

Chapter 6

Constructing Relationship Developing Strategies

ABSTRACT

This chapter aims to describe relationships strategies that manager need to practice in order to establish customer-oriented service system. Therefore, the chapter provides a structural model derived from literature review and depth interview from depth interview of 10 customers and 5 managers of 5 auto repair shops. In line with that, the current chapter proposes four propositions in regards to effective relationship developing strategies for the SME. The findings revealed that ethical practice, customer's orientation, length of relationship, customer's support services are significantly influence firm's relationship strategies. In addition, trust factor play a mediating role among the relationships. The chapter can help to predict the quality of service perceived by the customers by using relationship strategies, which may be similar in other markets with similar characteristics.

INTRODUCTION

In a town in contemporary Dhaka, Bangladesh there was a young owner of a grocery store, name Mr. Anwar. He is one of 10 grocery stores in that particular area of Dhaka city. As usual, he was relaxing in his store waiting for customers, but the business was not good for couple of months. One day he realized that he had to think more about his customers, their expectation and their desires from his stores. As he realized that he needs to understand

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the strategy to provide more value to his customers and not only with the similar as the other grocery stores offer them. Thus, he decided to develop a record of his target customers' store revisiting behavior, ordering periods and to start to deliver grocery items to them. To begin with Mr. Anwar started to walk around the area and discuss with his customers in different social and religious occasion asking them how many members are there in the household, how many items of groceries they require on any given month. Afterwards, he offered every customer free home delivery and to restock the items automatically at a regular intervals. By establishing these records of the customers and developing these new services to them, Mr. Karim managed to create deeper relationships with the customers, first with his regular customers, then with his potential customers. Eventually he got more order through phone even thus expanding his business, therefore, had to employ more sales people for his stores. After being getting all the benefits from his initiatives he appointed three person to keep records of customers in his area, three to take care of accounting, four to sell over the counter in the grocery store, and rest of them to take care of deliveries the items on time. Mr. Karim also realized that for smooth operation of this process he also needs to keep regular contacts with his suppliers. Meanwhile his business prospered, profitable and sustain for future. This story from this ordinary merchant demonstrates how Mr. Karim, the grocery stores sellers practices relationship marketing strategy by transforming his role from a transaction-oriented philosophy to a value practiced relationship philosophy. Based on the above scenario we can understand that a manager require to create competitive advantage over his competitors who are pursuing traditional transaction strategy. Thus the manager need to practice various strategies in order to establish relationship strategy such as establish direct contacts with customers and relevant stakeholders; build a database covering necessary information about customers and others; develop a customer-oriented service system. Therefore three strategic issues are important by a manager for approaching relationship marketing firstly, the managers need to redefine the business as a service enterprise where the key competitive element is the service itself, secondly, managers need to transform the organization in process management perspective rather functionalistic perspective where values being create, thirdly, managers need to establish partnership and network to manage the overall service process.

Since the 1960s the marketing mix, with its 4P (i.e. product, price, place and promotion) model, has dominated marketing research and practice (Kuhn,

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