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# RELATIONSHIP MARKETING STRATEGIES FOR SERVICE FIRMS

Literature Review

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## JEL Classification

M30

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## Abstract

*In the last two decades, relationship marketing has been a topic of interest for practitioners and researchers who analyze this area. During this period, the development of sustainable business relations represented a strategic priority. From this perspective, relationship marketing is a tool for managers who need to create new organizational structures. The implementing of relationship marketing activities is performed both inside and outside the organization. This article presents the evolution of the concept of relationship marketing in marketing theory and practice from the perspective of intensification of relations between clients and businesses and thus the requirements imposed by the new business environment.*

## INTRODUCTION

Relationship marketing represents the "new dimension of the concept of marketing, namely the strategic dimension"(Pop, 2008). Thus, the relationship marketing can be used as a tool for managers who need to create new organizational structures.

In the 90s, relationship marketing became the main discussion topic of the academic conferences worldwide. Researcher groups from Europe, North America and Australia have attached great importance to this subject. Relationship marketing was also the theme most frequently debated during the last two decades of the twentieth century in numerous academic journals: *The Journal of Service Marketing*, *Journal of Marketing*, *Journal of Strategic Marketing*, *International Journal of Bank Marketing*, *The International Journal of Consumer Relationship Management*.

## THE CONCEPT OF RELATIONSHIP MARKETING

Known marketing authors have written articles and books on relationship marketing. Thus, in almost any marketing book there is at least one section or one subchapter dedicated to this topic. Authors who were concerned about the field of relationship marketing can be divided into two categories. The first category considers relationship marketing as the *new paradigm of marketing* (Kotler, 1999; Gronoos, 1994; Gummerrsson, 2002).

Another category considers relationship marketing as a major change in marketing activities. (Morgan, and Hunt, 1994; Gummerson, 1994; Buttle, 1997).

Relationship marketing is a business philosophy, a strategic orientation which focuses on maintaining and improving relationship with current clients rather than attracting new ones (Pop N., 2008).

For the financial services in particular, it can be said that both the client and the company often prefer to continue a profitable relationship in the detriment of frequent change of the supplier. For the company, the costs of maintaining current customers are much lower on the long term. The application of relationship marketing strategies for the purpose of obtaining mutual benefits requires major changes in organization, management and employee motivation system. Currently, in the Romanian service market, there are many companies that reward employees who bring new customers into the company, but there are only few situations where an employee is rewarded for having maintained existing customers.

Relationship marketing aims at making customers, who have become increasingly more sensitive, with higher expectations and more difficult to satisfy, loyal. Effective marketing activities should have a

positive impact on relationships with the clients. Relationship marketing is based on maintaining customers' loyalty by developing and sustaining relationships that are generated by commercial requirements. This definition highlights the distinctive features of such an approach: long-term business based on mutually beneficial exchange. It is much easier to maintain a relationship with a client rather than developing customized products or sending offers by mail. Mainly, marketing relationship refers to knowing the real customers' requirements which can be economic, emotional and moral and to attempting to meet them in terms of profitability. The development of strategies for personalized offers creates a client culture, an improved quality of products and services and not least an increase in profitability (Hetzal, 2004).

Relationship marketing has arisen from six research currents: the first examines service marketing (Parasuraman, Zeithaml and Malhotra, 2005), the second analyzes inter-organizational exchange relationships (Zineldin, 1998), the third underlies the new paradigm of relationship marketing and refers to relational channels (Pop, 2008), the fourth investigates the network relationship (Pop, 2008), the next emphasizes the role of networking in value chains and the last one seeks for the impact that information strategy has on relationships within and between organizations (Osarenkhoe and Bennani, 2007).

Over time, customer orientation was considered ideal by researchers, who, at least from 1952, promoted the concepts of marketing that firms take into account to achieve their goals, by identifying and serving the needs of customers (Cooper, Upton and Seaman, 2005). Thus, the development of relationship marketing can be considered a logical step for providing services desired by consumers, and takes the advantage of technology as a possibility for customer relationship management.

## THEORETICAL APPROACHES OF RELATIONSHIP MARKETING

Pop (2008) examines the conceptual framework of relationship marketing by three interdependent theoretical approaches. The *behavioral perspective* approach targets the analysis of the customer's attachment process for the service provider. The way in which customers' perceptions and attitudes are formed, modified and enhanced is examined to understand and to be able to influence the relations between business partners. *Trust*, *Satisfaction* and *Commitment* to the service provider are behavioral dimensions measured by their lasting effect.

The *network theory perspective* approach requires that every business relationship is not regarded as an isolated act of buying or selling, but as an act

integrated into a network-system of lasting relationships between participants in the transaction.

The third approach from the *managerial perspective* translates into the organization's management effort to make changes in the company organization chart, so that management of relationships between business partners has an increased importance. Long-term anticipation of customers' needs and the development of new organizational structures, that will enable the changing of the relationships with business partners, are key aspects which could be improved by developing relationship marketing strategies tailored to each organization.

### THE EVOLUTION OF THE CONCEPT OF RELATIONSHIP MARKETING

In 1983, the concept of relationship marketing was used for the first time, and it was approached from the perspective of marketing services by Berry L. In 1985, Jackson examines relationship marketing as opposed to transactional marketing and limits its applicability scope to the field of *business to business* (Filip, 2009).

At the end of the twentieth century, Berry claimed that, both in theory and in practice, relationship marketing is on the upward slope of the curve that is describing the concept development, near its maturity phase (Filip, 2009).

Implementation of relationship marketing activities is performed both inside and outside the organization. Thus, at the micro level, creating and improving relationships between the company and its clients is targeted, and at the macro level, the organization's objective is developing profitable links with all of its stakeholders.

Internationally, relationship marketing has developed in the 90s. This period was characterized by major changes that are due to factors such as: the emergence of new technologies and their impact on the development of products and services, increasing competition, market maturation, a declined population growth rate. In particular, these changes are observed in the United States market, the Western European countries and other economically developed areas. Relationship marketing appears as a necessity to adapt the classic or transactional marketing methods, techniques and tools to the new economic context characterized by increasing mass production of predominantly standardized goods and services. (Pop, 2008).

### CONCLUSIONS

A surplus of marketed products and services, considering the increasing education level and purchasing power of consumers, has meant an increase in their requirements in the selection of those products that would provide them maximum satisfaction. Therewith, increased requirements also appear to produce promotional messages of better quality (Filip, 2009). Theory and practice of marketing had to adapt to these requirements. Thus, market orientation is now replaced with customer orientation (Pop, 2008).

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