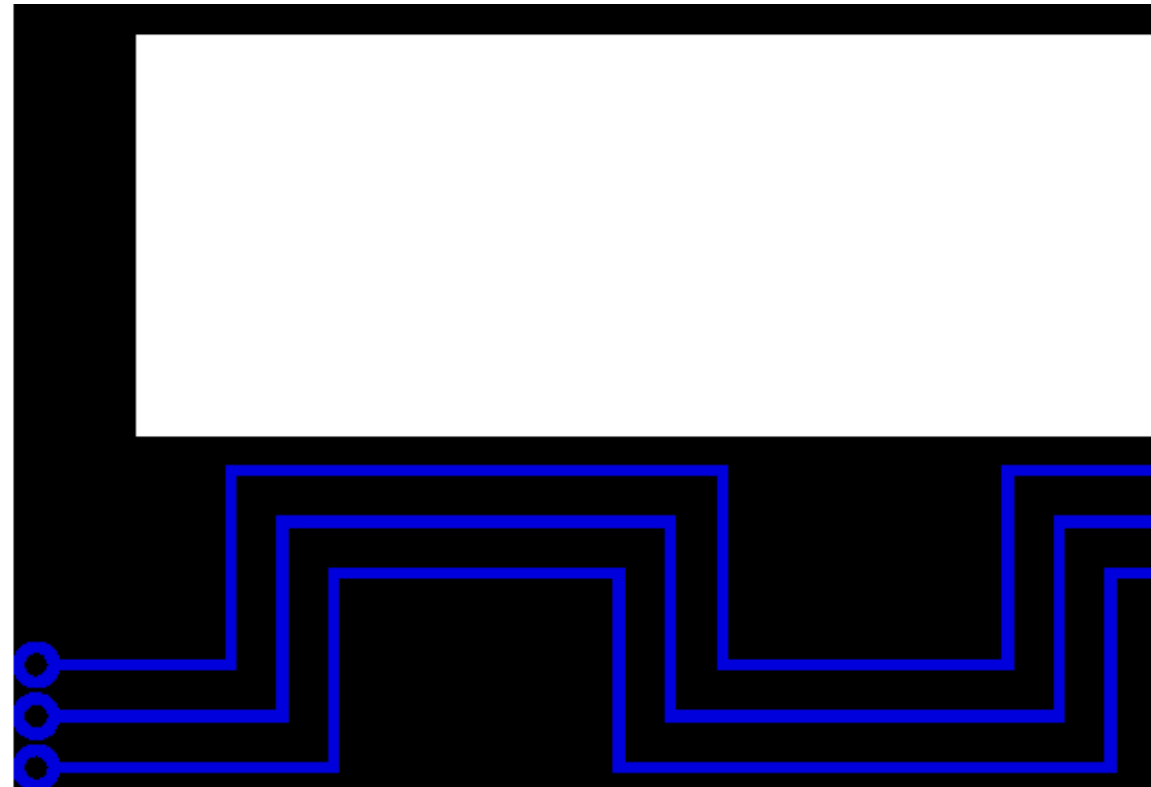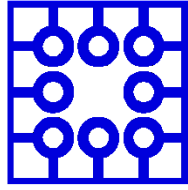# Relationship marketing

Leonard Walletzký

Faculty of Informatics, Masaryk university

Service and Goods tangibility spectrum

Consultancies and advisories

Health care

Hospitality

Banking, insurance

Transport

Restaurants

TVs, air conditioners, and cars

Personal care items

Cigarettes

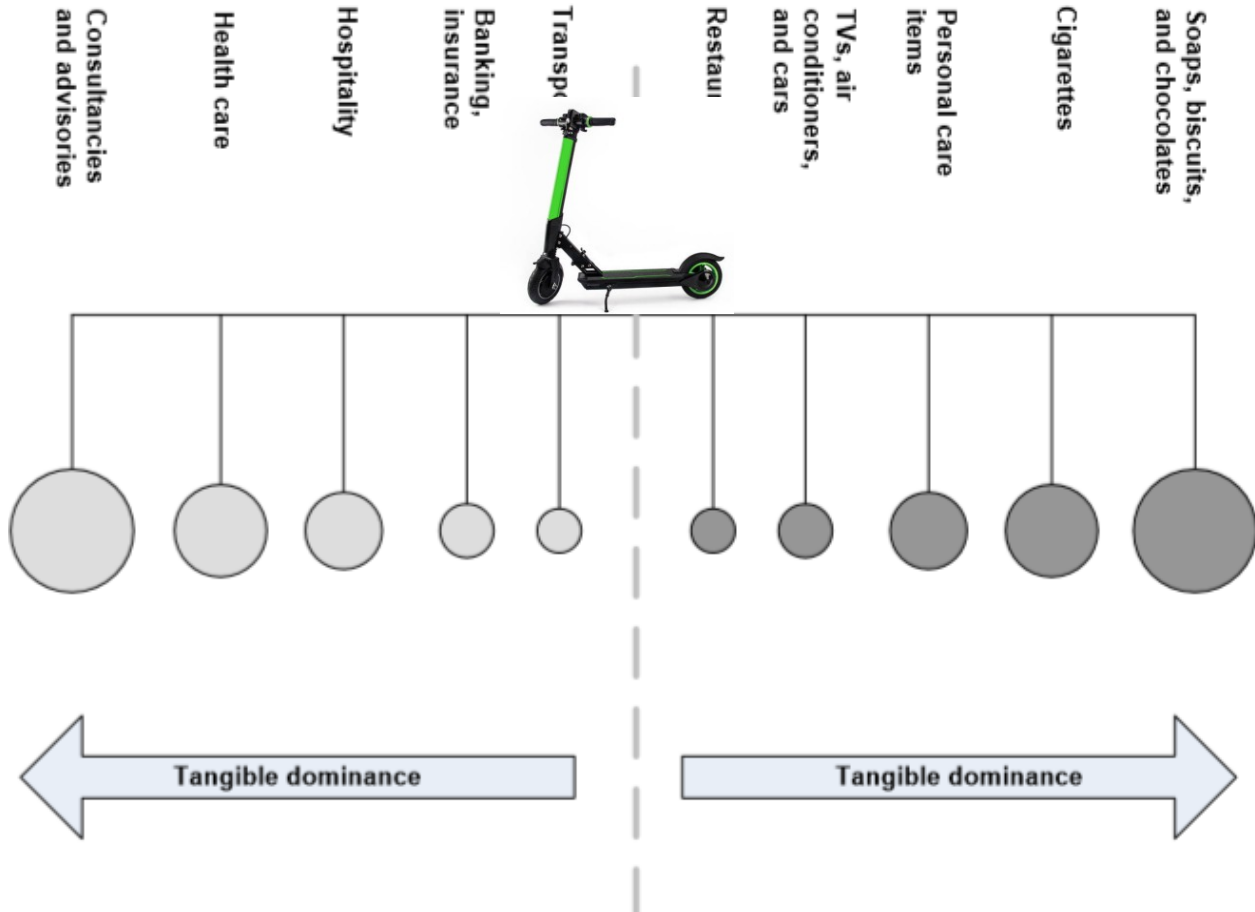Soaps, biscuits, and chocolates

Tangible dominance

Tangible dominance
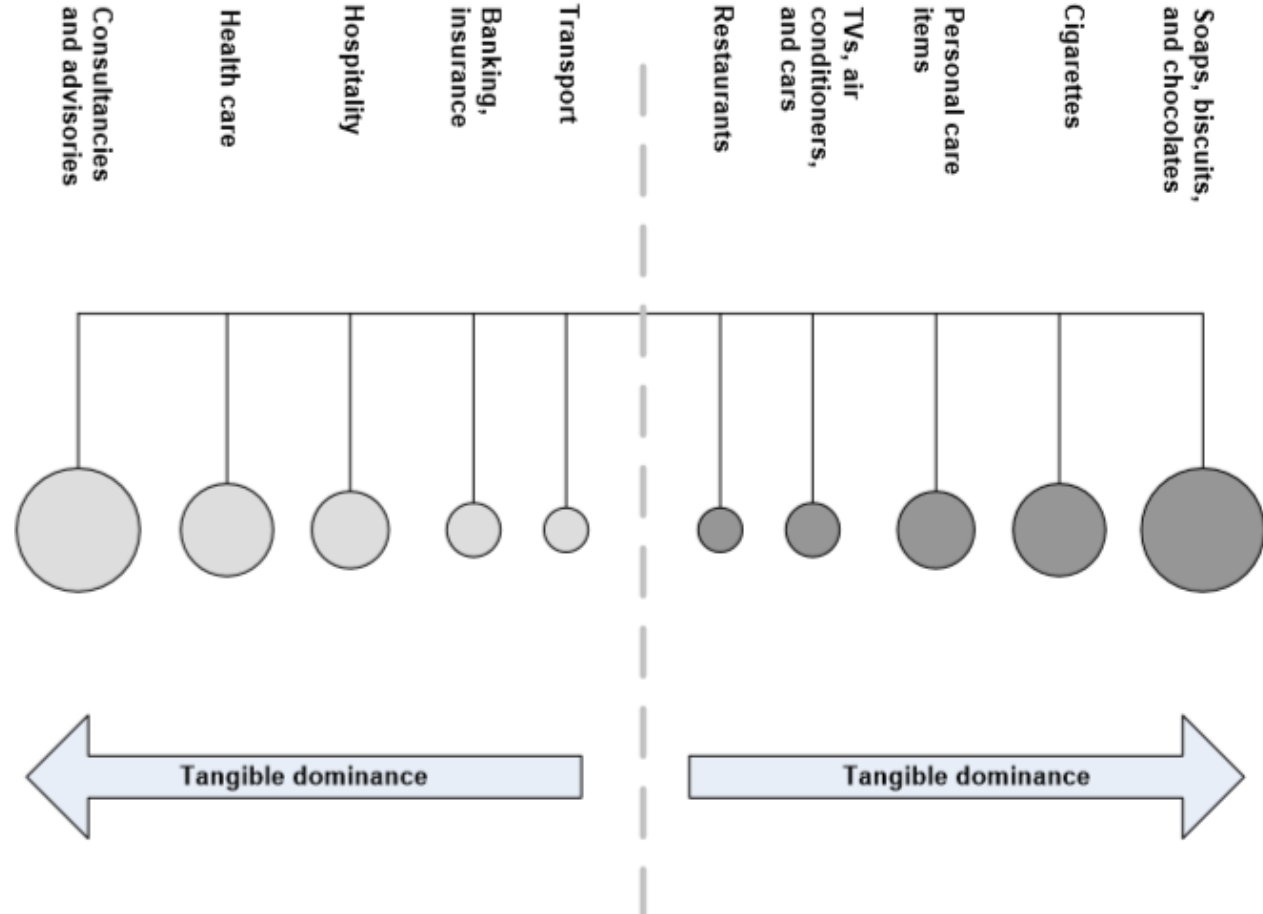
Blue Electric Scooters for Shared Rental Use Arrive In Brno

BD Staff · August 26, 2019 · News, Transport

Position the service

Consultancies and advisories · Health care · Hospitality · Banking, insurance · Transp... · Restau... · TVs, air conditioners, and cars · Personal care items · Cigarettes · Soaps, biscuits, and chocolates
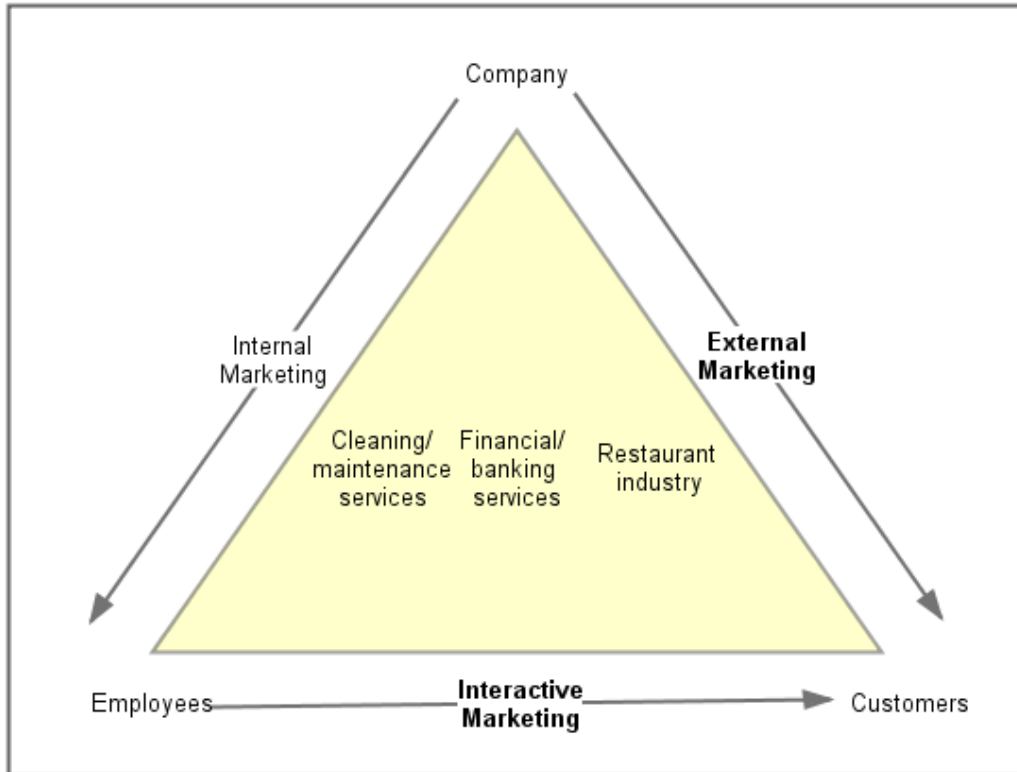
← Tangible dominance

Tangible dominance →

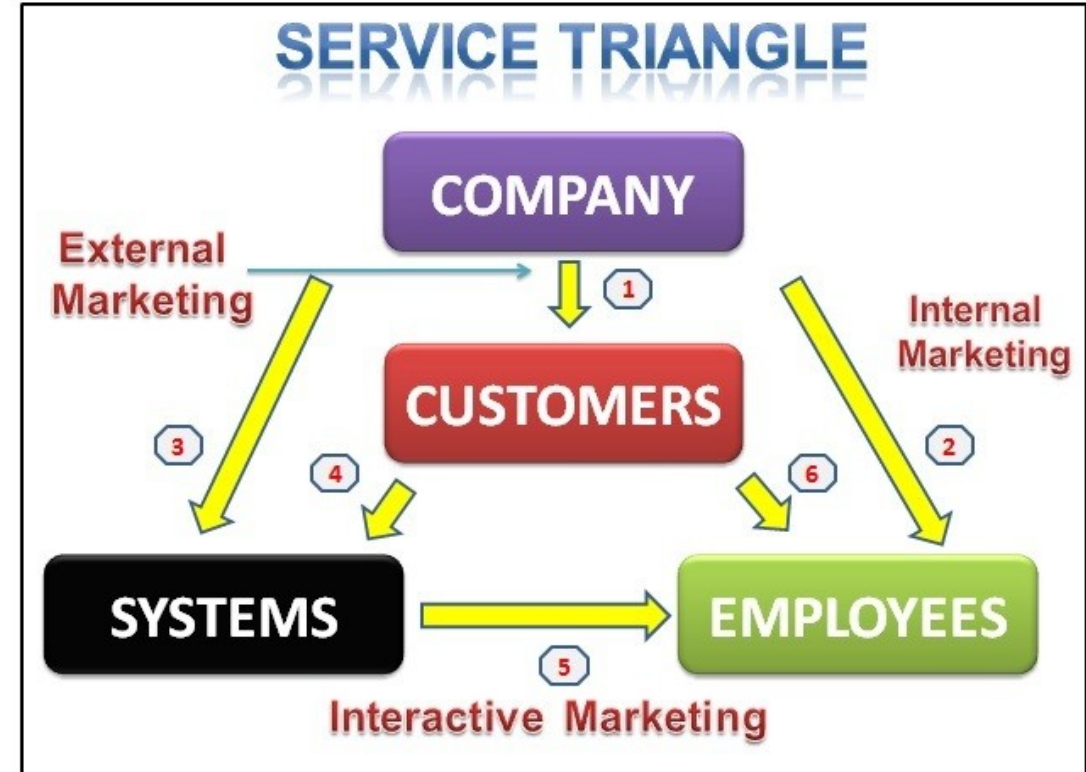# Hundreds lose their driving licenses during Oktoberfest e-scooter mayhem

Jack Guy and Stephanie Halasz, CNN • Published 7th October 2019

f   t   ✉

Service Marketing Triangle In IT

IT System →

Service Marketing Triangle

Relationship (External) Marketing

Relationships to improve service encounters and retain company's customers.

Most companies like to build relationships on a long-term basis to retain its customers.

"Relationship marketing" is a step further than the "transactional marketing"

- Transactional marketing is a business strategy that focuses on single, "point of sale" transactions. The emphasis is on maximizing the efficiency and volume of individual sales rather than developing a relationship with the buyer.

According to Kotler, the final outcome of a relationship marketing effort is a unique company asset called a marketing network.

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Goals of Relationship Marketing

Attracting customers

Retaining customers

Enhancement of relationship

Importance of relationship marketing

- Acquiring new customers can be challenging and costly. Relationship marketing helps retain customers over the long term, which results in customer loyalty rather than customers purchase once or infrequently.
- Relationship marketing is important for its ability to stay in close contact with customers. By understanding how customers use a brand's products and services and observing additional unmet needs, brands can create new features and offerings to meet those needs, further strengthening the relationship.

IT vs. Relationship Marketing

https://www.youtube.com/watch?v=r2O5qKZlI50

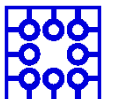# Benefits of relationship marketing for customers

Confidence Benefits

- feelings of trust customers have. They realize they are in safe hands.

Social Benefits

- let the customers enjoy a social relationship with their business partners, which bring in more loyalty to the relationship

Special Treatment benefits

- Special treatment benefits could range from price to special offers and special solutions based on the intensity of the relationship.

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Benefits of relationship marketing for organizations

Lower costs

- Committed customers do more business with firms and owing to repeat purchases become the source of larger revenues.

Free advertising

- Owing to loyalty with the service brand, positive word-of-mouth generates which is a great benefit accrued over time by the organizations.

Retain staff

- Satisfied customers make staff stick to the company.

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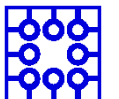
Case study on customer loyalty

PAYBACK is one of Europe's leading loyalty programs.

PAYBACK stems from pooling loyalty benefits from many partners: Using one single card, members earn loyalty points when they shop at a wide the range of different merchants and brands.

Facts & Figures - PAYBACK Germany

- Active card users in the market: **31 m**
- Partners - offline, online and mobile: more than **650**
- Ranking: PAYBACK is **the 3rd card** in German wallets
- Annual sales generated by the card (2018): **33.8 bn EUR**
- Collected points: worth **409 m EUR** (2018)
- Points redeemed: **95%** of all points collected
- Distributed coupons: **76 bn** (2018)
- Thereof digital coupons: **72 bn** (2018)
- PAYBACK card usage: **4 m** times/day at partner's PoS
- Active app users: **8,5 m**
- PAYBACK PAY user: **several 100.000**
- PAY payments per user / month: **4**

Source: www.payback.

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Foundations of building relationship

❑ Quality of Service – PA194 and PA181

❑ Segmentation

❑ Relationship Strategies – how do we build and maintain marketing relationship?

✓ Financial Bonds

✓ Social Bonds

✓ Customization Bonds

✓ Structural Bonds

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Relationship Strategies

Integrated Info Systems
Joint Investments
Shared Processes

→ Structural Bonds

Stable Pricing
Bundling/Cross selling
Volume Frequency-Rewards

← Financial Bonds

Foundations:
Quality Service
and
Segmentation

Anticipation
Customer Intimacy
Mass Customization

→ Customization Bonds

Continuous Relationships
Personal Relationships
Among Customers

← Social Bonds

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Service Value in Relationship Marketing

You will get to know more about the word VALUE in Service Science and Service Marketing.

Both customers and firms stand to obtain something in this relationship.

Customers like to stay loyal to companies that offer them better value.

Companies like the customers to make more constant purchases.

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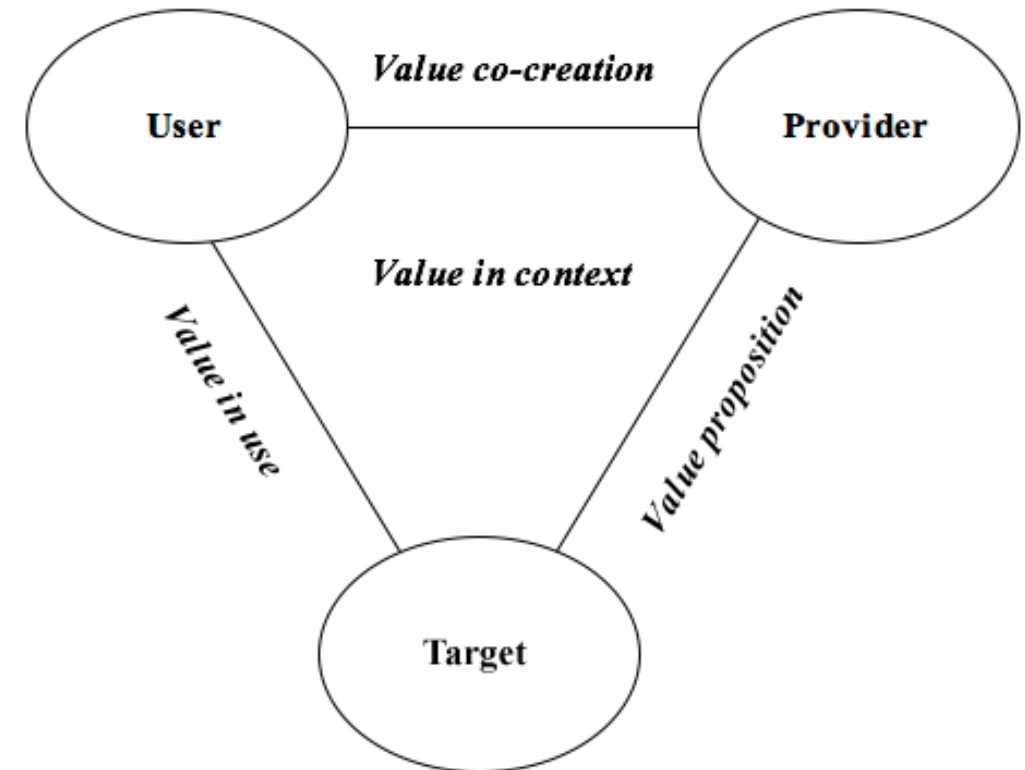
From Relationship marketing to CRM

Relationship marketing is a critical facet of customer relationship management (CRM) that focuses on customer loyalty and long-term customer engagement

Customer Relationship Management (CRM)
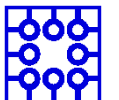
CRM

CRM – "Strategy used to learn more about customers' needs and behaviors in order to develop stronger relationships with them"

CRM – "Any application or initiative designed to help an organization optimize interactions with customers, suppliers, or prospects via one or more touch points – such as a call center, salesperson, distributor, store, branch office, Web, or e-mail – for the purpose of acquiring, retaining, or cross-selling customers."

CRM introduced in 1993

Look into CRM systems

HubSpot CRM

Salesforce Essentials

Freshsales

Types of CRM software

Operational

- The CRM's main goal here is to streamline and automate workflows in sales, marketing, and customer service. Examples: Pipedrive, Zoho CRM, and HubSpot CRM.

Analytical

- A good analytical CRM can source tons of data from multiple touch points and consolidate them into insights that are useful to strategic planning. Examples: Salesforce CRM, Oracle CRM, and Microsoft Dynamics CRM

Collaborative

- This CRM type promotes teamwork and transparency among sales, marketing, and support by sharing customer information and syncing their activities. It features excellent communication tools including social discussion, chat, and integrated email. Examples: bpm'online CRM, Freshsales, and Base CRM

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Why use a CRM software?

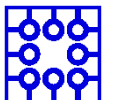Streamline customer profiling

Boost sales opportunities

Leverage data-driven decisions

Forecast sales efficiently

Align marketing and sales

Monitor your customer's social posts

Accelerate data collection

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CRM for Marketing

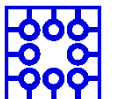|			
Campaign management	**Retain loyal customers**	**Cross-selling other products and services**	**Designing targeted marketing communications**
Reinforcing customer purchase decisions	**Inducing product trial by new customers**	**Increasing effectiveness of distribution channel marketing**	**Improving customer service**

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Potential issues with CRM software?

Security

- Data that lives online face the potential dangers of malware attacks, phishing, and hacking. This can compromise your customer's confidential data.
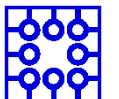
Privacy

- Some customers may feel cautious when their personal information can be accessed and saved in your company's system.

Weak utilization

- Teams may not utilize the software to its optimum capability as they may find it complex or confusing.

Expense

- Some users view who view the software as nothing more than a spreadsheet or address book thinks the software is not a valuable investment.

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Q & A