Developing a Long Term Relationship with the Customers

Zeeshan Saeed
Cardiff Metropolitan University
Cardiff, United Kingdom
Email: zeeshanch@gmail.com

Abstract

The customer relationship is very much focused by the companies nowadays. The emphasize of the companies on the customer relationship management is only to keep the customers satisfied and get feedback from the customers regarding the product which is very much helpful in the consumer research and product development. The contribution of this work is to analyze how long term relationship could be established with customers. The findings of this work will be helpful in customer retention for a longer term.

1. Introduction

The study of consumer behavior is necessary as it helps companies to improve their marketing strategies. It helps in understanding how consumers think and feel about different brands and products (Ed Peelen, 2005). How their culture, family and media influence the consumers. It helps the marketers to adapt and improve their marketing campaigns and marketing strategies. The consumer behaviour involves services and ideas and tangible products also. (Lars Perner). There are different applications of consumer behavior. The one is for making better marketing strategies. The second application is in the formation of public policy. The third application is regarding social...
marketing that involves getting ideas across to consumers rather than selling something. Another benefit of studying consumer behaviour is that it makes us better consumers. The consumer attitudes include the beliefs about some object, feelings about the object and behavioral intentions toward some object within the context of marketing.

The consumer’s belief may be positive or negative. According to John C. Mowen and Michael S. Minor (2001) consumer behavior is the study of the exchange processes involved in acquiring, consuming and disposing of goods, services, experiences and ideas. It is an exchange process where there is an exchange of services and the exchange of goods. It may be an exchange of experiences or ideas. The study of consumer behavior helps in decision making. According to John C. Mowen and Michael S. Minor, during the 1970’s and early 1980’s researchers focused that consumers are the rational decision makers. With the exchange of the goods and services, there will come across a new behavior which will be the behavior of the consumers. The researchers have identified six types of resources that may be exchanged that is goods, services, money, status, information and feelings.

To give customers beyond their expectation is the quality of the service (Jane Smith). The customers are retained when they receive what they expect from the product. The customer retention strategies are used to retain the customers because it costs more to make a new customer as compared with the retention of the already existing customer. According to (Hawkins et.al, 2000) the customer retention helps in increasing the profit as well as the customer base. The customer retention strategies are used to retain the customers which are the elements of constant revenue generation for the companies. The customer retention strategies are used to retain the already existing customers and to maintain the customer base. It costs more to get a new customer therefore it is very much important for a company to retain the already existing customers. Rest of this work has been organized as follows. In section 2,
literature review is presented, in section 3, analyses and discussion is covered whilst conclusion and future work is given in section 4.

2. Literature Review

According to there are two basic uses of the models of buying behavior i.e they describe in a simple form the market characteristics which affect certain types of goods or services and they allow the predictions which can be made from the likely outcomes of specific marketing strategies. There are different types of buying behavior models such as monadic models which are often based on microeconomic theory as the principle of satisfaction which asserts that a consumer acts rationally. Another type of monadic model projects buying behavior as irrational and this model is psychoanalytic model. The perceived risk model is the type of monadic model which states that different people will tend to view risk according to their personality, experience etc. The black box model of buying behavior is based on the psychological approach which states that human being as the processor in a system and the result is the behavior of the inputs. The comprehensive model of buying behavior was developed by John Howard in 1963. It was expanded by Howard and Schel in 1969 and further explained by Howard and Ostlund in 1973. The Nicosia model given by Francesco Nicosia is based on the flow charts with feedback loops. It states that simulation techniques are effective in explaining the consumer decision process. The Andreasen model was given by Alan R. Andreasen who states that the key to attitude change is exposure to various kinds of information. The uses of these consumer buying behavior models are descriptive and predictive.

The segmentation of the market is done on the basis of different characteristics of different target groups. The market segmentation is helpful in better understanding of the needs of the users, their decision criteria and approach and it gives a clear direction towards the management of the product (Michael J. Croft, 1994)
The variables used for segmentation may be from different demographics, behaviour, geographic and psychographic factors Garland (2004). To examine the consumer behaviour it is very much necessary to understand the different target groups. The understanding of the consumer behaviour will help in understanding what the consumers want and what they perceive about the particular product. The demographic study is helpful in the segmentation of the market and sometimes the demographics alone are helpful in the segmentation of a particular market (Farnfield, 1999). The attitude of the consumers about a particular product helps in the understanding of the brand loyalty of the product. It is difficult to study a particular market as a whole. Therefore, the markets are divided into different segments. These segments are made on the basis of different characteristics. The market research is necessary for the strong marketing planning and that is only possible through the proper segmentation of the market. The demographic segmentation is on the basis of age, gender, family size, income, religion, occupation, education, ethnicity, nationality, social class. These are the demographics of a particular market and the understanding of these characteristics of a particular segment help in the understanding of the behaviour of that particular segment.

The geographic segmentation is on the basis of the region, size of the area, population and the climate patterns. This type of segmentation is helpful in the market research. The psychographic segmentation is on the basis of activities, interests, opinions, attitudes and values. The behavioural segmentation is on the basis of the brand loyalty and the usage rate of the particular product. These segmentations of the market are done in order to get the better understanding of the market and the behaviour of the consumers. There are three types of marketing models identified by Sanchez (2004). They are mass marketing, targeted marketing and global marketing. In the mass marketing, the whole market is considered as a homogeneous group.
of customers. It is helpful for the mass production and mass distribution but it is not helpful for the different needs of the consumers. The advantage of the mass marketing is that it is the marketing of the product at a mass level but the companies which adapt this model does not cater the needs for those consumers which have different needs and wants therefore they lose a particular market share. In order to cover this market there is a new model introduced called the targeted marketing. The focus of the targeted marketing is those customers which has specific needs and wants. It covers those consumers which have different needs and wants.

The target groups are differentiated on the basis of their characteristics. There will be few competitors in this particular segment and therefore it will be easy for the companies to gain the market share (Schnaars, 1991). In the fast moving consumer goods there are different products which are differentiated on the basis of different target groups. For example, there are different detergents of a same company but for different target customers. Similarly, in the case of coke there are different categories such as diet coke, coke for different market segments. The objective of this is to understand the diversity among the customers and group them according to their buying characteristics Freeman (1992). It is necessary because it helps in better fulfilling the needs of the target consumers. Dibb (1998) gave the stages during the segmentation. The market segmentation helps in better understanding of the consumer behaviour and it helps in the better understanding of the needs and wants of the users. The segmentation may be done on the demographics of the consumers or their socio-economic behaviour. The criteria for doing the market segmentation are decided by the different companies which are based on the geographic as well as demographic situation. The market segmentation helps in the target marketing of different products. The different segments are targeted for marketing and the technique used is called target marketing.
3. Analysis and Discussion

It is very much necessary to select the target market. Once the target market is selected then it will be easy for the companies to devise policies for the target market. The target market selection is done on the basis of the characteristics of the market. The market is segmented on the basis of different demographics and geographical location. After the segmentation of the market the marketing strategies are formulated in order to target this market. A three tier process for an effective customer targeted market strategy was outlined by (Jarvis and Goodman, 2005). The different strategies are adapted for doing the target marketing. The specific segment of a market is selected and the marketing strategies are designed for that particular segment depending upon the needs and wants of the users of that segment.

The growth of the business is based on the acquiring of the customers. The different types of media are used for this purpose such as the use of print and electronic media (Sanchez, 2004). With the use of different type of media the customers are communicated about the product. In order to capture the customers the companies use different type of marketing strategies. The use of media helps in increasing the customer base. The customer base is also increased by the already existing customers when they communicate about the product to other people. In this way, the product as well as the company repute is made better through word of mouth. The consumer base is increased by adapting different strategies by different companies. The satisfied and loyal customers also help in increasing the customer base when they communicate about the features of the product to other people.

The customer loyalty is how loyal the customers are to the product. Some customers are brand loyal and the customer loyalty is created through the effective marketing and providing service to the customers. Oliver (1997) defines the theory of loyalty as “a deeply held
commitment to re-buy or re-patronize a preferred product or service consistently despite situational influences and marketing efforts having the potential to cause switching behaviour.” The loyalty of the customers is towards the product reflects their satisfaction towards the product (Jill Griffin, 2002). The customer loyalty is achieved through customer satisfaction. The customers are satisfied when they enjoy value added services and they get after sale services. According to Bowden (1998) customer satisfaction is achieved by providing value added services and products. The profit is increased when the customers are loyal to the products and they are only loyal when they are satisfied. The customer loyalty is helpful in increasing the customer base also since the loyal customers communicate about the product to other people and in this way the more people come to know about the features of the product which enforces them to use the product (Merlin Stone et. al, 2000). The mobile users are provided with the service of mobile number portability. With the help of this facility, they can change the mobile service provider without changing their mobile number.

The customer loyalty programs are initiated by different companies and these are initiated in order to retain the already existing customers. The customer loyalty programs help in building long-term relationships with the customers. The different loyalty cards are issued by the companies to their customers and on frequent purchases they are given extra points and on the basis of these points they are offered discounts.

The needs of the customers are better understood through the customer relationship (Judith W. Kincaid, 2003). The customer relationship marketing is how we find the customers, how we know about them, keep in touch with them, trying to ensure that customers get what they want from the companies and ensuring that the customers get what they are promised to get (Merlin Stone et. al, 2000). The key aspect of customer relationship management is the ability to collect, analyse and
track the customer information. It is more effective from the cost point of view to retain existing customers instead of acquiring new customers (Merlin Stone et. Al, 2000). The customer relationship management helps in maintaining the long term relationships with the customers. The customer relationship marketing helps in communicating the new features of the product to the existing customers. The customer relationship marketing is also important because it helps in the continuous profitability for the company. Retaining the already existing customers is more important as compared with the acquiring of new customers. Therefore, the marketers must realize that the real asset is brand loyalty in the customers as compared with the brand itself (Sanchez, 2004). The marketers focus on total customer satisfaction. This helps in increasing the revenue of the company as well as the good will of the company will be increased (Gummesson, 1994). It is necessary to understand the behaviour of the customer in order to devise policies for the marketing.

The companies get competitive advantage by devising different marketing policies. The concept of customer relationship marketing was given by (Berry, 1983). It is important to realize the importance of developing long-term relationships with the customers (Ndubisi, 2007). All customers are valuable and the companies have to manage them through the customer relationship marketing. There has been a change in the traditional marketing approach and it has shifted from revenue generation to customer oriented marketing approach (Harwood and Garry, 2006). In the customer relationship marketing the key target variable is customer retention (Thorsten Hennig-Thurauet. Al, 2000). The retained customers help in generating more revenue. The cost of acquiring new customers is more as compared with the retaining of existing customers. The aim of relationship marketing is to establish, maintain and increase relationships with customers (Grönroos, 1994). Customer relationship is helpful in gaining information on the consumer behaviour (Ndubisi, 2004).
customer relationship marketing is done by contacting with the customers and initiating different customer loyalty programs for the customers. The contact with the customers helps in the understanding of the problems of the customers and getting feedback regarding the products. It is helpful in gaining information on the marketing intelligence. It helps in the understanding of new marketing campaigns, new marketing promotions (Burton, 2005). The market segmentation should be done effectively as it will help in the establishing of loyalty among the existing customers and potential customers. In the relationship marketing, the communication plays an important role in the communicating of the products. The relationship marketing offers the customers a strong commitment to re-buy the product or service and instead of switching between the competitive brands (Oliver, 1999). The relationship marketing emphasizes on the long term relationship between the customers and the company. In fact, the customer relationship marketing is just to achieve the customer satisfaction, retaining the customers and securing long-term profitability (Calonius, 1988). The different types of communication modes are used for the communication with the customers just to know about their needs and to know about their feedback regarding the products. The better communication creates awareness among the consumers regarding the product. The relationship marketing is to keep in touch with the consumers and providing them timely information regarding any changes in the products (Moorman et. al. 1992). The customer relationship marketing helps in making the long term relations with the customers. To make the new customers require more investment but the customer relationship marketing helps in retaining the customers and it helps in generating constant revenue for the companies.

The customer relationship is very much focused by the companies nowadays. The emphasize of the companies on the customer relationship management is only to keep the customers satisfied and get
feedback from the customers regarding the product which is very much helpful in the consumer research and product development. The needs of the customers are better understood through the customer relationship (Judith W. Kincaid, 2003). The customer relationship marketing is how we find the customers, how we know about them, keep in touch with them, trying to ensure that customers get what they want from the companies and ensuring that the customers get what they are promised to get (Merlin Stone et. al, 2000). The key aspect of customer relationship management is the ability to collect, analyse and track the customer information. It is more effective from the cost point of view to retain existing customers instead of acquiring new customers (Merlin Stone et. al, 2000). The customer relationship management helps in maintaining the long term relationships with the customers. The customer relationship marketing helps in communicating the new features of the product to the existing customers. The customer relationship marketing is also important because it helps in the continuous profitability for the company. Retaining the already existing customers is more important as compared with the acquiring of new customers. Therefore, the marketers must realize that the real asset is brand loyalty in the customers as compared with the brand itself (Sanchez, 2004). The marketers focus on total customer satisfaction. This helps in increasing the revenue of the company as well as the good will of the company will be increased (Gummesson, 1994). It is necessary to understand the behaviour of the customer in order to devise policies for the marketing customers and they should be aware of the cultural and social differences in the customers. In future, this work can be extended further by examining several relevant theories from the reported literature.
References


15. Judith W. Kincaid 2003, Customer Relationship Management: Getting it right
16. Lars Perner, Consumer Behaviour: The psychology of Marketing.