

# THE ROLE OF STRATEGIC PLANNING IN RELATIONSHIP MARKETING

**Aurelian A. BONDREA** Associate Professor, Ph.D.  
**Daniel Adrian GÂRDAN** Lecturer Ph.D. candidate  
**Iuliana Petronela GEANGU** Lecturer Ph.D. candidate  
Faculty of Marketing and International Affaires  
*Spiru Haret University*

## ***Abstract***

*The evolution of relationship marketing has been one of the most talked about, partly because it not only proposed a radical change at the very beginning of the marketing action and philosophy, but also because of its complexity.*

*Among many different issues regarding the relationship marketing, the one referring to the strategic planning process has been very little dealt with among the marketing specialists.*

*The present article discusses this sensitive matter and represents a short insight into this complex dilemma: is planning possible or not when talking about commitment, trust, harmony, empathy with the consumer on a regular basis, during a lifetime relationship?*

**Key-words:** *relationship marketing, strategic planning, traditional strategic approach, network, SOSTAC planning model*

**JEL Classification:** M<sub>31</sub>, O<sub>21</sub>

## **Literature review**

Although many authors have been concerned with the problem of defining new ways in which marketing theory and practice may become more efficient, better adjusted to the dynamic environment, the area regarding the relationship marketing has had a large number of definitions over the years.

One of the authors to be considered among the first ones to define the term of relational marketing or relationship marketing was Leonard Berry in his paper: 'Emerging Perspectives on Services Marketing', A.M.A., Chicago, 1983. The approach taken by Berry is quite clear and essential: he considers that relationship marketing consists in 'attracting, maintaining and ...enhancing customer relationships'.

The concept of relationship marketing began to emerge in the literature in the mid 1980's (Rosenburg and Czepiel, 1984), with its roots earlier in the marketing

scientific literature on services marketing and industrial marketing; it did not take long and the concept gained important ground among the marketing specialists – academics and practitioners.

Relationship marketing has spread quite rapidly, mainly at the level of practical marketing management, where an entirely shift of managerial tools was in charge.

The roots of relationship marketing have to be searched among the concepts of relationship orientation in the marketing itself. A number of authors (Cravens, 1997; McCarthy and Perreault, 1993) present differing opinions about the evolution of marketing over time, all of which fitting into a time continuum starting from the 1900s to the 1990s.

Kotler (1988) conceptualized the changing orientation of marketing over time from Product Orientation to Consumer Orientation. Gronroos (1989) further developed Kotler's (1988) conceptualization by focusing the marketing effort on the relation between the organization and the customer. This could be described as a relationship orientation in marketing. Thus, we are talking about a period pre- and early 1900 with a strong product orientation in marketing, followed by a slight shift after mid 1950's when we may assume that the beginning of consumer orientation was. In 1980's, the strong consumer orientation was followed by the competition orientation and, after 2000's, by the relationship orientation.

Nowadays, relationship marketing may be considered as how AMA defined it in 2004 (AMA, 2004): 'a organization function and a set of processes aimed to create, communicate and deliver value to customers and maintain long term relationships with them from which the partners and the organization itself could benefit'.

At the same time, we assume that relationship marketing mainly refers to a policy and a set of tools for establishing individual and interactive relationships with clients, suppliers and stakeholders, aimed to create and maintain for them a positive and durable attitude regarding organization, products and brands

### **Strategic planning in marketing – conceptual framework**

Strategic planning represents in today's marketing activity a 'must-have' element. We surely think that the concept of strategic planning has had one of the most important evolutions in the last two decades. This happens because all the information that we have, the technology evolution, new ways of communication, great shifts at the level of consumers' culture, and so on.

One of the most prodigious marketing specialists in the field of strategic planning – Nigel F. Piercy – states that there are three main dimensions of the planning process (Piercy, 2002):

'The analytical dimension-the one that implies techniques, procedures, systems and planning models; the organizational one – concerned with information flows, structures, processes, management style and culture; the behavioural dimension related to the nature and extent of the participation, motivation and commitment from the managerial team'.

These three dimensions are inter-related and each of them is essential for the success of the whole process of planning. The same author explains why many companies still don't have a successful planning. One of the basic requirements is that the management has to consider all three dimensions equally important. A lack of procedures, motivation and commitment or obstacles on information flow turns the task of planning into a real disaster, for both short- and long-term.

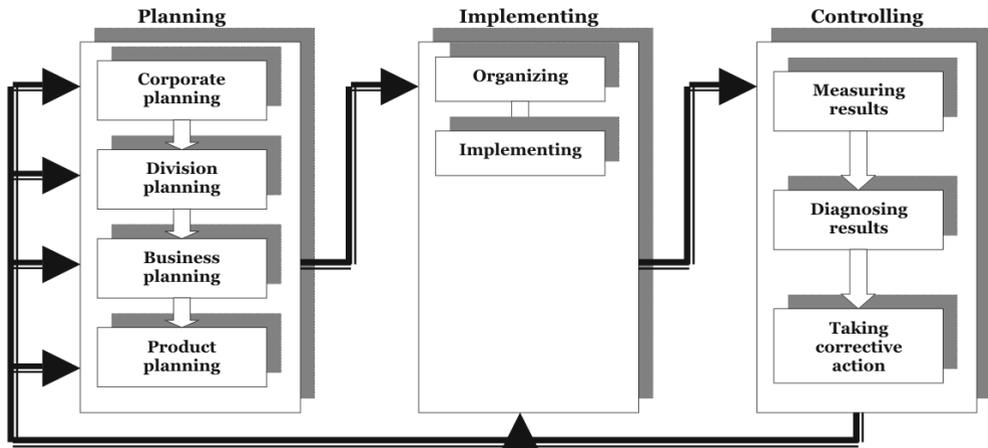
Piercy individualized some of the most important planning pitfalls (Piercy, 2002):

- emphasis upon analysis rather than planning (managers lost their creativity thinking being busy with tools and techniques
- information, instead of decisions – the flow of information becomes more important than the decision process itself
- incrementalism – a kind of lack of flexibility at the level of aggregate vision about the strategy
- vested interests – that drives to maintaining the 'status quo'
- an inaccurate definition of the organizational mindset – the inability of the company to move away the well-accepted and well-rehearsed approaches of the past.

At the level of contemporary companies, strategic planning in marketing refers mainly at the market-oriented strategic planning. This concept stands for (Kotler, 2000) 'the managerial process of developing and maintaining a viable fit among the organization's objectives, skills, and resources and its changing market opportunities'.

The aim of strategic planning is to give the company's businesses and products the opportunity to turn into effective instruments, so that they could yield target profits and growth within the company. Likewise, the company should be protected by any negative environmental factors

Strategic planning implies developing activities in three key areas. The first area manages a company's businesses as an investment portfolio. The second area involves taking into consideration each business's strength, by considering the market's growth rate and the company's position and fit into that market. And the third area is the development of a *strategy, a well-defined planning process* for achieving long-term objectives. The complete strategic framework for planning, implementation, and control cycle is shown in fig. 1.



Source: Philip Kotler, *Marketing Management*, 10<sup>th</sup> edition, Prentice Hall, 2000, p. 40.

Fig. 1. *Strategic planning, implementing and controlling process*

Each of the above processes has a major impact on the global marketing planning effort. As seen, we may talk about corporate level, division, a business level and finally the product level, for the global planning. Further on, it is interesting to consider whether the marketing planning effort of a specific company could be harmonized with the same task conducted by another company – the two companies being part of a strategic network.

### **Specifics of strategic planning in the process of implementing companies' relationship marketing**

As above, relationship marketing has a important background related to the industrial, business to business and services marketing. Even though we have earlier stated the importance of strategic planning in marketing, it is a well-known fact that strategic planning has become more important in order to maintain competitive advantages and traditional customers, at the level of these particular marketing fields.

From this point of view, it is easy to understand that direct relation between the concepts of planning and that of relationship marketing is a natural consequence of the evolution of marketing.

Thus, we may bring to the fore three possible distinctive approaches to the relationship marketing:

- 1) from the behaviour perspective (referring to trust, satisfaction, retention);
- 2) from the perspective of networks theory (the interactive nature of the relationships developed within organization, new personnel categories inside the company chart);
- 3) from the managerial perspective (new ways of conducting human relationships, development of internal marketing concept).

It may be stated that relationship marketing has become a new strategic domain for marketing, involving the management of human, material and financial company's resources on a long term, via a permanent involvement of all the actors in the company.

From this respect, the comparison made between the traditional strategic approach and the strategic relational approach is very suggestive (Donaldson, O'Toole, 2002) – see fig. 2:

<b>Traditional strategic approach</b>	<b>Strategic relational approach</b>
Focus on transaction	Strategic partnership
Competition	Collaboration
Profit for the company	Partnership Profit
Passive buyer	Active buyer having the participant quality
Focus on short-term activity	Focus on long-term activity
Independence	Dependence on a network

Source: Donaldson, B., O'Toole, T., *Strategic Market Relationship – from strategy to implementation*, John Wiley & Sons, 2002, p. 8.

Fig. 2. Differences between traditional strategic approach and the strategic relational approach

All these assumptions clarify the strategic dimension of relationship marketing, very impressive at the level of business-to-business relation.

Should we consider the implementation of relationship marketing as a process, the distinctive stages in the global process of developing relationship marketing for a specific company are clearly delineated.

Thus, ***development of a strategy of organization*** (satisfying customers demandings on a long- and medium-term) leads to ***creation of value*** (implies a more customers satisfaction) and, together, to a ***multilateral integration process*** (the results of the above processes are converted into activities that bring added value for the customers). Still, ***the information management process*** takes place (via creating, developing, maintaining and assessing databases related to customers, suppliers, other actors). Lastly, we have ***the information repartition process***.

These stages are quite suggestive for the strategic dimensions of relationship marketing activities. If things are clear at the level of business type relations, there are many voices claiming that, in terms of relations developed with individual customers, relationships can be managed – and thus, planned is a real oxymoron.

The application of a planning framework to relationship marketing takes a managerial perspective to a level that may not be handled properly.

Simply overlaying relationship marketing onto an existing organizational structure and systems, however, without any consideration of how relationships are pursued and developed, this will trigger problems.

Direct marketing strategies, database marketing, customer relationship management, and even loyalty marketing are tactical methodologies for short-term range that may be very well-planned indeed. But relationship marketing seen as a whole takes things deeper – it aims to develop relationships for a long-term range.

During the process of developing the global marketing strategy, a company should take into consideration more types of strategic approaches – one of them may be a relationship type, at a particular point in time.

This process has to be carefully examined and the decision to develop long-term relationships should only be considered solely for the appropriate kind of customers. The biggest risk of all is to create relationships without thinking of how value will be created.

Grönroos stated: ‘We know too little about how relationship marketing should be integrated into the planning of a company. The only way to find out is through trial and error in our companies and through research. Under these circumstances it seems reasonable to start by adding relationship marketing dimensions to the marketing plan in use, retaining its basic format.’

It is true that terms as commitment, trust, are very hard to put into equations, planned, triggered, hence marketing strategic planning in the field of specific customized relationships with individual customers represents a task of a very complex and deep nature.

A well-known specialist in the field of relationship marketing, John Egan proposes a particular approach based on the model of SOSTAC planning model (Egan, 2004) –fig. 3.

That specific marketing plan model has been chosen because of its features related to the fact that it is not a rather a ‘linear’ model, but a circle of activities that can be continually revisited.

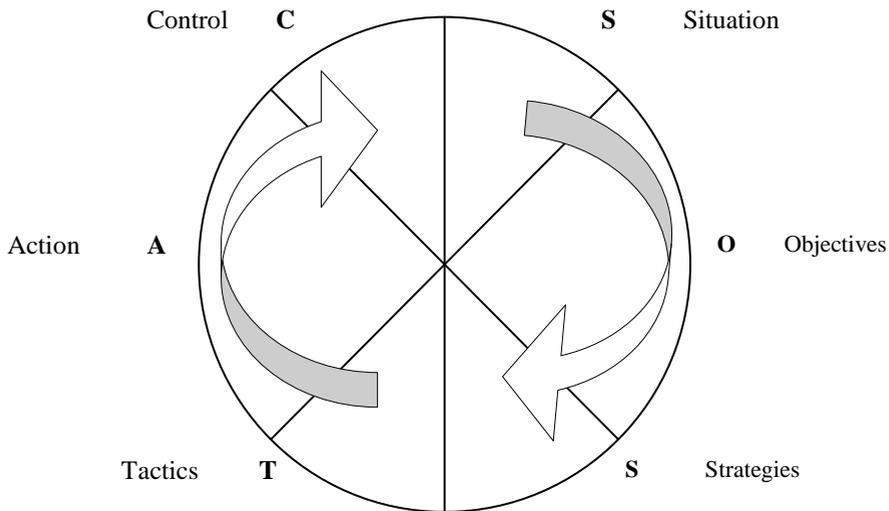
In this case, the first stage – situational analysis, has the same characteristics as other planning models, using SWOT, PEST defining mission and scope, but it has to be completed with a deeper analysis of the customers – types, history of the relationships, etc.

The second stage – establishing objectives, is based on the business type objectives and it is necessary to develop a well-established informal basis for all the company employees.

The third stage – strategies, will define the type of action to be taken, and we refer to the type of approach - the transactional one or the relational one. Also, it is very important to consider the particular sub strategies in regards to the marketing mix elements.

The fourth stage – tactics, is how to apply strategies on a short-term. Different type of media, various types of techniques as direct marketing, database

marketing, etc will be used in order to ensure effectiveness, should the relational approach is being looked at.



Source: Egan John, *Relationship marketing – exploring relational strategies in marketing*, Pearson Education, Harlow, 2004, p. 231.

Fig. 3. *SOSTAC planning model*

The fifth stage – action plans – particular sets of activities that conclude the achievement of the objectives. Should a relational approach is been taking here, it is of utmost importance to derive a clear communication and involvement from all the personnel.

The last stage in the process of planning – control, is about setting up clear evaluation criteria and a full range of testing activities, taken directly upon the effective customers. This may take us to a real level of information about efficiency and future paths to a new process of planning.

### **Conclusions**

We may assume that, on a very short basis, the present article has only pointed out some main characteristics of the marketing planning process regarding the large area of relationship marketing.

In a nutshell, we consider that the process of planning has to be carried out by all the members of the strategic network – suppliers, partners, customers, institutions, etc, in the same way, via the same methodology as a basis. It requires an extensive investigation the extent in which the planning process may be or should be harmonized among different partners, in terms of relationships with individual customers. A possibility is that working on a ‘projects’ basis may be a lucrative method for implementing real and opportune relationship marketing strategies.

## REFERENCES

- American Marketing Association - "Marketing News" Magazine, 15.09.2004, p. 17-18
- Berry Leonard L., Shostack Lynn and Upah Gregory D., (Eds.), (1983), *Emerging Perspectives in Services Marketing*, Proceedings of Services Marketing Conference, American Marketing Association, Chicago
- Callaghan Michael, Shaw Robin N., (2001), *Relationship orientation: towards an antecedent model of trust in marketing relationships*, Deakin University, <http://smib.vuw.ac.nz:8081/WWW/ANZMAC2001/anzmac/AUTHORS/pdfs/Callaghan2.pdf>
- Dibb Sally, Stern Philip, (2000), *Further Thoughts on the Marketing Trifid: The Case of Marketing Orientation*, Journal of Marketing Education, no. 22, Sage Publication, Boise, p. 214-224
- Dibb, Sally and Simkin, (2010), *Judging the quality of customer segments: segmentation effectiveness*, Journal of Strategic Marketing, no. 18(2), Lyndon, p.113-131
- Donaldson, B., O'Toole, T., *Strategic Market Relationship – from strategy to implementation*, John Wiley & Sons, 2002.
- Dumitru Ionel, (2007) *Stages in marketing concept evolution*, Online Marketing Review, Vol.1, Nr.1, p. 11-17
- Egan John, (2004) *Relationship marketing - exploring relational strategies in marketing*, Pearson Education, Harlow
- Evans Joel R., Richard Laski L, (1994) *The relationship marketing process: A conceptualization and application*, Industrial Marketing Management, Volume 23, Issue 5, p. 439-452.
- Gârdan Daniel Adrian, (2004) *Cercetarea comportamentului consumatorului*
- Orzan Gheorghe, Gârdan Daniel Adrian, Geangu Iuliana Petronela, (2009) *Marketing Research about Customer Retention for Dental Services*, International Conference on Marketing "Marketing from information to decision", 2<sup>nd</sup> edition, October 2009
- Piercy Nigel F. (2002), *Market-led strategic change: a guide to transforming the process of going to market*, Butterworth – Heinemann, Oxford
- Rosenberg L. J., Czepiel John A., (1984) *A Marketing Approach for Customer Retention*, The Journal of Consumer Marketing, Vol. 1, No 2, 45-51 și rolul ei in strategia de dezvoltare a firmei, Annals of Spiru Haret University, volume 4, p. 51-58