways of adhering customers to your organisation is through Relational Contracting asserts Kay. This requires high involvement and the intervention of interpersonal relationships between organisation and customer.

**Orientation on product benefits** is not likely to be achieved unless enough people in the organisation are able to understand the concept. There is a requirement for an increasing number of employees to be able to communicate the product benefits in a meaningful way. That is to be able to do more than recite attributes in the manner the old school salesman had learnt to do. It is needed to be able to explain product benefits in the terms of what the customer’s perception of their need is. This again requires high involvement and the intervention of interpersonal relationships between organisation and customer.

**Long time scale** needs the ability to keep key staff. However within Relationship Marketing many more fall into the definition of key staff, if not all. Relational Contracting between staff then becomes key. Both for

morale and staff retention, but also so a team response is genuinely possible to the customer. Here interpersonal relationships are paramount throughout all staff and towards each other.

**High customer service emphasis** by definition of service requires interpersonal relationships.

**High customer commitment** literally means that the organisation has a high level of commitment to its customer. Either the customer is a person, or, it is another organisation. If it is another organisation then ultimately there is some form of personal contact with one or more representatives of that organisation. Hence to achieve this there is a need for high involvement and the intervention of interpersonal relationships.

**High customer contact** can only be felt by the customer if they have experienced a significant amount of interpersonal contact with members of the organisation. This requires high level interpersonal relationships of a multi-various nature. That is, the idea of the old style Salesman taking his order form in every other month is no longer tenable in this environment.

**Quality is the concern of all** requires that all employees contribute to the quality issue. Again this means that all employees require sufficient interpersonal skill to communicate effectively any shortcomings or improvements they perceive.

This shows that for Relationship Marketing to achieve its purpose there is a requirement for more than good database techniques and the best plastic card offer.

Why do we hang on to terms like client, patient, account holder, ratepayer and student instead of calling them what they are, which is customers. We pay a lot of lip-service to Relationship Marketing, but still do not understand how to do it according to Shultz. There is likely to be a need for organisations to conceptually take Relationship Marketing more seriously. However it is unlikely to become significantly embedded unless the organisation transforms its attitude towards its employees. Covey advocates that the employee is treated just as if they were a customer. This will require re-humanising both employees and management, and making amends for the adverse effects of hierarchical coercive power. The over, and abusive, usage of ill thought aspects of scientific management will need to be reconsidered and realigned towards merely being management tools and not control mechanisms.

The possible and unpalatable conclusion to the review of Relationship Marketing is provided by Christopher. The organisation will have to actually learn how to use the full potential of its most valuable asset in a humanising manner and that is the humans that make up the company or organisation.

Relationship Marketing has much promise and high hopes. However the summary is that it will need much Wisdom to achieve any real and long lasting effective form of Relationship Marketing in any organisation.

For a wider discussion of the business philosophy needed for effective Relationship Marketing, based on Complexity and Wisdom, there is a sequel to this article. It is written as a Reflection of decades of Business Life on the South Coast and can be found in the Friends of Wisdom Newsletter link here:

<http://www.knowledgetowisdom.org/>

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