DIMENSIONS OF RELATIONSHIP MARKETING IN THE ROMANIAN BANK SECTOR CASE STUDY: BRD EXPRESS

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Abstract. *This article is built on the statement of Gruen, who considers that the present marketing situates itself in front of a new paradigm. In a permanently changing environment, companies concentrate more and more on the knowledge about clients and their habits. So the customers have become a fundamental active issue of the company, which can determine its succes. Consequently companies try not only to gain new customers, but also to keep the existent customers by building a long term relationship with them. The analyse of this long term relationship between companies and their customers is the research object of relationship marketing.*
After an initial conceptual clarification (determined by the different points of view from which the problem of relationship marketing is treated), there are presented the dimensions of relationship marketing proposed about this concept (informational dimension, managerial dimension, instrumental dimension, organisational dimension). The whole procedure is treated as a development of the strategic vision of marketing. This theoretical concept is in the end applied on BRD Express, a customer oriented type of agency, created by BRD – Groupe Societe Generale in 2004.

Keywords: Strategic vision; dimensions of relationship marketing; process orientation; succes factors; perspectives.

1. Introduction

In a time of dynamic changes in the environment of the companies generated by the intensification of competition and globalisation of markets, the growing possibility of satisfying needs through goods, services, ideas, rights and various combinations of these, the companies concentrate more and more on the customer. The problem faced by the company nowadays is not only to gain customers but also to keep them. This customer orientation is reflected in a switch from the transactional marketing to the relationship marketing. So, it is not enough for companies to have simple transactions with their customers, but the company should build a long term relationship with their customers in order to be able to keep them.

Gruen (Gruen, 1997) considers that the new paradigm, to which we have referred earlier, has produced disturbances and changes into the domain of marketing, similar to those determined by the appearance of marketing (at the beginning of the

60's) as a replacement of the *sales orientation*. In conclusion, after a decade of implementing the concept of relationship marketing in the marketing theory and its validation in the praxis, the same author (Gruen, 2005) points out that the new paradigm represents more than just a simple reaffirmation of the marketing concept, by being a new manner of perceiving the customer for the organisation and by determining a process of *attachment* to the company, its products and trademarks, on a long term. In this process of increasing customer orientation the intensive component of marketing replaces the importance of the extensive one. So companies tend to set their priorities more and more on the growth of the frequency of customer visits, on the growth of sales per customer and on the growth of the value of sales per customer, and less to growth of the number of customers. On basis of these mutations a new paradigm appears, which is the concept of *relationship marketing*.

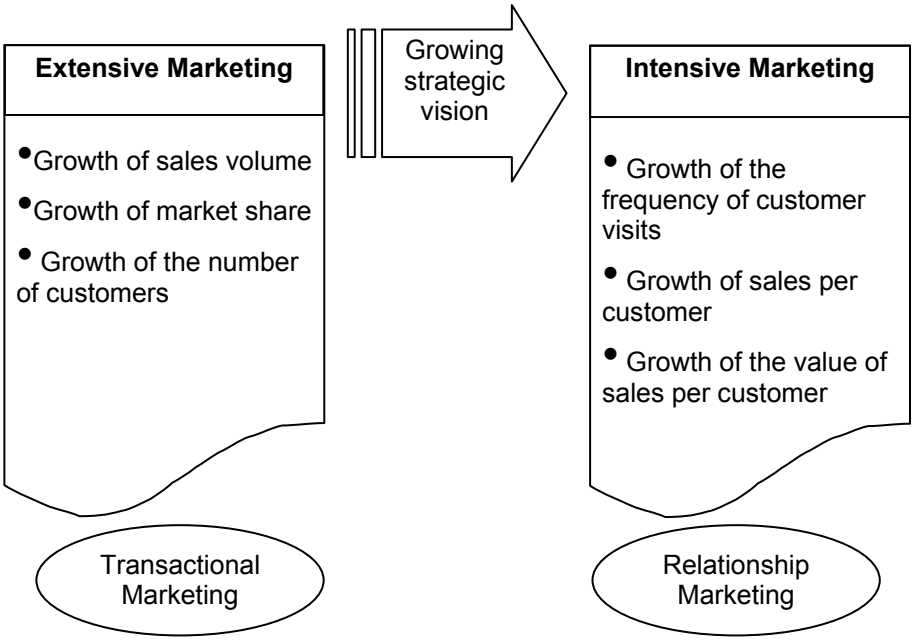


Figure 1. The switch from transactional to relationship marketing

The term of „relationship marketing" was first used by L. Berry, 1983 at an international conference about service marketing (Berry, 983), although its gnoseological roots are first related to the Nordic School, which is specialised on service marketing and which has as main representants the Swedish Professors Ch. Gronroos (1980) and E. Gummesson (1983), and secondly to the International Marketing and Purchasing Group (Rao and Perry, 2002), which has developed the

networking perspective of interorganisational marketing (B to B marketing). In the Romanian literature a first try of conceptualisation was given by the professor V. Adăscăliței (2000).

2. Theoretical basis

According to the formulation of one of the most suitable specialists in this field, relationship marketing is „the process of identification, stabilisation, growth and, if it's the case, of finalisation of the relationship with the customers and other groups interested in a profit, so that the objectives of all parts should be fulfilled" (Grönroos, 2005, p.101). Relationship marketing is the result of the continuous development and the integration of marketing ideas with the application of the new technologies of gaining and transmitting information. At the same time, the view of relationship marketing has led to the development of a *customer relationship management* (CRM), which has the task of strengthening the bilateral relationships between the partners of the acts of changing, by providing continuity.

From the *analysis of needs* to the *anlysis of customers,* the relationship marketing generates a double invention (Pop, Filip, and Pop, 2006):

- *from a conceptual point of view* – a new individual concept is formed, which imposes a suitable theoretic sustain, based on new developments in the fields of economy, psychology and management;
- *from a functional point of view* – it needs an integration of the company's functions and the transmission of the effects of this process, through marketing, to the customer.

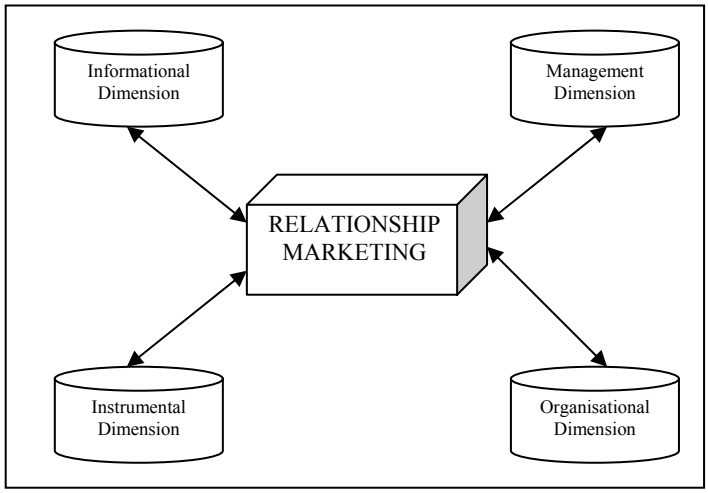


Figure 2. Dimensions of relationship marketing

The philosophy of relationship marketing relays on gaining competitive advantages for the company, due to the *retention* of the consumer for a longer time, among the group of permanent clients of the organisation, by keeping and growing their satisfaction level towards the realised services (Henning – Thurau, Hansen, 2000; Swift, 2001; Kincaid, 2003). The relationship of the company with its customers, suppliers, employees and distributors (representants of various distribution channels) represents the most important capital, which the economic agent has. Known as *relationship capital* (Kotler, 2000), it represents a synthesis of knowledge, experience and trust, accumulated along the time, by the economic agent in his collaboration with suppliers, customers, employees and other stakeholders (Luk, et all. 2005), with the purpose of achieving its own performance indicators. Once the economic agent evaluates its information about his customer group, regarded as a *fundamental active issue* of its resources, he acknowledges that the type of the relationship with its partners must be changed and there is a need to develop a new organisational structure at the company level (Gruen, 2005). More than this, the administration of the relationship with the customers, has generated a new position in the organisation of the company, that of a *relationship manager* (Hong-Kit Yim, Anderson, and Swaminathan, 2004) which is not be mistaken with a PR specialist.

One of the essential problems of the implementation of the relationship marketing in the company, is about the knowledge and modelling of its dimensions. These are presented graphically in figure 2.

Its modelling needs to be realised according to the *nature of the market*, on which the company is represented or the market the company wants to enter (row material market, industrial equipment market, consumer goods market, service market), to the *form of demand* (firm, spontaneous, continous, periodic or rare), but especially according to the particularities of the customer (in development, consolidated, stable or changing etc.).

The *informational dimension* regards the general communication of the company with the market, and with its customers, especially for gaining as much as possible information about the customer. This communication takes places carefully and directed to a target. It must be made in both directions. The information about the client must be collected systematically and rigorously. The existence of some *customer – databases* within the marketing informational system is strictly necessary. The company has to structure its clients, according to their importance for their financial results. In the same way as the company is preoccupied to gain new customers, it must decide which customers should be given up. The selection should be made according to some quantitative indicators as the *customer lifetime value* or the *customer profitability* (Foscht, Swoboda, 2005) or some qualitative indicators, as the *customer profit, the quality of the communication, perspectives of future developments*

on the market. An important source of information about the customers represents the *complaint and reclamation management* (Kukat, 2005). The informational dimension of relationship marketing is very complex. Analysing the evolution of the biunivouque relation between company and customer, the information about the state of this relation (satisfaction / dissatisfaction with the services of the company, perspectives of fidelity, loyalty and even enthusiasm of customers) should be recorded (Pop, 2005). Similar to election barometer, there must be made a *customer barometer* on base of periodic research as for instance panel research, which measures the level of satisfaction of the customer towards products, services or trademarks.

The *managemnet dimension* of relationship marketing, regards all decisions about managing the relation between the company and its customers. These relations can be structured after their nature, as follows:

a) relations regarding the contract
   - precontractual relations
   - contractual relations
   - postcontractual relations
b) relations regarding the demand and offer of information
   - available information for the customers
   - information asked by the customers from the company
c) relations generated by the reaction of the customers towards the offered service
   - satisfaction
   - enthusiasm
   - complaint
   - reclamation
d) relations generated by the multiplication effect of satisfied / unsatisfied customers on potential customers.

Accordingly to this, the decision making process has to be adapted to this kind or relations in order to assure a continuity for the economic activity of the company. If the first kind of relation (a) represents the *formal frame* of the cooperation and belongs to the tasks of the sales department, all other relations (b, c and d) have an *informal* character and they belong to the responsibility field of the marketing department.

The *instrumental dimension* refers to all instruments, that the company uses in order to *attach* its clients to its products, services or trademarks for the long term. This dimension should not be regarded as an inventory of methods used occasionally, depending on the market situation. It rather refers to the way in which the company combines all methods in one system in order to make customers loyal. For instance a company introduces a bonus system for fidelity or a publication an abonament or a collection of books. But the only listing of such instruments is not enough to define

the instrumental dimension of relationship marketing. The various methods of attaching the customers have to be applied in a certain order and in a certain combination, depending on the nature, characteristics and particularities of each client. The way in which a financial institution tries to attach one commercial client, for instance a building entrepreneur differs from the way in which they attach a private person, as for instance a malpraxis assurance for a doctor. In the use of the instruments for attaching customers, one will take in account the costs involved for the attachment in comparison with the expected effects.

The *organisational dimension* needs a certain structure of the company according to the efforts used for the management of the relationship with the customers. Within the functional departments of the company, new jobs appear with new responsibilities, tasks and different functions. For instance in the marketing department, the personnel responsible with the market research will be divided, and a new job responsible for the management of the customer databases will appear. As mentioned before, a new position will be the *relationship manager*. To his responsibilities belong the politic of assisting the relationship with the customers, depending on their importance for the company (principal customer, permanent customer, occasional customer etc.). The responsibilities of the personnel, which is in permanent contact with the customers (sales persons, service personnel, call centre personnel) should be permanent up to date with the expectations of the different categories of the representants of the demand.

3. Case study: BRD Express

In October 2004, BRD – Groupe Societe Generale, launched a new customer oriented concept: BRD Express, developing the segment of retail banking. BRD was created in 1923, under the name of „National Society for Industrial Credit". After 1948, it became a state owned bank, known as „Banca de investitii" and it was one of the most important banks in Romania. In 1999 the French Groupe Societe Generale has bought 51% of the shares. Nowadays BRD has over 1,8 Million customers (BRD – Groupe Societe Generale, 2006) and over 500 agencies (Oradea.ro, 2006).

The new concept BRD Express consists in the opening of a new type of agency, which should fit more to the needs of customers through proximity to potential customers, simple a fast operations a the comfort of the customer. This is transposed into the reality through the opening of many small agencies, consisting of one office for all banking activities, with flexible opening schedule. Through the high number of agencies, BRD aims the physical closeness of the customers, which should increase the comfort of these. Only in the first week after the launch of this program

33 BRD Express agencies were opened (Agenda Timisoara, 2004). Nowadays there are more than 500 BRD Express agencies in Romania, placed not only on the street, but also in different institutions such as universities, commercial centres and others (Oradea.ro, 2006). By opening only one office for all products, BRD aims to avoid the burocracy and also to reduce the costs of the sole agency. The new concept BRD Express wants to improve the image of BRD by being a flexible, dynamic customer oriented bank, which offers products and services of high quality, by young and friendly people in a nice ambiance (n. A., 2006).

The instrumental dimension refers to the development of the new concept consisting in a new type of agency BRD Express, which should fit more to the needs and expectations of the customers. So the proximity to potential customers, simple and fast operations and the comfort should increase the customer satisfaction, so that new customers should be gained and old customer stimulated to „buy" new products. Here is not only the comfort of the customer the change, but also the individualisation of the relationship between customer and bank employee. Through the high number of agencies, a sole agency is responsible for less customers, so that bank employees could learn more about each customer. So the relationship between the customer and the bank employee could switch from a transaction to a long-term individualised relationship.

The informational dimension refers to the information a company gains through the instruments of the customer relationship management. In the case of BRD Express, there is a possibility of gaining more information about the customers through the individualisation. So not only the formal information are gathered such as name, surename, address, working place and others, but also informal information through the discussions and more personal relation with the BRD employees. Through the informal discussion with the customer, potential needs may be identified, so that the product for this need can be presented and a new contract realised. In this case the passive activity of waiting for customer, is replaced by an active customer relationship development, with a more individualised proposal. Moreover, the component of intensive marketing replaces in this case the passive extensive form of marketing, by trying to make a customer relationship more efficient and gain more profit from one customer.

The organizational dimension refers to the changes in the organisational structure determined by the implementation of a customer relationship management. By BRD Express the organisational structure was developed horizontally very much. Many positions with equal responsibilities were introduced in order to serve better the customer. For this reason many investments were done, not only in material objects, such as buildings, furniture and others, but also in human capital. Dynamic, young people were trained to have the necessary knowledge in the field of banking in order

to be able to deal with any bank product or activity. Besides the knowledge in the field of banking, the new team was trained to be friendly and customer oriented.

The managerial dimension regards all decisions about managing the relation between the company and its customers. On one hand there are the formal aspects such as contracts, on the other hand there are informal aspects as information given to the customers, reactions of customers. For the formal part, there must be a frame which all BRD Express should respect. Through the well trained employees information about all BRD products can be given to the customers. On the other hand, reactions and feedback of customers can be better observed by the employees through the individualised relationship. Through better knowledge of the reactions of customers, there can also be a faster reaction of BRD in order to avoid negative opinions and negative recommendation.

Through BRD Express, the company succeeds to create a customer oriented instrument, which should better serve the needs and expectations of customers.

The *perspectives of the implementation of a relationship marketing concept* in the Romanian companies is related with a *change of mentality*, in the attitude of the part who offers the service towards the served public. The better the customer is known, not only his formal characteristics, but also his behaviour, the better will be the business relationship kept on a long term. The Romanian entrepreneur has to become more selective, by choosing the most profitable customers and giving the best in marketing in order to satisfy their needs. Actually, one needs to find the equilibrium in which the most suitable financial resources are involved for gaining as above mentioned, the selected customers. The existence of a *direct and long term relationship with its customers* among the mission, the vision, the purposes, the strategies and the belonging tasks (Grönfeldt, and Strother, 2006) of a company, is the key of the succes of its activity on the market, assuring the growth of its performance indicators.

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