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### EXPLORING THE DARK SIDE OF RELATIONSHIP MARKETING



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#### Short Profile

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#### ABSTRACT:

Relationship marketing is the newest school of marketing thought. The ongoing interest in relationship marketing through the nineties and in the new millennium is evident from the number of conferences organised on the topic, number of business schools offering course on relationship

marketing and number of articles published in journals. In 1983, Leonard L. Berry, a distinguished professor of Marketing at Texas A&M University, coined the term 'Relationship Marketing' when he presented a paper entitled "Relationship Marketing" at the American Marketing Association's Services Marketing Conference. There are numerous benefits to both the firm and the consumer as a result of relationship marketing practices like higher perceived value for both, increased competitiveness of the firm, reduced transaction cost, improved financial performance and increased marketing productivity. But the dark side of relationship marketing is yet to be fully explored and unearthed, as very little research have been done in this area. Understanding the dark side of emerging paradigms like relationship marketing is an important stepping stone for its holistic development. This article presents some grey areas in relationship marketing identified by researchers.

#### KEYWORDS

*Relationship marketing, long term relationship, dark side of relationship marketing.*

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## 1. INTRODUCTION :

Relationship marketing is the newest school of marketing thought. The ongoing interest in relationship marketing through the nineties and in the new millennium is evident from the number of conferences organised on the topic, number of business schools offering course on relationship marketing and number of articles published in journals. In fact, no other marketing topic was written about so much during the 1990s (Mowen and Minor, 1998).

Relationship marketing is a strategy used to learn more about the customer's mood and behaviours in order to develop stronger relationship with them. The new paradigm asserts that intelligent marketers should view existing customers as a tremendous growth opportunity (Cindy Claycomb and Charles L. Martin 2002). It can be used to build a loyal customer base and as a result the brands marketed by the company will grow in strength by leaps and bounds

## 2. ORIGIN OF RELATIONSHIP MARKETING PARADIGM

In 1983, Leonard L. Berry, a distinguished professor of Marketing at Texas A&M University, coined the term 'Relationship Marketing' when he presented a paper entitled "Relationship Marketing" at the American Marketing Association's Services Marketing Conference. The paper was published in the conference proceedings and for the first time the phrase 'Relationship Marketing' appeared in marketing literature (Ramkumar, D and Surya Rao U, 2006)

Another opinion is that relationship marketing is a gradual extension of "the Nordic School" approach to services marketing and management (Gummesson, 1997). There are ample examples to prove that long-term relationship was emphasized by the Nordic School researchers (Grönroos, 2000) without using the term relationship marketing as early as 1977, before Berry used the term relationship marketing.

## 3. DARK SIDE OF RELATIONSHIP MARKETING

There are numerous benefits to both the firm and the consumer as a result of relationship marketing practices like higher perceived value for both, increased competitiveness of the firm, reduced transaction cost, improved financial performance and increased marketing productivity (Keith., Dong-Jin Lee and Renée Gravois Lee 2004)

But the dark side of relationship marketing is yet to be fully explored and unearthed, as very little research have been done in this area. The following are some of the grey areas in relationship marketing.

### 3.1 Dissent among loyal customers

Notwithstanding the excitement and hype about the benefits, long-term relationship and preferential treatment to profitable customers have several inherent drawbacks. Company's obsession with its so-called best customers should not upset other loyal and revenue generating customers. (Fournier, Dobscha and Glen Mick 1998). Customers who earn preferential treatment experience a sensation of elevated status, which leads them to be less price sensitive and to be more loyal to the

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company (Dre`ze, Xavier, and Joseph C. Nunes, 2009). If preferential treatment is given to highly profitable customers in the presence of loyal customers who could not get the 'profitable customer' tag, the loyal customers may feel that they are taken for granted by the company. So, indirectly the company may be jesting and chasing away hundreds of loyal customers.

### 3.2 Companies are viewed by customers as enemies and not allies

Some consumers naturally view companies as enemies, not allies. If such consumers are reached out through relationship marketing programmes; the customers may perceive it as a trap and may resist the initiatives of the company to get closer (Ramkumar, D and Saravanan, S, 2007). So, relationship marketing programmes is not appropriate for such consumers.

### 3.3 Souring relationships over time

Sooner or later associates in a long term relationship tend develop a "What have you done for me lately?" attitude (Gruen, T.W., J.O. Summers and F. Acito 2000). Added to this an associate may suspect that his/her trust is been taken for a ride (Grayson and Ambler 1999). A study regarding advertising agency-client relationship has found out that breakup of relationship between the advertising agencies and clients are often because the client perceives that the relationship with the agency is going stale (Doyle et al, 1980). High levels of interaction, familiarity, and experience can foster a belief that they can no longer objectively evaluate one another (Moorman, Zaltman, and Despande (1992)

### 3.4 Low success rate of CRM Initiatives

Customer Relationship Marketing should be seen as an offshoot of relationship marketing. Relationship marketing is a philosophy and orientation towards customer retention. Owner of smaller organisations with limited customer base can practice relationship marketing without the aid of computers. But as organisations grow this approach to relationship marketing is virtually impossible. Customer Relationship Marketing is a handy tool at this juncture. Customer Relationship Management is regarded as the practical implementation of relationship marketing (Christopher, M., Payne, A. and Ballantyne, D 1991). Simply, Customer Relationship Marketing is technological infrastructure, both hardware and software, to manage large quantity of customer data.

Many leading software solutions vendors are now offering ready to use Customer Relationship Management applications to organizations. (Injazz J. Chen and Karen Popovich 2003). Some software solution vendors promise invincible applications, but there is not Customer Relationship Management software available in the market that gives perfect solution (Hackney 2000). The promise given Customer Relationship Marketing is appealing, but in practice it turns out to be very risky as nearly 55% of Customer Relationship Marketing initiatives fail, due to lack of acceptance inside the company (Rigby, D. K., Reichheld, F. F., and Schefter, P, 2002). So, relationship marketing and Customer Relationship Marketing initiatives may involve substantial capital investment with no guarantee of return.

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### 3.5 Attitudinal Barrier – inability to accept that customer is the boss

Relationship marketing paradigm requires a customer-centric company culture. This could be a major challenge as many companies find it difficult to accept that customer is the undisputed king in the market place. There should be an attitudinal change horizontally and vertically across the organisation. A relationship marketing programme camouflaged and masked with an attitude of product superiority is bound to fail. (Ramkumar, D and Saravanan, S, 2007).

### 3.6 Attracting new customers may be equally important

Relationship marketing paradigm focuses its attention on retaining and enhancing relationship with existing customers. In growing industries where millions of new users are added to the customer base, attracting new customers is equally important. In such scenario, relationship marketing and transactional marketing should go hand in hand (Ramkumar, D and Saravanan, S, 2007).

### 3.7 Little empirical evidence

Relationship marketing history has been described by rhetoric rather than publication effort and after a couple of decades, relationship marketing paradigm is still without empirical support and the little empirical evidence is inconclusive despite all of our beliefs in lifetime value of the customer (Sheth 2002).

## 4. CONCLUSIONS

The dark side of relationship marketing is yet to be fully explored and unearthed, as very little research have been done in this area. Understanding the dark side of emerging paradigms like relationship marketing is an important stepping stone for its holistic development. Though the few aspects of the dark side cannot be eradicated, awareness of them can help companies practicing relationship marketing to avoid mistakes and save their hard earned money. Only further studies on the dark side of relationship marketing can through light on the consequences and impact of relationship marketing.

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