Relationship Marketing – Techniques for Focusing on Company's Consumers

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Abstract. Today, leading marketing specialists have one goal: to put the consumer at the center of marketing. The main purpose of the study is to highlight some techniques for focusing marketing of a company on its consumers. The thesis supports that the consumer and company's relationships with him are already becoming a key competitive advantage, and the sooner marketers and managers realize this and re-build their strategy in the direction of improving their relationships with the customers, the more competitive they will be in the ongoing dynamics of today's business. The study is based on the author's analysis, opinion and interpretation of different findings made by other authors and researchers. The utmost importance of word-of-mouth advertising and how to gain an advantage through it is revealed. It is analyzed how the company can help brand ambassadors. It is researched how the company can support sales specialists – the most visible brand ambassadors – to become even more effective communicators. Moreover, advocacy marketing has been explored, as it helps brand ambassadors to present the company and it puts them at the heart of marketing. The study reveals some techniques by which marketers can improve the relationship of the company with its consumers.

1. Introduction

In recent years, following the evolution of internet marketing, marketers have been gaining increasing access to new marketing techniques and tools that allow them to attract the desired consumers with greater accuracy and cost-effectiveness. Thanks to that there is an obvious change in the focus of practical marketing – from the four "P's" (price, place, product, promotion) to the new "C" – consumers. With the advent of the "consumer era", businesses or at least the trendsetters are taking their customers more seriously than ever before. Customer orientation is one of the hottest topics in today's business and it is constantly being discussed what ways to be used to improve customer service. The pace of business development is so fast that the only option for companies to stay current in the market is to constantly improve their relationship with consumers.

The main **purpose** of the study is to highlight some techniques for focusing marketing of a company on its consumers. The **object** of the study is the companies oriented to relationship marketing, and the **subject** – the techniques for focusing marketing of a company on its consumers. The research supports the main research thesis that the consumer and company's relationships with him are already becoming a key competitive advantage, and the sooner marketers and managers realize this and re-build their strategy in the direction of improving their relationships with the customers, the more competitive they will be in the ongoing dynamics of today's business.

2. Literature Review

The Relationship marketing began to evolve in the 1980s. Back then the first real attempts are made to place an emphasis on the individual client. For the first time, the term "relationship marketing" is clearly spelled out by Berry [1], who describes it as a philosophy with a solid base in the history. He points out that the idea of developing a business by earning satisfied and loyal customers is not unknown to even the earliest marketers. Berry argues the transition from a transactional approach, in which the central part is to attract new customers, to an approach that considers attraction of customers only as an intermediate step in the marketing process. He considers that companies and researchers have focused too much on attracting new consumers and customers at the expense of retaining them[2].

Levitt emphasizes that organizations should not be focused solely on maximizing sales, but should focus on customer satisfaction, which is determined by the quality of customer relationship management carried out by the seller. According to him, a sale is the beginning, not the end of the buyer-seller relationship [3].

Reichheld focuses his attention on the cost of losing a customer and brings this problem to the attention of the specialists, saying that many large corporations are now losing customers and need to replace them with new ones over the next few years [4]. Using examples from financial services companies, advertising agencies and manufacturing companies, Reichheld states that even small improvements in customer retention can double the profits because it is cheaper to serve long-term customers; loyal customers tend to pay higher prices; loyal customers will make word of mouth advertising/recommendations to other prospective clients.

The transition to an approach based on building long-term relationships with customers is considered as one of the fundamental changes in marketing [5]. Gradually, marketers are differentiating themselves from the marketing mix approach, in which customer relationships are based on standardized prescriptions without taking into account the specific individual customer needs. And while in the 1970s a number of researchers such as Kotler, Hunt, and Bagozzi supported the transactional marketing concept, in the early 1990s they adopted the relationship marketing approach [6]. The authors believe that much more value can be created if the focus shifts from transactions to relationships. This statement follows the logic that the revenue that the company would receive from the customer over his life cycle far exceeds the revenue generated from a single transaction.

Today, leading marketing specialists have one goal: to put the consumer at the center of marketing. For example, social media is pointing to this direction – that more and more consumers are expecting companies to respond to their online alerts and more – to respect their opinion on the development of a product or service. As much as the influence of technology and the involvement of artificial intelligence in the workforce grow [7], [8], the human factor and human attitude to the consumer are still fundamental to successful brand communication.

Nowadays, it is a time of "relationship marketing", in which the mandatory rule is not only the search for win-win solutions, meaning both the company and the user gain benefits, but also win-win-win solutions, in which the third step means creating added value and synergy. This stage of the relationship helps the consumer talk about the brand of the company and share the message with his close ones. Namely consumer's sharing with people is often the most powerful means of communication because it activates a word of mouth effect.

3. Research Methodology

To address the key research objectives, this research is based on the author's analysis, opinion and interpretation of different findings made by other authors and researchers. It generally summarizes the existing literature on the topic in an attempt to explain the current state of understanding on the topic. In the present paper the following methods were used: methods of analysis and synthesis, logical analysis and comparative analysis.

4. Comparison between transactional marketing and relationship marketing

Technological development and market liberalization have caused a shift from the conventional transactional marketing to relationship marketing. There are some significant differences between the two paradigms – of transactional marketing and relationship marketing – which can be summarized in the table below.

Table 1. Comparison between transactional marketing and relationship marketing
Source: own comparison

Basis for comparison	Transactional marketing	Relationship marketing
Target	Target on customers so as to make one-off sale transactions.	Target to retaining and satisfy customers, by providing value to customers.
Perspective	Short term perspective	Long term perspective
Contact frequency	Low contact with customers	Frequent contact with customers
Focus	Gaining new customers	Customer Retention
Profit	Profit generated by total sales	Profit generated by the sole customer
Bottom line	Undertaking transaction	Building trust
Nature of relationship	Priority on product quality	Priority on the customer relationship quality
Approach	Serving customers	Providing more added value to the customer
Portfolio	Product portfolio	Customer portfolio
Channels	Traditional ad channels	Social media channels

While in the transactional marketing approach the customer is considered to be a medium for sales and the focus is on maximizing the sales, in relationship marketing it is more important to establish a valuable relationship with the individual who is making the purchase. This way relationship marketing develops strong and enduring ties with customers to secure long-term sales in the future.

According to Outbound Engine [9] acquiring a new customer can cost five times more than retaining an existing customer.

Hence, it is necessary for marketers to use the techniques of relationship marketing, whose base line is to retain the existing customers, as by building effective relationships with existing customer base, profitability of the company will improve. Relationship marketing focuses on understanding consumer's needs, which ensures profitable exchanges in future.

Intensive contact with a customer helps the company to develop high customer commitment and willingness to continue the interaction with the brand. Building, maintaining and enhancing marketing relationship with the customers is of great importance as it impacts positively on the company's business performance, customer satisfaction and retention, and it adds up to the synergy effect.

Relationship marketing strategy's endeavor is to generate more value for the customer compared to the core product itself and this additional value creates customer satisfaction. Thus, it is reasonable marketing strategy to begin with the customer, not with the organization. In this regard understanding customers' needs and wants is a key factor for developing long-term collaborative relationships.

5. Importance of word-of-mouth advertising

Above all, it is obvious that word-of-mouth advertising benefits from social networks and the viral effect they create. A conclusion can be made that if the company makes the customer feel special, sometimes through a small gesture as a voucher for a second product, the message is much more likely

to be shared and reach more people than if the company itself boast in its own channels how big and successful it is or what award it won.

According to a report [10] 83% of Americans say that a word of mouth recommendation from a friend or family member makes them more likely to purchase that product or service.

The online space is heavily influenced by TripAdvisor rules – according to Socialtoaster, 82% of users proactively seek recommendations from people before making their final purchase decision [11]. Once the company is aware of the importance of putting consumers at the center of marketing, can the company identify those of them who would be happy to speak about its brand? The answer is positive – and they are not only the company's customers, but also its employees and partners. They are all part of the ecosystem of the company and, in one form or another, they are already talking about it, so they can convincingly protect the reputation of its product or service.

Namely, these brand ambassadors need to be identified by the company. They are sometimes so visible to the company that even it misses to recognize their importance. Identifying brand ambassadors starts by noting social signals – who talks about the company, through what communication channels, who are the people who have established an emotional connection with the company. Once the company has done this, the second step is to recognize them, to make them visible – by including them in its newsletter, by inviting them to the company's office, or other activity that would recognize their importance and add value.

6. Advocacy marketing

When analyzing relationship marketing, another term appears – advocacy marketing [12]. Advocacy marketing helps brand ambassadors talk about the company, puts them at the center of marketing. A great example here is Apple, which entice its users so knowingly that they are happy to pose with the brand.

According to Socialtoaster [13] online businesses get 60% of their sales thanks to referrals from advocates and brand superfans.

Advocacy marketing should not be confused with plain agitation. It only supports consumers who have clearly expressed their affection for the brand and even identify with it, and who already share the company's message. It is marketer's responsibility to help these consumers be sufficiently informed of the latest developments in the company's portfolio, in order to have an expert opinion. To achieve this, marketers need to send these consumers updated news about the company's products or services, to include them in beta tests, to query their opinions, to invite them to company events, to offer VIP access for a limited number of people, etc., so that they become a visible part of company's family.

The benefits of advocacy marketing can be seen in a company where a sales team is proactive. These are the people who promote the company's products or services on a daily basis and are definitely brand ambassadors. It is necessary to help the sales team to be sufficiently prepared to speak as experts and to provide them with all the news on time. In practice, they need all this to maintain a professional personal brand in social media or in front of their customers. Advocacy marketing looks at exactly this aspect of promotion, taking into account the power of personal recommendation [14].

As a result of all these actions, the company gets the opportunity to improve its digital reputation. A positive comment on an employer evaluation platform like Glassdoor would give to the company an edge over the competition; a review of its product or service on an expert blog may become the key for sales success. Even more successful is being able to create a positive story together with its customer.

When it comes to the most visible brand ambassadors – sales specialists – it should be found how the company can help them to be even more effective communicators. The answers are related to:
- Brand on the go – because face-to-face interaction [15] is so critical in what they do, they constantly travel to meet current and future customers. The task of the company is to be mobile enough and sensitive to their work, in order to present its message short, clear and sometimes fun.

- Knowledge sharing – the company strategy needs to place industry best practices, high quality content and useful resources at the centre of knowledge sharing [16], to help brand ambassadors become better at what they do.
- Using social networks – more and more sales specialists spend longer time on Linkedin, for example. The reasons may be different – to talk with current and future customers, to build a professional personal brand, or to use the platform to listen [17]. The task of the company is to assist them in these activities by providing them with the necessary training and making them feel comfortable when talking about the company. The alternative situation also exists – sales specialists who do not yet take advantage of social networking connectivity and do not even have the necessary knowledge to register.

7. Customer relationship of the company

Big technology companies are increasingly working with more attention to the customer because receiving timely feedback often saves them from communication crises. But how can marketers further help the company's relationship with the consumer? There are already a number of softwares that would favor this process. They appear as internal social networks in which consumers are informed and have the opportunity to provide feedback, long before the official sale of the product or service. In return, the consumers earn points and climb charts, for example, which give them a chance to attend company VIP events. This gamification (the use of game elements in non-game situations) further strengthens their engagement with the company's messages [18].

It is no easy task for a company to be in constant touch with consumers. It is no coincidence that this type of approach is more prevalent in companies with more employees where human resources are available. But advocacy marketing is also an excellent opportunity for smaller companies, where the decision-making machine is far more flexible and the contact with senior management is much more accessible. The questions that should be discussed when creating a customer-focused strategy are: is the company able to identify the customers; to help them feel happy; what budget is available to stimulate them; who are the people in the company who will seek contact with these customers daily?

Companies that have taken a customer-centric approach have to spend a large portion of their budget to create and promote customer relationships [19]. In the following lines, some techniques are presented through which the company could be both customer-oriented but also fit within a certain budget.

> **Work based on facts, not assumptions**

The biggest problem that marketers allow in their work is that they base many of their decisions on unconfirmed personal assumptions. Especially in the Bulgarian market there are very few companies that can state with facts the reasons why their customers make repeated purchases with them. Often, managers and marketers speculate on product quality, customer service, repair service, or assortment. But did not the client come back because there was no suitable alternative at that moment? What are the chances of the same customer buying again if he finds an alternative? In order to be more specific, marketers need to always work with statements that have been verified through market researches or their own customer researches.

> **Customer knowledge**

If marketers are unable to answer the above questions firmly, this is one of the surest signs that they are not customer-oriented. According to Sigstr and Heinz Marketing survey [20] in 2018 that surveyed 256 sales and marketing professionals, just 15% of respondents reported being very satisfied with the level of information they have on their target accounts and prospects.

The first step to being really customer oriented is to know the company's customers really well. Most companies mistakenly think that getting to know their customers is a process that involves only a few steps. Many marketers believe that once they have collected basic information about their customers, they can move on to the next target (target customers). It is important to note that the information collected in spreadsheets does not mean knowing and above all understanding the needs

of these customers. The marketers need to know the customer's needs on a daily and continuous basis in order to try to satisfy them.

> **Engaging with company customers**

What business often forgets is that customer knowledge must be a constant endeavor. Customer purchasing behavior, preferences, basket size, and other similar factors may change over time and data from a few months ago may no longer be representative. At the same time, companies are making dozens of solutions targeting customers on a daily basis, affecting the market with even greater delay. The impact of outdated customer information on the market can be catastrophic. The problem for most executives is that this better knowledge of customers often means increased costs. Customers are looking for immersive experiences that engage them and make them feel special during and after the buying cycle. Important factors such as company social engagement, social listening, and excellent customer service should be taken into account by any manager. This can be reasoned by a survey [21] stating that 86% of buyers are willing to pay more for a great customer experience.

> **Investment in customer knowledge**

Although investing in customer knowledge requires investment of additional resources, it adds additional value to the company beyond the directly associated marketing costs. The logical follow-up question is: "how to measure the return on this investment?" With the development of Internet, mobile technology, social media and analytics softwares, this task is easier than ever. One of the most universal methods for tracking and evaluating customer value is through CRM systems. According to Grand View Research's report [22] the return on investment (RoI) of CRM implementation range from USD 2.5 to USD 5.6 for every dollar spent.

> **Breaking the work model**

When traditional approaches to do business are no longer applicable, it is appropriate to move to new mechanisms for measuring the return on investment in marketing efforts. Therefore, marketing efforts should focus on metrics such as customer satisfaction, retention and employee engagement – efforts that often feel far from return on investment but are of great importance in terms of long-term results. In this context, employee satisfaction was until recently considered an HR job, and today it is an issue that the marketing department should take seriously. It is because happy and satisfied employees are the best advocates of the brand. In order to evaluate the effectiveness of customer-centric marketing moves, it is important to identify and take into account the most important marketing metrics for each company.

Conclusion

In conclusion, it can be noted that customer relationships are already becoming a key competitive advantage, and the sooner the marketers and the management of the companies realize it and re-build their strategy in the direction of developing the relationship with their customers, the more competitive they will be in the ongoing dynamics of today's business. Market leadership does not mean dominance and holding the largest market share. Those who adapt and act quickly can break the marketing rules. This can be achieved through reciprocity, interaction, partnership and transparency in communication with the customer. Therefore, companies need to know the importance of customer relationship, what are the prerequisites for building successful relationships, and what are the techniques for focusing the marketing of the company around its consumers.

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