

Why do some firms have close rates as high as 80% and others as low as 10%? Why do some firms consistently grow and add new staff while others undergo cutbacks and lay workers off? The answer isn't simple, but firms can

begin to answer questions like these by looking at how they market to customers. Traditional marketing techniques encourage companies to identify what customers want and provide that value in a "product"—

without developing an on-going 'give and take' relationship with the customer. But many successful companies have made a paradigm shift in how they market to customers—it's called "Relationship Marketing."



Relationship MARKETING

A SUMMARY

BASED ON THE BOOK

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What is Relationship Marketing?

In its most basic form, Relationship Marketing expands on traditional marketing principles. It seeks to create new value for customers and then shares the value between consumers and producers. It doesn't create value for a one-time sale or just to "close" a deal. It's an on-going process of identifying and creating value with customers and sharing the benefits over a life-long relationship

The 11 C's

Many successful firms implementing a customer-focused approach to marketing strategy are rethinking and expanding the historical definition of marketing. The Relationship Marketer manages a new set of variables – the 11 C's of marketing

Customer. Define which customers to build relationships with, the objectives to be achieved, and the strategies to use.

Categories. Define the scope of product and/or service to be offered to the customer.

Capabilities. Determine what competencies the firm requires in order to provide customers the value they want.

Cost and value. Build customer profitability by creating new value for customers.

Control of processes.

Manage contact with the customer efficiently, especially where collection of cash is concerned.

Collaboration. Be proactive in working with key decision makers to develop strategies in other areas of their business.

Customization. In order to create new value for the customer, aspects of product/service development, production and/or delivery may need to be customized.

Communication. Make contact with the customer often, not just for promotion, but with meaningful interactive communication.

Customer measurements. Get regular and measurable feedback from the customer about the relationship you have built.

Customer care. Develop and manage a customer care process whereby you are providing the customer with timely information, training, and feedback.

Chain. Actively manage the chain of relationships associated with the customer including external stakeholders, suppliers, and distribution channels

Make it a Reality

Companies today develop plans for most core functions of the business. At the bare minimum, there is likely a strategic plan and a marketing plan providing objectives to be met over the next year and a template for getting there. Many companies talk about building relationships with customers, but few companies put a plan in place for doing so. Without a plan, your good intentions are meaningless, and relationship building is at risk of falling to the bottom of the priority.



The 4 P's

Most marketers develop marketing strategy using the four P's as a foundation:

- Product
- Price
- Promotion
- Place

Firms committed to strategic relationship building can use the following eight-step process for preparing a Relationship Marketing plan:

Step 1: Preplanning.

Prepare a justification to management for the Relationship Marketing initiative and commitment of resources necessary. Form a team and include a definition of member roles, responsibilities, and project objectives.

Step 2: Customer

assessment. Assess current customer relationships including the value of customers to the business, the strength of the relationship with the customer, and future business opportunities with the customer.

Step 3: Benchmarking.

Gauge where your business is versus the competition in terms of their position with their customers, their Relationship Marketing strategies, and potential to convert their customers into yours.



Step 4:

Self-assessment. Assess the current state of your business and whether Relationship Marketing is an attainable goal at this time. The assessment should include an understanding of your core business and consideration of barriers that may prevent successful Relationship Marketing or require adaptation to make it possible. Barriers may include:

- Corporate culture
- Strategies and leadership
- Employee skill sets
- Current technology and processes
- State of current customer relationships

Step 5: Statement of Opportunity.

A summary review of the self-assessment should answer critical questions including: Why pursue Relationship Marketing? What kinds of relationships will be formed? What risks are involved with the initiative?

Step 6: End

Assessment. Assess where the company will be if it successfully implements Relationship Marketing. Set measurable objectives for attainment, and gauge customer buy-in for the vision and goals to be achieved.



Step 7: Business Plan.

Present solid business reasons for moving forward. The presentation should address issues like the size of the business opportunity, approach for achieving objectives, and timing for return on investment.

Step 8:

Implementation.

Manage the scope of the project, barriers to adoption, and project management—you may not have all the skills in-house needed to get the job done. The overall project may be too large for one team and may have to be broken down into smaller projects such as IT, customer service, and processes. Keep lines of communication on progress open internally and with customers. Measure progress of key metrics, like customer retention rates. Finally, do an overall assessment of the impact Relationship Marketing has on your business.

Putting Relationship Marketing in place forces companies to take a hard look at the strategies and process they use for getting and keeping customers. Although the process can be slow, and sometimes painful, the payback is worth the effort. A company that successfully implements Relationship Marketing as a core competency will develop a bond with customers that will be difficult for competitors to break. The result: improved close ratio and customer retention rates.