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Marketing, Media and Communications
Marketing/Lexicon Essay
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Relationship Marketing

I have chosen to explore relationship marketing and as the strategy to analyze in this essay. As mentioned in the PowerPoint slide that was presented in class, “relationship marketing focuses on customer retention and customer satisfaction rather than being focused solely on selling a product or service. Activities are aimed at developing and managing trusting and long-term relationships with the customer”. Throughout this paper I will discuss the background of relationship marketing as well as comparing it to seven lexicon terms that I have chosen from last term. I will then show the relationship between the marketing strategy that I have chosen and the lexicon terms by utilizing specific course resources.

Background

Relationship marketing revitalized itself and gave its grand reopening in the late 1980s and into the 1990s. It was seen as a shift away from the 4P model, product, place, price and promotion, which was put in place during the Industrial Revolution. Prior to the era of industrialization, relationship marketing was the forerunner in the marketing field. According to Robert Palmatier, author of *Relationship Marketing*, researchers have been making a very convincing argument that that relationship marketing had been the norm for most of recorded history before it lay dormant for the bulk of the 20th century (Palmatier, 2008, p.7). He claims that the late 80s discovery of relationship marketing was “really a rebirth of marketing practices of the pre-industrial age” (Palmatier, 2008, p.7). So what was going on in this pre-industrialized world in relation to marketing strategies? Because of the lack of institutionalized practices and protections, producers played the role of manufacturers and retailers which manifested the

relationship between producer and consumer (Palmatier, 2008, p. 8). This bond that the producer was able to make between themselves and their customers created trust between the two. This in turn provided the “business norms necessary to conduct the transaction” (Palmatier, 2008, p. 8).

Trust in the relationship between the consumer and the producer then lead to confidence in the transactions that were taking place (Palmatier, 2008, p. 8). Because many of the products that were being sold were locally produced, having assurance in customer loyalty was a comforting fact. An example of a case that this strategy may have been used in in the pre-industrial world would be the idea of building a family name. If your family were to own a stand at the market, then your name would be associated with every other person in your family who had a relation to you. Moving away from the literal translation of a family name, what would become of all of these extended family relations would result in extended customer relations. Whatever is done to build up your family name can be used as a marketing tactic. This is where the word of mouth marketing strategy intermingles with relationship marketing. It becomes largely based on what you hear and who you know.

Eventually though, the Industrial Revolution did come and it swept the world into a frenzy of mass marketing, mass producing and mass consuming. According to Palmatier, what this massive shift in economic culture did was change the entire dynamics of the relationship between producer and consumer and the “middleman” was introduced (Palmatier, 2008, p.8). Relationships broke down, and as I mentioned a little bit earlier, transaction replaced trust. Although as time went on, relationship marketing never truly went away because the service industry still existed, but I will talk about that a little later. As the 20th century neared its end, the advances in technology began to renew relationship marketing to its former glory. “IT and communications provide[d] sellers with the tools to target, implement, and evaluate their specific

RM programs rather than rely solely on a mass marketing approach” (Palmatier, 2008, p.9). Key words like trust, confidence, loyalty and transparency resurfaced and relational-based exchange began to happen again not only in local transactions, but globally as well (Palmatier, 2008, p.9).

Now we flash forward to the 2000s when this study was published and talk about the importance of marketing services in accordance with relationship marketing. Palmatier states in his book that services make up for 85% of the US economy (Palmatier, 2008, p.9). So how does this relate to the change and resurgence of relationship marketing? The answer is that it takes out the one thing that was standing in the way, that pesky middleman that moved in during the Industrial Revolution era. Services present more limits than physical products, but these sorts of difficulties allow for the possibility of cooperation. Their intangibility allows for a sort of involvement that is lacking in marketing that results in a tangible product (Palmatier, 2008, p.9). Involvement and cooperation between producer and consumer creates a relationship that wasn't present for the longest time.

Now that the background of relationship marketing is a little clearer, we can dig deeper into what happens between producer and consumer in this type of promotion. In Jagdish Sheth and Atul Parvatiyar's article "The Evolution of Relationship Marketing" we see the transition of the focus from transactions and exchanges to relationships as was mentioned in the background of the strategy earlier. These relationships include business to business (BTB) and business to consumer (BTC) (Sheth, 1995, p.397). What comes from these relationships is an efficiency because the producer is able to better understand what it is that the consumer wants and needs and therefore they can tailor not only their marketing to them individually, but their production as well. As Sheth and Parvatiyar put it, the relationship focus in marketing can provide a

“refreshed and expanded self-concept” to marketing that promotes optimism in both producer and consumer (Sheth, 1995, p.398).

An example of modern day relationship marketing can be seen right here in Oregon. In a state that is so focused on local and organic food, Oregonian vendors have created a relationship of trust with the people that call this state home. Consumers are expecting transparency when it comes to what it is they consume. These producers and their customers are working together towards a goal and this is a huge part of relationship marketing. As Sheth puts it, “An integrative relationship assumes overlap in the plans and processes of the interacting parties and suggests close economic, emotional and structural bonds between them” (Sheth, 1995, p.399).

A key outcome of successful relationship marketing is strength. “Interpersonal relationships have a stronger effect on customer behavior and financial performance than do interfirm relationships” (Palmatier, 2008, p.17). Ideally, in relationship marketing benefits come from both sides of the spectrum and strengthening each other in the producer-consumer relationship allows each player in the transaction to reach those goals quicker. In the third key aspect of what Palmatier believes constitutes relationship marketing, he says that success depends on both parties, but ultimately the long-term benefit is directed more towards the implementer, which in many cases is the producer/business (Palmatier, 2008, p.3).

Lexicon Term Analysis:

The first lexicon term that I will explain is participatory. If we are to take it straight out of the dictionary, participatory means “characterized by or involving participation” (“*Merriam-Webster*”). How I defined participatory last term was by saying that it was being active and involved in something whether you are conscious of it or not. When writing it I believe I was talking more about the idea of participatory art than I was marketing, but this definition still rings

true in the context it is in now. Participation means inclusion. This relates directly to what was being discussed about how relationships mean cooperation. Relationship marketing presents the idea of interdependence, it means relying on each other and putting forth effort in pursuit of an end goal. Each other's motives must be aligned somehow, because participation by one actor in relationship marketing will not result in success.

The second lexicon term that I chose is choice. How I defined this term in regards to the arts management field as well as in the realm of marketing is that it is simply the process and result of decision making. It is what one might find suitable for a particular action even though there may be several options to choose from. I mentioned in my response to this lexicon term last term that the word choice is important because it implies a preference and the allowed ability to act on that inclination. In regards to relationship marketing choice plays a big role. Preference is the precursor to choice, and a producer must know their consumers preferences before they make the choice to manufacture and sell a product or service. But how would a business know the preferences and previous choices of a consumer without having a relationship with them? Forming that bond and being aware of the choices that your costumers make, affects the choices a business makes. Effective relationship marketing makes making these choices easier.

The third lexicon term that I chose was identity. Looking back on what I wrote about identity in fall term, I am kicking myself right now. Not only because it doesn't give me a lot of material to work with, but because identity is so much more than abstractness! I still believe in what I wrote about how identity is the meaning of and behind a person, place or thing, but it is also how others view us as well. And in the consumer culture that is the world today, businesses and organizations are constantly creating and pigeonholing people into categories. What identity has to do with relationship marketing though is a bit more than that. Because one is able to form

a relationship during a transaction with the business or person they are doing the deal with, identity is key. Knowing who one another is and trusting one another in the process helps relationship marketing maintain itself.

The fourth lexicon term that I have chosen to analyze and relate back to the concept of relationship marketing is process. Process as I mention in my blog post, does not always result in an end goal, and that an end goal is not always part of the process. Process allows for developments and discoveries. It invites conversation and revels in argument. Process goes two steps forward and one step back, and then a little to the left on occasion. It is not a straight line and there really no concrete steps. The ladder one goes up in a process can never actually guarantee a person they will get where they want to go. Process is development. And process is in relationship marketing. Different parts in the relationship marketing process lead to different things. As was mentioned earlier, confidence is often times a result of successful relationship marketing, as is loyalty and trust. One misstep, one glance in the wrong direction and all of these things can be lost. The smearing of a family name or a transaction gone wrong can be the end of a BTB or BTC relationship.

Technology is the next and fifth lexicon term that I want to discuss here. Technology, is to many businesses, their saving grace. What I have written about technology though is that it comes in many different forms, and that the basis of it is to provide us with new and innovative ways to transfer and consume information. Technology is a resource that allows us interaction and participation with a world bigger than the town we live in. It is a major player in the revitalization of relationship marketing. As was mentioned in the background section earlier, technology is what allowed relationship marketing to resurface and flourish. It made possible interactions and transactions nationally and globally easier and more efficient. And not only that,

but it rebuilt the trust and bond between producer and consumer that was lost in the jumble of mass marketing. Technology also allows for greater participation in the relationship between producer and consumer. Decisions for so long that were dominated by big businesses, were falling back into the hands of the little guys and their loyal customers.

The sixth lexicon term I will discuss is transparency. Last term I decided to pull the definition for transparency from the in class reading “The Medium is the Message” from Marshal McLuhan’s book, *Understanding Media: The Extensions of Man*. This article mentions how the content of a medium is always another medium (McLuhan, 1964, p.8). Although it also remarks on how this concept is often times hard to see or understand. In this instance transparency is defined by the exact opposite of the example that I used. One must see through and understand the different levels of content of a medium. There must be a clearness in this process that leads to understanding. How transparency relates to that of relationship marketing is evident. To have a healthy and successful relationship between businesses or a business and a consumer, both must be transparent in the transactions that are going on. Transparency leads to trust, and trust leads to loyalty. Loyalty then may turn into more business. As was discussed earlier in the example about the idea of a business with a family name, if a customer is loyal to a brand because a business is trustworthy and transparent in their transactions, referrals are more likely to happen.

The final lexicon term that I have chosen to analyze is communication. Either I am having déjà vu about this one, or apparently I crack the same jokes too often, but here it goes anyways, communication is key! Communication is the connection between one another that keeps things moving in a certain direction. It is the linking together that makes us and our ideas more than they are. In the marketing sphere, this term can relate to the practice of networking. One cannot form a business and expect to prosper without any help from anyone. From

communication, comes a connection that presents one with the option of growth. Addressing this in terms of relationship marketing, communication, much like transparency, is essential to keep a business relationship going. If one does not communicate with either the consumer or producer, they might as well bring the middleman back into the picture.

All of these lexicon terms relate in a mix-mashed way in regards to relationship marketing starting with choice and communication. Communication comes with voicing ones preferences, both the consumer and the producer must do this in order to come upon an agreement if there is a point in their relationship where they must make a choice together. Choice relates then to identity, because it's the choices that you make that mold your identity as a consumer or producer which affects the type of relationship that you will have together. Identity is connected to transparency, because a business transaction calls for clear stances on what the needs of the consumer are. Transparency is connected to process, because the clearer that you can be, the quicker and more efficiently things will get handled. Process relates to participatory in the way that all actors in the transaction that goes on must be involved and invested for it to work. Finally, participatory relates to technology, because of the way technology has allowed a huge number of people and businesses to take part in reforming relationships in the marketing sphere.

Conclusion

Simply put, relationship marketing relies on the cooperation of two parties. Creating a bond and understanding the needs and resources that each other have is the key to implementing a successful relationship marketing plan. Taking out the middleman and replacing him with trust and transparency is the foundation of this strategy.

Works Cited

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