

Four broad
partnership of
relationship



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“ Relationship marketing is the ongoing process of engaging in co-operative and collaborative activities and programs with immediate and end user customer to create or enhance mutual value at a reduced cost.”

Sheth (2000)

Relationship marketing, according to Gronroos (1994, p 10) means to “ Establish, maintain enhance and commercialize customer relationship, so that the objectives of the parties involved are met.” And this can be done by fulfilment of promises made and mutual understanding.

From some of the definitions it is seen that the understanding of Relationship Marketing differs to some of the extent. However, for the achievement of a mutually beneficial relationship with its consumers, the co-operative management needs to understand other relationship (organisational) as well, i. e. competitors, suppliers or internal external division.

Relationship Marketing, it is a dynamic of an organisation such as Communication. It happens because it involves various partners and all of them a direct or an indirect impact in playing with the survival or existence of organisation. So, it can be said that it is important to maintain relationship in the best possible way with these partners as it involves profitability. It is very important to keep check if each partners are satisfied along the line of relationship, most important the consumers who consume directly or by resell. In a sound relationship, focusing on relationship marketing not only on transactional marketing are successful in maintain relationship healthy relationship with its customer in a long run and is able to keep its customer and other viable partners for long term relationship.

Relationship marketing is thus an indispensable for the continuous running in the long run of an organization such as BSNL. The partners in this relationship are as follows:-

Customer Partnership

Supplier Partnership

Internal Partnerships (Employees)

External Partnership

Below given is the model of partnership of Relationship Marketing

Four Broad Partnership of Relationship Marketing

FIRM

External Partnerships

Supplier Relationship

Internal Relationship

Customer Relationship

Four broad partnerships of Relationship Marketing for BSNL are discussed in detail as follows.

Customer Relationship:-

With the time, the wants, expectations and wants of the customer also changes from time to time. In order to keep pace with the increasing demands of the customers and to handle competition, companies have to work harder and have to seek opportunities on how they can meet the

expectations and demands up to the optimum level. This helps organization to keep their customers loyal, retained and satisfied, ensuring profitability in business over the long run, in return.

As mentioned above, it is important for BSNL to practise the management theories of Customer Relationship, also known as Customer Relationship Management, in order to cope up with changing business environment and their requirements.

Customer Relationship Management:

“ Customer Relationship Management is an enterprise wide business strategy that maximizes profitability, revenue and customers satisfaction by organizing around customer segments and fostering behaviour that satisfies customer centric process” – states Godson.

Customer Relationship Marketing, however is not limited to marketing department, it also pulls whole organization together as being customer centric. It plays a vital role by creating win-win situation for customer and BSNL, both, by getting closer to the customers who have great potential of profitability and by improving customer’s overall experience of the organization.

In India, the telecommunication industry has a good potential and it is one of the rapid growing sector, it is due to increase in demand of the customers from time to time. So, it is very important to have customer knowledge to develop several specific strategies from time to time.

There are two different levels of Customer Relationship Marketing which helps organization in making strategies related to development and maintaining relationships. The different levels of Customer Relationship Management are as follows:-

Operational Customer Relationship Management: involves a system and the process by which customer's enquiries, orders, invoicing and shipping are managed on daily basis.

Analytical Customer Relationship Management: includes strategic use of consumer data for long term planning and decision making by the top level of the organisation.

Recently, it has been noticed that Customer Relationship Management approach for marketing has earned a lot of importance as it seeks in establishing relationship with business firm and its customers (Antiooco and Lindgreen, 2005). As stated above, CRM levels are practiced and taking advantage of the IT based interactivity. Frequently, IT technology is employed by CRM as a tool in order to attract, gain, and retain the customers in a long run (Ryals and Payne, 2001). The IT technology enables IT based interactivity to make if possible for consumers to have an access to the product or services offering of the firm.

The figure below states the IT based Network of relationship.

Source: (Antiooco and Lindgreen, 2004, p 139)

Moving ahead from IT, below given is a “ profit chain model” of the CRM stating various variables, helping in enhancing the business performance of an organization.

THE PROFIT CHAIN MODEL

> Understanding customer Requirement > Behavioral Loyalty > Revenue Growth

> Meeting customer Expectations > Attitudinal Loyalty > Share of Customer

> Delivering customer Value > Customer Tenure

Customer Satisfaction

Customer loyalty

Business Performance

Source :-(Buttle F, 2009, p 43)

Customer Satisfaction: (in context with retention):

According to Kotler (2007) states “ Customers satisfaction is the state to which a product’s perceived performance matches the buyer’s expectation”.

If the product is up to the mark what buyer expected then he or she is said to be satisfied, and if it doesn’t matches the expectations of buyer, he or she are said to be dissatisfied.

Customers are also one of the biggest assets of the organization as because of them organisation gets money which is very essential for an efficient running of an organization. If we have look at the competition level in

telecommunication industry in India, it is important for BSNL to keep in mind that merely by acquiring customers is not at all sufficient as there is a direct link between profitability and growth and customer retention over the time.

As Tom Peters (1988) said, “ It takes on average 5 times as much time, money and effort to gain new customers as it does to retain an existing one.” (Goddon, 2007, p 72). Hence, the importance of customer retention should be taken into consideration. Reichheld and Sasser (1990) marked that a company can raise its profits by nearly 100% by retaining 5% of its existing customers.

However, for an organization it is also important to understand life time value of the customer. Kumar (2008, p 5) states that “ Customer Life Time value is the total financial contribution from the current period into the future”. For example if a customer pays BSNL, say, 1000 monthly for the broadband connection and stays with the company for 25 years, his or her average life time value would be $1000 \times 12 \times 25 = \text{Rs. } 3,00,000$

The above situation can only be possible if the customer is happy or satisfied with the services provided by BSNL. It thus becomes important for BSNL to offer something which is more than what the customer expected and enhance the overall experience of the customer towards the organisation, rather than providing just good services and meeting the expectations of customer.

Customer Loyalty:

Oliver(1999, p 34) states that “ Customer loyalty is a deeply held commitment to re buy or re patronize a preferred product or service

consistently in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour”.

According to the definition of customer loyalty there are two dimensions of it, “ Attitudinal” and “ Behavioural” respectively.

Attitudinal Loyalty: this means that there is an assumption that the customer has a favourable attitude towards the firm in comparison with its competitors. (Leverin and Liljander, 2006, p 234)

Behavioural Loyalty: this means that it is not necessary that it reflects attitudinal loyalty, as there must be several others factors preventing the customers from defecting. . (Leverin and Liljander, 2006, p 234)

As there are so many telecommunication companies in India, having competition between them in terms of services provided by them and grabbing and sustaining the customers, it becomes very important for BSNL to understand the major elements of customer loyalty and how much loyalty to be expected from the customers.

Thus, the ladder of loyalty can be used as to know with whom BSNL can do business and about the different stakeholders engaged in the business.

Prospects: potential customers who may be persuaded to do business with you

Purchaser: has done business only once with you.

Client: does business with you regularly, but may be neutral or even negative towards you.

Supporter: likes your organization but only supports you passively.

Advocate: actively recommends you to others. Does your marketing for you.

Partner: has the relationship of partner with you.

Source: (Godson M, 2009, p 106)

Supplier Relationship:

The relationship between the suppliers of the firm and the firm has significantly emerged from last few decades and now, it is a matter of concern for the marketers (Godson, 2009).

Now, it is very important to give proper preference to strategic relationship with the suppliers, as they are assumed to be a key to sustain the competition in the market, which is very much possible due to supply chain management of the firm, channels of distribution and last but most important the customers.

Buttle F (2009) states that “ Supplier Relationship Management is the back office function, managed through supply chain management of the firm or the supplier relationship management”.

Suppliers, on the other hand, also plays a vital role in firm’s relation with its customer as the customers are responsible for the accurate product or services, at the right time, at the right place and to the right person. Thus, it

is important to give proper briefing to the suppliers and maintain good bonding with them to deliver best product or services to the end consumers.

BSNL is also considers its suppliers and other service providers as an important and integral part of their business or venture or more as a partners, who puts combine effort to deliver best quality of services to the customers. It also conducts several ceremonies like award ceremony, a step to maintain healthy relation with is suppliers. The Chairmain of BSNL ‘ Goyal’ once made a very good statement that, “ The telecom equipment manufacturers have played an important role in facilitating the growth of the industry and thus contributing astonishingly for achieving the vision of the company”.

Internal Marketing (Employee Relationship):

Employee relationship can be well defined as “ Relationship that exist between the firm and its employees and that this relationship is of marketing interest”. (Herington, Scot and Johnson, 2005, p 257).

Gummesson (2008, p 225) states that the term internal marketing is defined as the “ Application of marketing knowledge -which was originally developed for external marketing-one of the ‘ internal market’, that is the employees”.

The definition of Internal Marketing stated above explains much more about the inner relations of the organization which are being designed for the development of organization on an overall basis in the external market. This is mainly based on the human resource management of the organisation, on how the employees are motivated to achieve the orientation of customer to the optimum levels. If a employee is well satisfied with the internal

management of an organisation, they show more interest, dedication, commitment towards their work, which results in enhancement of the business performance and profitability.

As BSNL is a government owned organisation so the employees get less motivational packages as compared with the private organisation. But the importance of motivation cannot be denied even by the government owned companies. So, keeping that in mind BSNL too, offers some motivational packages to the employees, in order to boost their morale. The motivational perks provided to them are as follows:

Free health check up facility

Transfers

Time to time modification facility

Central government facility

Good working environment

Free telephone facility

The motive of providing such facilities to employees is to treat them as an internal customers of the organisation and the first priority of an organisation are its employees. They need to develop healthy relation with its employees in such a manner that they effectively and willingly take care of the external customers in best manner.

For instance the Columnist of the ' Financial Times', ' Lucy Kellaway' in his writings describes the song of ' Shell Company' as: (Godson M, 2009, p 274)

" We are the best'

We are all the winners

We are the ones who have made a change

We have grown the business"

The morale of the song is working in an organization as a team with feeling of affection within the employees and the top management.

External Relationship (Government):

External relationship includes a set of external factors, having an affect on the functioning of an organisation, which are also known as stakeholders.

" Stakeholders are the those who can affect, or be affected by the actions of the organization"(Godson, 2009).

The figure stated below depicts the various normative groups, which forms a part of External relationship.

NORMATIVE GROUPS

Power of Authority-can withhold resources and back actions

Government

Regulatory Bodies

Professional associations

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Share holders

As, BSNL is a government owned organisation, this particular area of partnership doesn't carry much impact on the running of the business. It doesn't means that things can be taken for granted and organization can take advantage of being government owned, as the organisation has to operate within the parameters laid by the government.

Marketing Communications:

After going through all the major aspects of the Relationship Marketing with various stakeholders involved in the effective running of an organisation, it is essential to make a sound marketing strategy, in order to cover the gap between the organisation and customer.

From BSNL point of view, it is very important to have proper communication with existing and prospective buyers. Development of goods and offering good services at attractive prices are their secondary task. Thus, effective communication is a basic and essential element in order to build and maintain long term customer relation. Now, the marketing communication mix comes into action.

According to 'Kotler' (2007, pp; 719) " The Marketing Communication mix consists of a set of tools which can be used in different degrees of intensity in order to communicate with the targeted audience".

The given below model shows the typical communication tools that are used by a company to pursue its marketing objectives.

TYPICAL COMMUNICATION TOOLS

Advertising One Way Communication

Public Relations

Sales Promotion

Direct Marketing

Personal Selling Two Way Communication

Source: Lecture Slide from Mark Godson

The communication tools are being discussed below in detail:

Advertising:

Advertising is defined as “ Any paid form of non- personal presentation and promotion of ideas, good or services by an identified sponsor”. Kotler(2007, p 719).

Advertising is used to provide exposure to the mass market segments, geographically dispersed. It is the mass media mode of communication. The mode of advertisements can be radio, television, and online advertisements. Traditional forms of advertisements includes newspapers, magazines, yellow pages, bill boards, sign boards and posters etc.

BSNL, uses celebrities broadly for advertisements in order to create strong impact and brand image in the minds of its customers and to attract majority of youth market segment.

Recently, it has tied up with four advertising companies

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Crayon Advertising

Planet Advertising

Prabhatam advertising

Concept Advertising

So as to carry out its advertising campaign for the year 2010

Public Relations:

Kotler (2007, p 719) states that Public Relations is the “ Building good relations with companies publics by obtaining favourable publicity”.

Public relation includes sponsorship, special events, press holds and web pages. BSNL being a government owned organisation, gains a competitive advantage in building strong relationship with news media, customers and other partners involved in running of its business.

Sales Promotion:

“ Sales Promotion is the short term incentives taken by a company to encourage sales and purchase of the product or service”. Kotler(2007, p 719). Includes demonstrations of products, discounts, coupons etc.

BSNL, too, follows the sales promotion by offering discounts on installation of broad band, free web conferencing, doubling the internet speed for existing customers etc.

Sales promotion can be said one of the most important method of communication process, and it is also most rewarding method of

communication process as given opportunity it strengthens the relations of stakeholders with organisation.

Direct Marketing:

Direct Marketing Association defines Direct Marketing as “ An interactive marketing system that uses one or more advertisement media to affect a measurable response or transaction at any location”. Hollenson (2004, p 278). Includes telemarketing, catalogue and internet and much more.

BSNL being a communication organisation gains an advantage again to do direct marketing of its wide range of products through mails, calls etc.

However, as Hollenson(2004) also stated that direct marketing is not so much of a typical promotion tool, it is also a distribution channel which grows out of direct mails. Mode of advertisement.

Personal Selling:

In the words of Kotler(2007) personal selling is the “ Personal presentation by the firm’s sales force for the objective of achieving sales and building customer relationship”. Includes trade fairs, incentive programs, sales presentation etc.

Personal selling is one of the best way in order to build relations with the stakeholders, as organisation gets an opportunity to communicate with its stakeholders and to get their opinion too about what they feel and to get to know where they are lacking in order to serve their consumers. In case of BSNL it doesn’t gives much importance to personal selling, as being a government owned organisation there’s no need to practice so. This in turn can take part of recommendation.

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The mixture of all above stated communication tools of communication tools helps an organization to prepare sound marketing strategy in order to reach the goal to depict positive image in minds of its customers, helping in building relationship over the time.

ADVANTAGES OF COMMUNICATION

Raises Awareness

Changes Attitude

Build and/ or Protect Sales.

Attract/Maintain Investment.

Reinforce Relationship and Develop Goodwill.

Source:- Lecture Slide by Mark Godson
Below given model shows the advantages or objects of Marketing Communication

Recommendations:

After going through the various aspects of relationship marketing and its role within an organisation, following are the recommendations I would suggest to BSNL which will be useful for the organisation in order to develop a sound and healthy relationship with various stakeholders in running business.

Identification of customers

Up gradation of the services from time to time

A good complaint management system

Employee training

Making a sound marketing communication strategy

Practicing marketing theories