

Relational Marketing – the Prerequisite to Implement Tourist Companies' Marketing Strategies

■

Maria Carmen Iordache

„Constantin Brâncoveanu” University, Pitești

iordache72@yahoo.com

Denisa Parpandel

„Constantin Brâncoveanu” University, Pitești

parpandeldenisa@yahoo.com

***Abstract.** By means of enterprisers' complex efforts to be oriented towards and take permanent steps to customers' benefits, relational marketing actually and essentially argues rendering customers loyal by the persuasive qualities of the products supplied, the conditions they are offered in, and a more favourable quality-price ratio than the competitors'.*

Within relational marketing, marketing managers must set up and implement efficient strategies and programmes in order to attract and keep their customers. In case of losing their customers, it is necessary they explore the causes and try to emotionally or rationally regain them, especially if customers' strategic value is high to suppliers. The balance between attracting new customers and keeping the current ones has a dynamic feature proved by the change in priorities of the two main concerns during enterprisers' and products' progress on the market.

The business environment where enterprisers in the Romanian tourism develop their activities is complex and continuously changing. This imposes an increase in the concerns of tourism managers that should take account of the motivations and demands of current and potential tourists, which would be the best way to attract customers and make them loyal.

Keywords: relational marketing; attracting; keeping; customer value; strategy.

■

JEL Codes: L83, M31.

REL Codes: 14F, 14G.

1. Introduction

According to the famous American Marketing Association (AMA), relational marketing is “marketing made real by the planning and execution of activities to set up, assess, promote and distribute ideas, goods and services with the purpose to achieve exchanges meant to meet various individual and organizational goals”.

Over the years, the above definition that approaches the concept of marketing mix has been subject to massive criticism of which the harshest belongs to C. Grönroos, a Swedish man, who stated that “relational marketing is the set up, maintenance and consolidation of relationships with consumers and other partners, with the purpose to accomplish profits and meet the parties’ objectives” (Grönroos, p. 86). His definition emphasizes consumers’ and company partners’ important roles when accomplishing company objectives in order to make profit.

2. Relational marketing prospect upon attracting and keeping customers

Enterprisers have started to consider the advantages typical of the orientation towards setting up long-term relationships with their customers according to mutual trust, open communication, common objectives, engagement to obtain value on either side.

Marketers have exceeded the times when they thought that losing a customer was not a risk to the enterprise as they started from the wrong idea that the market could give them many other potential customers that

might turn into present ones. Nowadays, they think that losing a valuable customer means not only losing the profit from a certain transaction, but also a long-term loss which is much more significant. In fact, an enterpriser may thus lose an entire flow of sales and profits that could have been generated by a medium- or long-term relationship with a customer.

Therefore, the enterprisers that want to value the opportunities provided by applying relational marketing principles calculate and monitor a very important indicator which is *customer value along the entire relationship with an enterpriser* (a customer’s value throughout their “life” with a supplying enterprise). It is calculated as the up-to-date value of the entire profit flow generated by the relationship with a customer considering a medium- or long-term. Practicians think that a time span of 2 to 5 years is enough to estimate the future up-dated value. Estimating the respective value in monetary units (VVi) can be done by the following formula:

$$VV_i = \sum_{t=1}^T (S_{it} - CD_{it}) - CM_{it} \left(\frac{1}{1+\delta} \right)^t \quad (1)$$

where:

I identifies the customer taken into account;

t (from 1 to T) is the time unit (month, year etc.);

S_{it} means the purchases achieved by customer i (the enterpriser’s sales to the respective customer);

CD_{it} means the direct costs related to customer i ;

CM_{it} means the marketing costs related to customer i ;

δ is the interest rate (the capital cost used to calculate the net up-dated value) corresponding to time unit t .

The higher the customer value throughout the entire relationship with an enterpriser, the lower the related costs. The careful monitoring of costs allows an enterpriser to increase customer profitability.

The concern with estimating profits' up-dated value to be generated by a customer leads to an increase in the importance of customers' maintenance strategies. The longer the time span of a customer's collaboration with an enterpriser, the higher the profits' value to a supplier.

The importance of maintaining customers is also supported by the difference of costs related to attracting, respectively maintaining them within their range of interest. It is stated that attracting a new customer is 5 to 10 times more costly than keeping an actual customer's level of satisfaction (Kotler, Armstrong, 2006).

3. Relational marketing strategies

Basically, relational marketing does not have an open character, but relies on profitability principles. Nowadays, it is no longer enough to attract customers and make deals with them.

It is necessary that one resort to relational marketing strategies in order to keep customers and develop profitable long-term relationships with them.

Moreover, suppliers are keen on ensuring both customers' complete satisfaction and delight, and their value growth to a selling enterpriser.

Every enterpriser benefits from a wide range of strategies that contribute in attracting and keeping customers. Their strategies can be classified into two main categories – offensive and defensive.

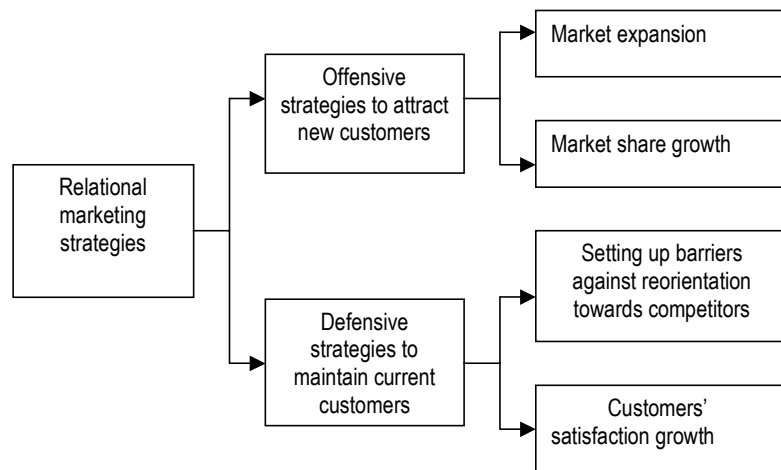


Figure 1. Offensive and defensive strategies

In order to identify potential customers, an enterpriser must research the market. Among the methods that can be used in this respect are the following:

- *“on-the-spot” research.* This method relies on the average rule. For example, suppose an enterpriser must attract 100 new customers in order to achieve 250,000 lei

sales value. If the average success rate is 1:10, it means the enterpriser's selling power will have to resort to 1,000 people/organizations in order to be able to attract 100 customers.

- *“endless chain”*. This research method is based on references. After every sale, a sales agent asks a customer for a list of people/organizations that might be interested in the product/service they supply. The sales agent shall visit the prospective ones and try not only to present a product, but also to get additional references.

- *participation in fairs and exhibitions*. The participation with show-stands in a fair or exhibition generates additional lists of people and/or organizations that might be interested in the exhibited products. Sellers can get data such as people names, organization names, addresses, telephone numbers, e-mail addresses etc. Then, the respective people/organizations are to be contacted and assessed as potential customers.

- *resorting to influence centres*. One of the research methods is considering the influence of opinion leaders or regulators. The people that have favourable positions within organizations or communities may suggest and influence prospective customers. A sales agent must initiate and develop relationships with such influential centres, and inform them about the results of the contacts they have set up that way. Examples of influential centres are clerks, the selling power that supplies uncompetitive products meant for the same target segment, the members of owners' associations, the leaderships of the Chambers of Commerce and Industry etc.

- *research by mail*. Sending promotional messages by traditional or electronic mail allows the access to a large number of potential customers as costs are low. Those who ask for further information are going to be contacted by sales agents. However, this research method generates a low response rate from the target people.

- *telemarketing*. Researches by phone have the advantage of contracting a large number of potential customers situated within a wide territorial area. As far as costs are concerned, they are more convenient than “on-the-spot” research, but more costly than mail research.

- *observation*. The careful monitoring of events in the environment where an enterpriser works facilitates the identification of new opportunities. Thus, new potential customers can be identified.

- *networking*. Every contact initiated with a person is an opportunity for sales agents/consultants to make themselves known and speak about their products or services. Thus, they create people networks that exchange ideas and information, and facilitate researching.

Setting up clear objectives that aim at attracting customers shall contribute in an enterpriser's sustainable growth.

The decision to invest in keeping a certain customer within a supplier's range often relies on the following criteria:

- *the strategic importance of a customer*. Specialists recommend that enterprisers should primarily maintain within their scope of interest the customers that have the highest strategic importance. This category comprises those who are worth much during the time span of their

relationships with enterprisers, the customers that buy extensively and the market leaders.

- *maintenance costs.* Attracting customers is negatively influenced by the growing costs of their maintenance. For instance, the requests of major customers related to products' adjustment by suppliers, the reduction of delivery time or granting price discounts may significantly decrease the strategic importance of the respective customers.

- *customers' loyalty level.* In the case of customers that show a high loyalty level, a supplier should not invest too much in maintaining the respective customers. In exchange, if certain strategically important customers do not show a high level of involvement in the relationship with their suppliers, being tempted to take account of competitors' offers as well, suppliers will have to allocate significant resources to keep customers and increase their loyalty.

- *customers' recent attraction.* Numerous organizations give careful attention to maintaining recently attracted customers. It is estimated that a customer's value during their relationship with a supplier is higher for a recently attracted customer as compared to the one of a customer that has been attracted for some time. The greater interest in recent customers as compared to older ones is proved by the fact that the former, in case of dissatisfaction, are more likely to leave their suppliers and decrease their purchases than customers who have been satisfied for a longer period of time (Bolton, 1998).

- *customer share.* Keeping customers is more difficult if they are supplied by several suppliers simultaneously. Adopting

the decision to keep a customer must take account of several aspects: customer share, the value of customer's purchases, the potential to grow customer's value and the cost of maintaining the relationship with a customer.

Keeping customers within an enterpriser's range does not confine to maintaining their value at its original level. Any professional in the field of relational marketing and customer relations management aims at growing customers' value to an organization. In this respect, they resort to strategies such as:

- „*cross-selling*” – means the gradual supply and sale of several categories of products and services to the same customer as compared to the range they bought when they started to collaborate with a supplier;

- „*upselling*” – refers to the sale of products and services from the category a customer usually requires but having a greater allowance than the products a customer ordered when they first started their collaboration with a supplier.

Some authors (Bruhn, 2003) stated that the strategies to regain customers could identify themselves in:

- *compensation strategy* – reimbursing the value of faulty goods that have generated customers' dissatisfaction; replacing faulty goods etc.

- *improvement strategy* – repairing faulty goods;

- *stimulation strategy* – granting discounts and resuming the relationship with a customer;

- *persuasion strategy* – suppliers' promise to meet customers' requests and expectations.

In order to increase the efficiency and efficacy of an enterpriser's activities, the concern to regain lost customers should be doubled by identifying the causes that have led to losing customers. Only acting upon the symptoms and not the causes, enterprisers will never cease facing customer losses which is going to affect their prospective profitability. The causes of customer losses can be related to the dissatisfaction generated by a supplying enterpriser, buyer or competitor.

One of the goals of research related to customer losses is acquiring information about the following aspects:

- the size of customer loss rate to an enterpriser and its time evolution;
- the size of customer loss rate in the sector an enterpriser belongs to;
- the typology of customers that an enterpriser loses;
- the reasons for losing customers;
- the competing suppliers that lost customers redirect themselves to;
- the influence of price changes upon the level of customers' maintenance;
- the fluctuation of customers' maintenance level according to region, the marketing channel used, distributor, sales agent etc.

As main methods to gather information, one can use the analysis of secondary sources and in-depth interviews. Taking soundings is a way to quantitatively describe the loss of customers, but it does not allow to clearly identify its causes and explore the sensitive, delicate aspects of the relationship between a supplier and a former customer.

4. The need to implement relational marketing in the Romanian tourism enterprises

The Romanian companies in the field of tourism should give special attention to tourists with a view to ensuring the best relations with them and making them loyal. When creating and implementing marketing strategies, tourism enterprises must take account of current and prospective tourists' motivation and demands which is the best way to attract them and make them loyal.

Romanian tourism enterprisers must also consider the initiation of best relations with all their business partners. Ensuring an environment where consumers' satisfaction should be an enterprise's main motivation is one of the primordial goals that Romanian tourism enterprisers should have in view when implementing their marketing strategies. At present, it is much cheaper to keep a demanding customer than attract a new one (Baker, pp. 48-49).

"Relational marketing involves the creation, maintenance and strengthening of the relations with buyers and the other business partners of an enterpriser, aiming at long-term actions. Ensuring the best relations with buyers and – based on that – making them as loyal as possible are the essential end of all attempts typical of relational marketing" (Adăscăliței, p. 15).

Consequently, in order to accomplish this important objective, the companies in the Romanian tourism (tour-operators, retailers, tourist service providers etc.) must pursue the creation, maintenance and strengthening of the relations with current tourists and also the tourist service providers

they have business relations with. For example, it is well known that a tourist who is satisfied with the services rendered by a tourist unit will surely come to it again. They will also tell their friends or colleagues about that particular tourist structure, convincing them to visit it.

Making tourists loyal is possible by the Romanian tourism companies' purchasing of quality products and services that should be created in such a way so that they could best meet tourists' increasing motivation and demands.

That is why it is advisable that enterprisers should directly contact their customers in order to identify their expectations as properly as possible.

It is also well known that a dissatisfied tourist will certainly speak about their dissatisfaction with others and a company's risk of losing prospective opportunities may grow. Specialist LeBoef thinks that such a customer informs other 8-10 people about the negative issues they encountered in the unit they visited (LeBoef, pp.13-14).

In conclusion, the revenues obtained from selling tourist products and services to loyal tourists are higher than the revenues obtained from selling services to customers that visit a unit for the first time or occasionally.

As any other enterprise, Romanian tourism companies are always in a twofold position: on one hand, a buyer in relation with various suppliers (hotels, travel agencies, tourist service providers etc.) and, on the other, a supplier when tourists are the main target of their relationships.

Besides those relationships, Romanian tourism companies also collaborate with

their competing firms and various institutions of local and central management that are responsible in the market field. Therefore, the "range of their direct relations is practically akin to all micro-environment constituents within the complex marketing environment".

Ensuring loyal and long-term collaboration with business partners leads to reducing the marketing expenses, the stability of a tourism firm's business and contributes in rendering business partners' activities more efficient.

Relations with various business partners in the Romanian tourism are complex.

Tourists' reasons for choosing certain tourist products are diverse and unique. That is why, in order to meet the requirements of such clients, Romanian enterprisers must keep such relations with partners in various fields so as to provide tourists with a complex range of tourist services.

Keeping long-lasting, adequate relationships with the various partners involved in the success of a tourism enterprise's activities is essential in order to make tourists loyal and supply valuable tourist services. The above objectives can only be accomplished by the careful use of all the elements that belong to the tourist marketing mix.

Since 1 January 2007, Romanian tourism enterprisers have been facing a wave of new competitors more and more often that try to expand their action scope on Romania's territory. Whereas the Romanian tourist market is more and more attractive to Western European tourism companies, the Single Market is to our investors quite a dangerous environment since marketing and

tourist orientation are not yet developed up to a high level.

Romanian tourism enterprisers are currently struggling to win customers and make them loyal by providing a range of tourist products and services complying with the latter's expectations. Practically, "the key to ensuring customers' satisfaction, loyalty and becoming loyal is the supply of services that should anticipate and even emulate their expectations as far as value is concerned" (Lammers, p. 27).

5. Marketing strategies in tourist customer relations

The best management of the relationship between a tourist service company and a customer in order to reach high commercial efficiency is one of the most important strategies in the field of tourism.

The importance of the supplier-customer relationship is primordial to a company's effort to maximize its business. In fact, Romanian tourism enterprises' competitive advantage is not only defined by the supply contents, but also by the contact personnel's behaviour which involves a permanent interactivity between a customer and the latter (Dumitrescu, p. 3).

In order to manage a good and correct relationship with a customer, tourism companies pursue the administration and conception of the expertise they have gained with the latter. Actually, tourists' satisfaction and loyalty directly depend on the quality of the relationship they have with a tourism company.

"Creating a pleasant business environment shall quickly become the key to buyers'

loyalty. Their satisfaction level shall go up if enterprises duly adapt to the respective buyers' desires and needs" (Adascalitei, p. 42). Romanian tourism enterprisers must know tourists' expectations very well, how they can draw the latter's attention and must find periodical communication ways with them. In this respect, it is necessary they adopt a marketing programme for customer relations aimed at maximizing tourists' long-term loyalty, increasing the profits from current customers, ceasing tourist losses on short term and using current tourists to attract other potential ones.

The validity of such a programme largely depends on the way details are perceived, mere and cheap actions are taken, the purpose of which being to produce a maximum effect, unique actions that should surprise even competitors. The efficiency of such a marketing programme depends on a tourism company's ability to satisfy its clients, on its creativity when achieving tourist products etc. All these actions aim at continuously improving the relationships between a tourism company and a tourist, and the expenses involved herein are minimum.

Tourists' long-term loyalty can be achieved by a tourism company only by creating tourist products that should provide their clients with the most pleasant experiences. In a competitive market environment, it is necessary they should set up sustainable and advantageous relations of Romanian tourism enterprisers with current and potential tourists.

The actual implementation of marketing strategies underlies the efficiency of a tourism company's

activities. Thomas Peters and Robert Waterman state that “the first distinctive attribute of a company for excellence is related to its implementation concept. A poorly executed strategy brings about poor results as easily as a badly set up strategy does” (Peters, Waterman, p. 27).

Implementing the best strategy in Romanian tourism companies occurs as the result of ample analyses and studies after which an enterpriser chooses the way that leads to success and to reaching the goals.

“Implementing a strategy is the process where ideas become actions by developing certain programmes, budgets and procedures. The process may involve changes in the culture, structure and management style of a company”. Ensuring profitability means that Romanian tourism companies should apply a valid strategy.

In broad terms, relational marketing regarded as a solution for keeping an enterprise’s customers on a very long term is a strategic constituent of management decisional system.

In order to generate the highest satisfaction of tourists, a tourism company can use three strategies to render value to a client:

- *the strategy of adding financial advantages* (adopting price reductions for certain tourist products, granting service facilities to loyal clients, guaranteeing the repayment of tourist service value in case tourists are dissatisfied etc.);

- *the strategy of adding social advantages to the financial ones* (involving tourism personnel in setting up social relations with tourists by means of getting acquainted with their desires and reasons, by

customizing and individualizing certain products and services);

- *the strategy of adding structural advantages to the financial and social ones* (using electronic mail in order to ensure direct connections between a company and its tourists).

Romanian tourism companies that do not see their business as mere transactions but ongoing relations with tourists approach and financially support several marketing programmes meant to convince tourists to come back and become loyal.

The long life of a company’s tourist service activity largely depends on keeping its clientele and on its ability to attract new tourist segments. That is why, recognizing the importance granted to every client is relevant to a company’s success. For example, to the Romanian enterprisers that own hotels, restaurants and other companies in the field of hospitality operations, business success depends more on satisfied tourists’ loyalty than on attracting new consumer categories, which involves new efforts of a tourism firm.

Customer value can be interpreted in two ways:

- by the “*customer’s current value*”, respectively according to the sales of services destined to the tourists that resorted to the particular tourism firm for the first time;

- by the “*future value of the same customer*”, that is according to the opportunities to raise profit during a future period of time.

In this context, Ph. Kotler’ statement is relevant, saying that: “the higher your customers’ loyalty is, the less you have to pay for advertising..., most clients will come

back and buy again... although you have no advertisements..., due to their high level of satisfaction..., (and) they are going to advertise for you” (Kotler, p.160).

Conclusions

Ensuring tourists' satisfaction is a sure way to make current customers loyal and attract potential ones. Romanian tourism enterprisers should give special attention to tourist relations and allocate financial resources in order to support marketing

programmes that aim at the ongoing improvement of the cooperation between a company and a tourist. Satisfied tourists' advertising is much more efficient than many other promotional actions a company can resort to.

In the Romanian tourism, due to the fact that there are many short-term partners that participate in accomplishing tourist products, as well as many buyers, relational marketing aims at the long-term loyalty of consumers, distribution channels and other complementary enterprises.

References

- Adăscăliței, V. (2007). *Introducere în Marketing relațional*, Editura Pro Universitaria, București
- Baker, M. (1994). *The Marketing Book*, Butter Worth Heinemann, Oxford
- Dumitrescu, L.N., „Impactul marketingului interactiv asupra randamentului comercial al întreprinderii de servicii”, *Revista Română de Marketing*, nr.1/2007
- Grönroos, C., „Quo Vadis marketing? Towards a Relationships Marketing Paradigm”, *Journal of Marketing Management*, 10 (4), 1994
- Kotler, Ph. (2004). *Marketing de la A la Z. 80 de concepte pe care trebuie să le cunoască orice manager* (traducere), Editura CODECS, București
- Lammers, G., *Valoarea externă a clienților*, *Business Digest*, 6/2006
- LeBoeuf, M. (1987). *How to Win Customers and Keep Them for Life*, Ed. Berkeley Books, New York
- Peters, T., Waterman, R.H. (1983). *Le prix de l'excellence. Les secrets des meilleures entreprises*, InterEdition, Paris