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Major retailers and manufacturers cry foul because of the online couponing problems. Only two cases of prosecuted or investigated coupon fraud were reported from 1986 to 2001. Nine of similar cases were reported in 2007. On the other hand, in 2008 to 2009, ninety three of such cases have been reported and investigated (Zhao 2009). This signifies that for sure, the numbers of coupon fraud are likely to rise significantly. This explains how big the problem of online coupon fraud is.

Equally, there is a big problem of online coupon fraud that majorly results from the vast number of online shoppers. In fact, online coupons are not only just for hard-up bargain hunters, but have also continued to be part and parcel of the consumers’ shopping behaviour. Consumers from all walks-of-life currently prefer shopping online (Zhao 2009). There is however major problems associated with online couponing. The core risks associated with online couponing include the following.

There is a brand risk. A company’s coupons are likely to be posted on those sites which are inconsistent with the company’s brand. This puts a company a situation where it cannot have direct communication and relationship with its customers (Vercillo 2012). Similarly, there is the problem of financial risk. The online coupon fraud has made companies find it difficult to control budgets which are associated with forecasted redemption rates. This is because high-value coupons which are intended for a company’s consumer acquisition have a potentiality of being circulated to the general population. Third, there is a problem of loyalty risk. Most companies have complained of diminishing rates of new member acquisition rates as well as the responsiveness of existing members simply because the coupons are already available online (Vercillo 2012). These explain how big the problem of online coupon fraud is.

## Exercise B

An incentive for repeat customers for a tanning salon include offering preferential rates to customers, putting in place a guest relationship programs, use of newsletters and frequency marketing. Frequent flyer schemes can also be used to enable all customers build entitlement for preferential rates, services and for upgrades (Kanagal 2009).

Similarly, for an online trendy apparel retailer, a relationship marketing program could include the use preferential rates for all the company’s customers, and use of frequency marketing to retain and satisfy the existing customers. The company also needs to develop a long-term relationship with the supplier. This however should be based on the interest of customers. The cheapest price approach should be avoided.

A supermarket can ensure customer retention and satisfaction through using loyalty cards. It entails rewarding customers’ loyalty and commitment. Frequent flyer schemes can also be used to shoppers build entitlements for service upgrade and preferential treatment. Relationship can also be formed through rate fixing for the space rented (Kanagal 2009). This can be on a variable rate. Frequency marketing and formation of partnership agreements with all suppliers are other approaches.

The target customers for a bank company include customers that look for social bonds. The incentive for repeat customers therefore constitute offering of social bonds to all customers to win their loyalty. Also, frequent flyer schemes can be used. The bank may offer best structural solutions to customer problems simply to win their loyalty (Kanagal 2009).

Doctor's office must provide best structural solutions to all customer problems to win customer loyalty. Also, frequent flyer schemes can be used as well as frequency marketing to retain and attract potential customers (patients). An auto insurance company comparatively similarly must use these approaches to win the customer loyalty. Besides, loyalty cards can be given to loyal customers to reward loyal and committed customers.

A book store company similarly must target education minded customers. It must make use of newsletters and frequency marketing to retain and constantly attract more customers. Also, it can use flyer schemes to enable shoppers build entitlements for service upgrade and preferential treatment.

A flower shop company comparatively must make use of financial level approaches. It must charge higher prices on the product to all customers to win customers loyalty of the flower quality. Also, the company must develop a long-term relationship with the supplier. Frequent flyer schemes can also be used to enable all customers build entitlement for preferential delivery of the product and product choice (Kara and Constanza 2001).

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