

Marketing

A Relationship Perspective

von

Prof. Svend Hollensen, Prof. Marc Oliver Opresnik

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und

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Preface

The development of marketing theory and practice is undergoing a paradigm shift from a transactional to a relationship orientation. As many companies are still relying on the traditional marketing approach, this book will bridge the gap between **relationship marketing** (RM) and traditional (transactional) marketing (TM).

In the traditional transactional approach, **marketing management** is about planning, coordinating and controlling marketing strategies that are aimed at satisfying customer needs and desires – and receiving money from sales.

In recent years, marketing has been undergoing considerable self-examination and internal debate. The overriding emphasis in the 'traditional' marketing approach is on acquiring as many customers as possible. Evidence is mounting, however, that traditional marketing is becoming too expensive and is less effective given changes in the micro and macro environment of companies.

Many leading marketing academics and practitioners have concluded that many of the long-standing practices and operating modes in marketing need to be re-modelled, and we need to move towards an integrated relationship approach that is based on repeated market transactions and mutual sustainable gain for buyers and sellers.

The 'new paradigm' is commonly referred to as relationship marketing (RM). However, relationship marketing is not a new concept. Before the advent of mass production and mass media, relationship marketing was the norm; sellers usually had first-hand knowledge of buyers, and the successful ones used this knowledge to help keep customers for life.

Relationship marketing reflects a strategy and process that integrate customers, suppliers, and other partners into the company's design, development, manufacturing, and sales processes.

Fundamentally, relationship marketing draws from traditional marketing principles. Marketing can be defined as the process of identifying and satisfying customers' needs in a competitively superior manner in order to achieve the organisation's objectives. Relationship marketing builds on this.

The customer is still fundamental to a marketing relationship. Marketing exists to efficiently meet the satisfaction of customer needs, as well as those of the marketing organisation. There is a considerable body of knowledge in social sciences that sheds light on the many facets of human relationships. We draw from these sources to further our understanding of consumer relationships.

Marketing exchange seeks to achieve satisfaction for the consumer and the marketing organisation (or company). In this latter group we include employees, shareholders, and managers. Other stakeholders (like competitors, financial and governmental institutions) are also important. As we shall see later relationships can cover a wide range of organisations in the environment e.g. governmental institutions, industry associations, European Union (EU) institutions etc.

However, the main focus of this book is still on the relationships between the firm and its closest external bodies, primarily the customers.

In the transactional approach, participants focus exclusively on the economic benefits of the exchange. Even though in relational exchange the focus widens, economic benefits remain important to all of the partners in marketing relationships.

With the relationship approach in mind, an integrated view of marketing management will be presented. To do this, the latest research findings in marketing management and related disciplines are summarized. Yet, marketing management is still a very practical discipline. People still have practical needs, firms still face practical problems, and solutions still have to work in real life. Most marketers cannot and should not hide in labs. Marketing is a social science based on theories and concepts, but it also requires that most marketers meet with people, observe them, talk to them, and understand their activities. In essence, marketing is a dialogue between sellers (marketers) and buyers (customers). This book reflects this applied approach. Together with important concepts and theories, our experiences that have been obtained through work with numerous companies – large and small, domestic and international – for many years will be drawn on.

Target Audience

This book is written for people who want to know how the relationship and the traditional marketing approach (in combination) affect the development of effective and efficient marketing plans. This book is aimed primarily at students, MBA/graduate students and advanced undergraduates who wish to go into business. It will provide the information, perspectives, and tools necessary to get the job done. Our aim is to enable them to make better marketing decisions.

A second audience for this book is the large group of practitioners who want to build on the existing skills and knowledge already possessed. The book is of special interest to the manager who wishes to keep abreast of the most recent developments in the 'marketing management' field.

Unique Features of this Book

This marketing text integrates the 'new' relationship approach in the traditional process of developing effective marketing plans. Compared to other marketing management books this text will attach more importance to the following themes:

Buyer-Seller Relationships

The guiding principle of this textbook is that of building relationships between buyers and sellers. Relationships is a growing trend and for good reason. Dramatic changes in the marketing environment are presenting immense new opportunities for companies that really build and retain relationships with customers. Relationship marketing emphasizes the tremendous importance of satisfied, loyal customers. Good customer relationships happen when all employees within the organisation develop the sensitivity and desire to satisfy customers' needs and wants. It may be argued that the traditional concept of marketing does not adequately reflect the recognition of the long-term value of a customer. The argument is that many of the traditional definitions of marketing, although stressing the importance of customer needs and satisfaction, are essentially concerned with maximizing the profitability of each transaction. Instead they should seek to develop long-term relationships with customers, which cannot easily be duplicated by competitors.

Buyer-Seller Interaction on a Global Scale

Today's companies are facing fierce and aggressive competition. Today most firms compete not only locally and nationally, but globally as well. Companies that have never given a thought to internationalization now also face competition in their home market from international companies. Thinking globally also requires an understanding of the international diversity in buying behaviour and the importance of cross-cultural differences, both in the **B-t-C** and **B-t-B** market. This cross-cultural approach is centred on the study of the interaction between buyers and sellers (and their companies) who have different national and/or cultural backgrounds.

Creating Competitive Advantage through Relationships Together with other Companies

Greater emphasis is given to the development of competitive advantage, and consequently to the development of resources and capabilities and competences within the organisation and with other companies. Relationship marketing seeks to build a **chain of relationships** (networks or value net) between the organisation and its main stakeholders, including customers, suppliers, distribution channel intermediaries, and firms producing complementary products and services. Relationships to competitors are also considered.

Cross-Functionalism

Marketing is not an isolated function. A marketer's ability to effectively implement a strategic marketing program depends largely on the cooperation and competence of other functional areas within the organisation. Consequently, substantial attention is given to the inter-functional approach of marketing management. This includes: the concept of competitive advantages, **cross-functional teams** in the development of new products, **supply chain management**, internationalization, quality management, and ethics.

Outline

After outlining the fundamentals of relationship marketing in the first chapter, the book is based on the main phases involved in marketing management, i.e. the decision-making process regarding formulating, implementing, and controlling a marketing plan:

- Phase 1: Situational analysis in the Marketing Planning Process (Chapter 2)
- Phase 2: Strategy formulation in the Marketing Planning Process (Chapter 3)
- Phase 3: Marketing Mix in the Marketing Planning Process (Chapter 4)
- Phase 4: Implementation and controlling in the Marketing Planning Process (Chapter 5)

The schematic outline of the book in Figure 1.1 shows how the four basic phases are divided into four chapters. Consequently, the book has a clear structure according to the **marketing planning process** of the firm (Figure 1.1): The introduction describes the fundamentals of relationship marketing including the evolution of the relationship marketing concept. After relationship marketing is defined and relationship economics and relationship drivers are explained the chapters concludes depicting relationship marketing as an integrative management process (Chapter 1). Based on an analysis of the internal and external marketing situation of a company and its relationships (Chapter 2), the firm is able to develop marketing strategies (Chapter 3) and marketing programs (Chapter 4). At the end of the planning process, the firm has to implement and control its

activity in the market and if necessary make changes in the marketing strategy (Chapter 5). Throughout the book this marketing planning process is seen in a relationship approach, as a supplement to the transactional approach. Against this background the development and management of customer relationships is explained in a separate section. Finally, the contemporary issues of ethical, social and environmental aspects of marketing planning are discussed in the last part of the book.

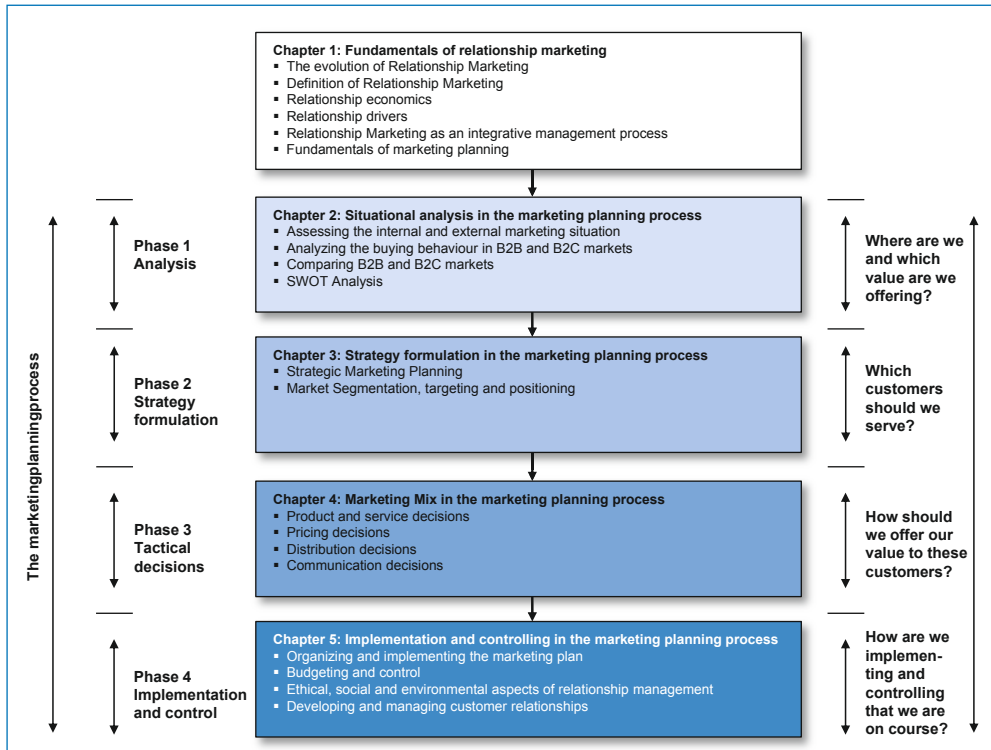


Figure 1.1: Structure of 'Marketing – a relationship perspective'

Pedagogical/Learning Aids

Many aids to student learning come with the book. These include:

- *chapter learning objectives*: tell the reader what he/she should be able to do after completing each chapter.
- *case studies*: there is one case study in each chapter, at the end are integrated. Each case study also contains questions. Table 1.1 lists the case studies.
- *exhibits*: examples from the real world of the chapter to illustrate the text and the marketing models. There is one exhibit for each chapter. Table 1.2 lists these exhibits.
- *summaries*: each chapter ends with a summary of the main concepts.
- *discussion questions*: at the end of each chapter the discussion issues are presented as questions.

Chapters	Case titles/subtitles	Headquarters in following country/area	Geographical target area in the case/ Target market (B-t-B, B-t-C or both)
Ch. 1: Fundamentals of Relationship Marketing	<i>Case study:</i> Nordex AG The German wind turbine manufacturer seeks new business opportunities in the world market	Germany	World B2B
Ch. 2: Situational analysis in the Marketing Planning Process	<i>Case study:</i> BMW Motorcycles The German motorbike company is evaluating their key competences	Germany	UK/World B2C
Ch. 3: Strategy formulation in the Marketing Planning Process	<i>Case study:</i> Royal Copenhagen Establishing relationships to International consumers with tableware	Denmark	Japan B2C (+ B2B)
Ch. 4: Marketing mix in the Marketing Planning Process	<i>Case study:</i> Heinrich Deichmann-Shuhe GmbH International expansion of the shoe retail chain	Germany	World B2C (+ B2B)
Ch. 5: Implementation and controlling in the Marketing Planning Process	<i>Case study:</i> Alfred Ritter GmbH The German chocolate maker of Ritter Sport is considering new customers in international markets	Germany	World B2C (+ B2B)

Table 1.1: Overview of case studies

In the development of this text a number of reviewers have been involved, whom we would like to thank for their important and valuable contribution. Especially, we would like to thank Mr. Neil Selby, Saïd Business School – University of Oxford, Professor Jürgen Lürssen, Leuphana Universität Lüneburg, Professor Jens-Mogens Holm, Europäische Fernhochschule Hamburg, University of Southern Denmark, Fachhochschule Lübeck and Mr. Mathias Helms.

We would also like to thank Klara Ondrašková and Ondrej (Dujek Mendel University in Brno, Czech Republic) for their contribution to Exhibit 4.1: Kofolo.

One of our former students at Euro-FH in Hamburg, Nila Halter, shared her personal story with us about turning a product idea into a specific business. We thank her for the input to Exhibit 1.1: N'oats Porridge.

We are grateful to our publisher Verlag Franz Vahlen. During the writing process we had the pleasure of working with editor Hermann Schenk, whom we thank for his encouragement and professionalism in transforming the manuscript into the final book.

Chapters	Exhibit titles/subtitles	Headquarters in following country/area	Geographical target area in the case/ Target market (B-t-B, B-t-C or both)
Ch. 1: Fundamentals of Relationship Marketing	<i>Exhibit 1.1:</i> Nila Halter – From a model to an entrepreneur – selling N’oats Porridge	Germany	Germany/Europa B2C
Ch. 2: Situational analysis in the Marketing Planning Process	<i>Exhibit 2.1:</i> SWOT-analysis of Deichmann	Germany	UK/World B2C
Ch. 3: Strategy formulation in the Marketing Planning Process	<i>Exhibit 3.1:</i> Segmentation of Triumph lingerie	Germany	World B2C (+ B2B)
Ch. 4: Marketing mix in the Marketing Planning Process	<i>Exhibit 4.1:</i> Kofola – the regional ‘cola’ drink is challenging the big multinationals	Czech Republic	Eastern Europe B2C (+ B2B)
Ch. 5: Implementation and controlling in the Marketing Planning Process	<i>Exhibit 5.1:</i> Miele – entering the Indian high-end residential appliance market	Germany	India B2C (+ B2B)

Table 1.2: Overview of exhibits

Throughout the writing period there has only been one constant in our lives – our families. Without them, nothing would have been possible. Thus Professor Svend Hollensen and Professor Marc Opresnik dedicate this book to their families.

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University of Southern Denmark

Marc Opresnik
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