

Relational Marketing in the New Service Economy

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Abstract

The unprecedented development of the services, supported by the technological progress made by the 20th century to give birth to a new type of society which can be characterized as a “service economy” with traits different from those of the “industrial” development model. Under these conditions, relational marketing as philosophy and as instrument of running business is forced to adapt to these deep mutations.

Key words: service economy, transactional marketing, relational marketing.

JEL Classifications: L80; M31

The new service economy is characterized not only by the fact that service branches, such as financial services, telecommunications and transports, maintenance and engineering services develop without limits, but within the processing industry and even within agriculture, the majority of the functions fulfilled and of the activities performed implies service activities. With other words, we experience a horizontal integration of all productive activities. The services, developing, restructure almost all branches, fundamental links between the different sectors, as well as the economy in its entirety.

Making a parallel between the two types of economy, we can better emphasize the structural mutations involved by the transition to an economy in which the service activities predominate. The implications of this transition are practically multidimensional, targeting products, markets, workplaces and professional training, international competition, specialization, way of life and standard of life.

Thus, if in the industrial economy, the production process is considered to be completed at the moment when a product is available on the market, in the service economy the maximization of the combined products and services throughout their life cycle is targeted, operation which takes into account a series of costs before, during and after production. While the industrial economy assigns value preponderantly to the products existing under material aspect and which make the object of exchange (added exchange value), value in the service economy is closely connected to performance and to the real use of the products (material or not) integrated in a system (use value).

While the production-consumption system of the industrial revolution was based on the rapid replacement of the goods ignoring the deterioration of the environment at the level of both finalities (depletion of the natural resources through production, including the high consumption

of energy and water accompanying it, and the pollution, by accumulating waste after the goods' period of use), in service economy functions a slow replacement system of goods, based on the extension of the product life-cycle on the basis of the 4 R – reuse, repair, recondition (using products or components used as source for new products), recycle (using waste as raw material available locally). By means of this system, the consumption and waste are reduced to half, while the use period doubles, thus ensuring a sustainable development, without restricting economic growth or social and technical progress.

The essence of production in the industrial economy was the large series comprising millions of standardized, identical products. In service economy the essence of production is the small series of products fully or partially adapted to the requirements of customers, which calls for highly qualified labour and high research expenses.

In industrial economy, the high level of the collaboration and interaction costs between the different components of a business on the added value chain determined an increase of the business vertical integration level, the most conclusive example being the large multinational conglomerates whose structure includes raw material producers, processing companies, assembling companies, distribution companies, companies providing post-sale services etc.

In service economy, called by the specialists “digital economy”, the business models are based on the particularities offered by electronic connectivity with the other partners, which makes the cost-reduction potential to be enormous. In fact, the costs of supply or sale can be considerably reduced by using the Internet and the electronic trade because they:

- provide rapid and real time access to a very wide range of potential suppliers
- provide almost limitless access to a wide range of raw materials
- allow the making of comparisons between the price and delivery conditions for each separate raw material and through bidding the optimum supply variant can be chosen
- eliminates the effort to identify suppliers, including the costs related to negotiating contracts, their signing and running.
- does not require the physical existence of a sales network (stores, warehouses), the sale being made online
- does not require a sales force, thus reducing personnel costs

Therefore, the main modality for increasing the quality and the consumer's satisfaction degree is disaggregation and partnership with other organizations specialized in certain components on the value chain (suppliers, distributors, clients). It is what is called a rapid reaction system (manufacturing what is being sold and not producing on the basis of a market prediction which may differ, at a given time, from the real level of the demand). The performances obtained in comparison with the other competitors will depend on the quality of the teamwork within the strategic network. At present, the competition no longer takes place between individual companies, but between strategic networks having as goal the amelioration of the relative efficiency of the supply systems of each competitor.

For sellers and buyers together, in the industrial economy, information was a resource that was either hard to find or expensive, or both. With the development of the digital economy, information became abundant, easy to find and, not lastly, cheap. In the knowledge and information-based service economy, creativity, the degree of innovation, the intangible assets, as well as intellectual property, patents, licenses, brands constitute the main value sources.

In industrial economy the development of new markets is extremely difficult. There are necessary years for the execution of the market studies, the construction of the production capacities, the creation of sales teams, the development of distribution networks etc. In the digital economy, markets can be created almost instantaneously, overnight, virtual channels can be used for the supply, promotion, sale and delivery of goods and services, the barriers against entering a market being practically as good as nonexistent.

Philosophy and instrument of running business, the marketing of customer relations must adapt to the mutations in the economy. Thus, an evolution occurred from a transaction-focused marketing to a relationship-focused one. The relational marketing strongly developed after the years 1990's connects the new type of consumer to the society, shows the sense of the act of purchasing by taking into consideration the client's needs and expectations. The consumers become partners and the company must undertake long-term commitments to keep the relationship, by means of quality, services and innovation. Relational marketing represents a strategic orientation which emphasizes rather the keeping and improving of the current customers, rather than on attracting new ones. A parallel between the two types of social strategies highlights the following characteristics:

Characterization of transactional marketing	Characterization of relational marketing
focus on the sales activity and of the acquisition of new customers	focus on the post-sale activity and on increasing the fidelity of the existing customers
increase of the market share on account of a quantitative increase of the supply and of the number of consumers	a deep understanding and anticipation of the customer's long-term needs
brand monologue supported by advertising	dialogue permanent with the customer, who is included in the purchasing act
non-differentiating marketing	personalized marketing
market-oriented resource administration	customer-oriented resource administration

A customer-oriented marketing strategy means:

- a dynamic relationship between the client and the company;
- customized products suitable for the customer's needs;
- personalized and interactive promotion depending on the customers' needs and wishes, by means of carefully prepared segmentation, a personalized message, a channel allowing the measurement and collection of feedback;
- establishing the contact point with the customer as close and possible and depending on his/her options (sale and promotion performed online, by telephone, at the customer's headquarters, through agents or specialized consultants);
- quality assessed first of all in relation to the customers' needs and wishes.

The increase of the loyalty of customers towards a product, a brand or a company can be achieved by using the promotion policy or complex services, such as: offering guarantees for the product, making repairs and providing the spare parts, installing the products, the temporary replacement of the products during the repairing period, rapid or free delivery, prompt solving of complaints, an adequate working schedule (possibly non-stop), parking in the proximity, the creation of a pleasant ambiance, financial services (credits, exchange offices), travel agencies, friendliness of the staff, possibility to return the packaging by the client etc.

The services not only lead to the formation of purchasing behavior based on a permanent collaboration between the seller and the buyer, to a good mutual knowledge and a high fidelity degree, by means of the specific utilities provided to each consumer, but they also represent a strong competitive instrument. The competitive advantage offered by the improvement of the level of services is more durable than the advantage generated by a price reduction.

The marketing studies show that the companies with faithful customers have marketing costs approx. 5-6 times lower, compared to those focusing on attracting new customers. Thus, the implementation of relational marketing brings advantages both to the customers and to the companies. The advantages for the clients are related to their trust in the company, comfort, familiarity feelings and stable social relations which the customer gains vis-a-vis the company, which make little probable the change of the service supplier, even if the customer learns of the existence of a competitor offering higher quality or a lower price. The advantages for the organizations consisted in the increase of sales (studies revealed that loyal customers tend to buy increasingly more from the company with which they have durable relations), decrease of advertisement costs and other promotional costs necessary for attracting new clients, free promotion (satisfied, loyal customers will promote the company they used).

Conclusions

The development of relational marketing was due to the changes occurred in the coordinates of the international business environment during the last decades materialized in the emergence of new technologies and their impact on the development of innovative products and services, the intensification of competition in the context of a high degree of concentration of the capital and of increase of the number of mergers and strategic alliances at the global level, as well as of structural mutations regarding the transition towards an economy where the service activities are predominant.

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