

**Research Article**

## **EVALUATING THE EFFECTS OF IT (INFORMATION TECHNOLOGY) COMPONENTS ON CREATING A RELATIONSHIP MARKETING**

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### **ABSTRACT**

Successful performance of organizations depends on fulfilling management tasks including planning, organizing, leadership and control. Therefore, progression of organizations without benefitting from information instruments and achieving necessary skills on IT for enabling managers to solve their problems is impossible. Relationship marketing, as a multi-dimensional structure, has components which managers consider them to handle the customers' expectations and demands actively in a way that organization is able to meet these expectations or even exceed them. Method of current research is descriptive analytic method, and inferential statistics is used to analyze the data and test the research hypotheses. It should be noted that SPSS software has been utilized to analyze data and assess the significance rate of research hypotheses. Sample population of this research is all experts and managers of marketing in Tehran of which 200 people has been selected randomly.

**Keywords:** *Information Technology, Relationship Marketing, Organizations*

### **INTRODUCTION**

In recent years, relationship marketing has emerged as a concept among marketers and students of marketing major. The concept of traditional marketing focuses on relationship marketing combination (four bases: product, price, distribution and promotion), and in this kind of marketing the focus on buyer/seller is increased. The researchers of service marketing major and industrial marketing major in North Europe in 1970s realized that a new concept of marketing is required. This type of marketing which focuses on relationship between buyer and seller is called relationship marketing (Takala and Uusitao, 1996). In this new approach, marketing is defined as all activities of a corporation that are responsible for making, maintaining and developing customers' relationships.

Relationship marketing is the process of making, maintaining, and developing the profitable commercial affairs with customers and other beneficiaries. These relationships should be arranged in a way that all partners' purposes would be met. This will be realized only in case of having a mutual coexistence and fulfilling all the promises (Gronroos, 1999).

According to Gronroos, marketing should advance from just using a customer to making a real relationship and sharing information with them. Thus, the pattern for relationship marketing is assisting and fair when comparing to traditional marketing, and provide a "win-win" situation for both parties, i.e. marketers and customers (Meli and Prato, 2004). Levitt (1983) declares that selling is not only finishing a deal, but making a proper relationship should be attended to. If we want a relationship to stay successful and put the customers in the center of attention, we have to arouse their interest prior to purchasing. That is why many organizations have developed and increased their products and added some extra service to them. They intend to be distinguished from their competitors. Extra service is evaluated by the customer. Also, promotion and quality of the offered service to customer is a mandatory element in relationship marketing. The complex of mentioned factors creates an effort which results in "customer's return to the company" (Pressey and Mathews, 2000).

Relationship marketing is the process of identifying, making, maintaining, strengthening and, if necessary, ending the relationship with customers and other beneficiaries. In this relationship, the needs of all groups are met (Gronroos, 1994). Commitment to the relationship is an important factor in the success of relationship marketing and has been introduced as a significant variable to foresight customers' commitment and continuation of their shopping (Morgan and Hunt, 1994).

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Scazoni (1979) has recognized the stages organization should go through in a mutual relationship in industrial marketing. Commitment is the most important stage in which both organization attempt to consolidate the mutual relationship and continue it until it is useful for both parties. Besides, there should be a high degree of trust between two organizations. Information exchange must take place continuously. We can conclude that regardless of the entity of industry, having commitment, trust, a long-term perspective and circulation of information seems necessary (Pressey *et al.*, 2000).

Man and Speece model: marketing factors have been categorized to four items by Man and Speece:

- 1- Social activity (inviting customers to a dinner party, arranging a formal meeting with customers)
- 2- Sales activity (introducing new products)
- 3-Relationship supervision (maintaining the relationship between organization and customer)
- 4- Information exchange (publishing obtained results from researches for customers) (Man and Speece, 2000)

Organizations should try so hard to implement relationship marketing properly in their organization. This matter requires a revision in the quality of relationship with customers, and all organization systems as well. The firms should attention that relationship marketing is not just a strategy that emerges instantly, but culture and attitude towards relationship marketing should be visible in any department, relationship, employee and even in any trivial component of organization activities (Malley and Prathero, 2004).

IT is considered as an achievement that has made influence over several economic fields and has affected its components. Marketing is an economic field that the influence of IT and using its tools can enhance its development drastically. Especially, the novel connection tools such as internet, cellphone, etc. can lead to formation of relationship marketing. The aim to this research is utilizing novel tools of IT in making and developing relationship marketing.

### **The Components of Relationship Marketing**

As a multi-structure concept, relationship marketing has some components which are mostly considered by managers when they intend to actively handle customers' expectations or demands. This will enable the organization to meet customer's expectation or exceed them. These components include:

1-Trust: Trust in this literature is considered as an aspect of commercial affairs which determined the level of trustworthiness for both parties (Chantal, 2007). Trust has been associated with other components and cooperation, communication and bargaining are its outcomes. Obviously, developing trust between customer and supplier will increase the probability of making a long-term and continuous relationship (Oliver *et al.*, 1999).

2-Bonding: other type of commercial exchange is bonding which is generated between the parties of relationship (customer and seller). It plays a significant role in achieving the desire purpose in an integrated situation. Existence of this component in relationship marketing enhances customer's commitment and produces the belonging relationship directly, and creates the feeling of belonging to observation indirectly (Chantal, 2007). Customer is known as a member of the organization and both customer and the organization moving toward a single goal. In this method, the formal relations between customer and seller make its way to informal relationship due to their mutual honesty and friendship.

3-Shared Values: this component is defined as an important component in creating the customer/seller relationship, and the system in which people and groups are bonded to each other. Shared values are derived from the common beliefs which both parties have about purposes, behaviors and policies. Thesebonds will make a ground to prepare the situation for higher trust and commitment. Besides, the common aspects between both parties of the exchange will facilitate the relationship and lead to consolidation of relationship marketing pillars (trust, commitment, empathy, etc.).

4- Communication: this component is defined as "timely and meaningful exchanging and sharing the information between customers and sellers (either formal or informal). Timely communication enhances the trust level through helping settle the disputes and leveling the understanding and expectations.

5- Empathy: other aspect of commercial affairs is empathy which provides both parties the possibility of examining the existing situation from other one's point of view. Understanding the demands and purposes of each other is named empathy, which is a mandatory condition for strengthening relationships. In

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relationship marketing which the customer satisfaction is an important and fundamental principle, we look to understand the issues from the customer's viewpoint to achieve the mutual empathy. We recognize customer's challenges and expectations of relationship and try to satisfy them in a more desirable way. Therefore, sympathy will be possible.

6- Reciprocity: it is an aspect of commercial affairs which causes both parties to give and receives a discount or assistance in the future. Reciprocity can be summarized in three associated parts of social interactions between the parties: mutual relationship, dependence for mutual benefit and equality of exchanged values. In this way, each party depends on the offered value by its counterpart to fulfill his/her need, but what is of basic importance is the equality of exchanged values. Otherwise, the necessary bonding and empathy for commitment and trust will not grow (the same source).

Creating, maintaining and developing the relationship among customers and other beneficiaries are one of the goals of relationship marketing. In this type of marketing several norms should be observed. The main elements are commitment, trust, and mutual benefit which focus on mutual cooperation, reliability and communication (Malley and Prathero, 2004).

Two fundamental components of relationship marketing are commitment and trust which have been mentioned in most of the models. Generally, the commitment is realization of promised plans and activities. The companies trust each other when the created relationship between them is of value for them. Trust means that A company believes that B company will keep its promises in a way that produces positive results for A company. Moreover, B company will not perform its unpredicted actions in a way that makes damages to A company (Fontenot and Hyman, 2004).

With organizations understanding from the importance of customer's satisfaction, they are gradually moving from traditional marketing toward relationship marketing (Ranjbarian and Barari, 2009). In 1983, relationship marketing was introduced by Leonard Barry. He defines relationship marketing as a process for attracting, maintaining, strengthening and enhancing relationship with customers (Sin *et al.*, 2005). Maintaining and keeping the customers and making him/her to a committed one increases the intrinsic value of an organization. It should be noted that in relationship marketing, the character and position of customers differ with one another.

Therefore, the needs, character, position and personal interests of customers should be considered in implementation of relationship marketing. Relationship marketing is one of the key aspects of modern marketing strategies, because it focuses on making close and stable relationship with customers (Ville, 2005). The factor which has popularized relationship marketing is its function in all marketing fields such as consuming goods, service and trade (Laczniak *et al.*, 2006).

### **Advantages of Relationship Marketing**

The advantages of relationship marketing are as follows:

- 1-Trust, in the terms of anxiety reduction, trusting product or the person/organization which provides the services, having commitment to service provider
- 2-Social advantages, defined as employees' acquaintance with customers and vice versa, developing friendly relationship with employees (Roshani, 2010).
- 3- Special behavior: more service, special prices, higher priority comparing to other customers.

In addition to numerous reasons which drive organization to choose a relationship attitude, making such relationship will guarantee many benefits for them in terms of maintaining the current customers and developing long-term relationships with them. These benefits can be described as follows:

- Focusing on relationship with current customers enhance their commitment (Man and Speece, 2000).
- Content customers attract new customers by word of mouth advertising on company services and influencing their decision for purchasing (Rashid, 2003).
- Providing opportunities for selling other items which in turn increases the sales rate over time.
- Making communication with customers will deactivate competitors' activities for attracting customers and reduce customers' vulnerability against sales strategies of other companies (Harrison, 2000).

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### Effect of IT on Relationship Marketing

To examine the topic a basic question has been asked: does using novel method of IT improve the performance of relationship marketing? Recent transformations in business markets and development of competitive processes as a result of exclusivism made organizations look more meticulously to business environments and try to gain better recognition to its new needs and capacities. The most important common item in expressing different businesses which directs their planning and strategies is information. Development of IT has created deep changes in purposes, implementation process, productions and structures of organizations. IT help organization eliminate many of parallel and redundant tasks and assign a high volume of manual tasks to computers to find more time for reviewing and planning job schedules.

### Research Methodology

Literature data of this research has been collected by library method and analysis data has been gathered through filed method in the form of questionnaires and interviews. To conduct this research, 200 people of economists and experts have been investigated on marketing. Then, SPSS software was used to study the collected data and perform statistical analysis. Further, we study the hypotheses and statistical tests of this research.

### Research Hypotheses

Main hypothesis: IT components are effective in creating relationship marketing.

#### Secondary Hypotheses

- 1- There is a significant relationship between using novel information and creating relationship marketing.
- 2- There is a significant relationship between using new mass media and creating relationship marketing.
- 3- There is a significant relationship between new attitudes and values and creating relationship marketing.

It should be explained that the results have been prepared in two categories: descriptive and analytic. In the first category, one-dimensional tables of research are shown and the analytic results are demonstrated further.

### Descriptive Findings

#### Frequency Distribution of Responders Based on Gender

Based on table (1) findings, it can be seen that 71.5% of participants are men and 28.5% of them are women.

**Table 1: Frequency distribution based on gender**

Gender	Frequency	Percentage
Men	143	71.5
Women	57	28.5
Total	200	100

#### Frequency Distribution of Respondents Based on Education

Based on findings of table (2) it can be seen that majority of the responders (35%) have Ph.D. degree and the participants with M.A or M.S degree are the minority.

**Table 2: Frequency distribution based on education**

Education	Frequency	Percentage
B.A or B.S	69	34.5
M.A or M.S	60	30
Ph.D.	71	35.5
Total	200	100

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**Frequency Distribution of Responders Based on Job Experience**

Based on findings of table (3) it can be seen that majority of the responders (34.5%) have 10 to 15 years of job experience and the minority of them (13%) has less than 5 years of job experience.

**Table 3: Frequency distribution based on job experience**

Job experience	Frequency	Percentage
Less than 5 years	26	13
5 to 10 years	41	20.5
10 to 15 years	69	34.5
15 years and more	64	32
Total	200	100

**Testing the Hypotheses**

Hypothesis 1: there is a significant relationship between new information and creating relationship marketing.

**Table 4: Correlation coefficient between using new information and creating relationship marketing**

Indices	Pearson value	Significance rate
Relationship between using new information and creating relationship marketing	0.452	0.00

As it is observed in table above, correlation coefficient for “using new information” and “creating relationship marketing” is 0.304 in error level  $<0.01$ . We can confirm that the relationship between the above mentioned variable is significant in confidence level of 0.99, so  $H_0$  is rejected and the research hypothesis is confirmed.

Also, Pearson value indicates that the relationship between two mentioned variables is strong, direct and positive.

Hypothesis 2: there is a significant relationship between using new mass media and creating relationship marketing.

**Table 5: Correlation coefficient between using new mass media and creating relationship marketing**

Indices	Pearson value	Significance rate
Relationship between using new mass media and creating relationship marketing	0.573	0.00

As it is observed in table above, correlation coefficient for “using new mass media” and “creating relationship marketing” is 0.573 in error level  $<0.01$ . We can confirm that the relationship between the above mentioned variable is significant in confidence level of 0.99, so  $H_0$  is rejected and the research hypothesis is confirmed. Also, Pearson value indicates that the relationship between two mentioned variables is strong, direct and positive.

Hypothesis 2: there is a significant relationship between new attitudes and values and creating relationship marketing.

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**Table 6: Correlation coefficient between using new attitudes and values and creating relationship marketing**

Indices	Pearson value	Significance rate
Relationship between using new attitudes and values and creating relationship marketing	0.389	0.00

As it is seen in table above, correlation coefficient for “using new attitudes and values” and “creating relationship marketing” is 0.389 in error level  $<0.01$ . We can confirm that the relationship between the above mentioned variable is significant in confidence level of 0.99, so  $H_0$  is rejected and the research hypothesis is confirmed. Also, Pearson value indicates that the relationship between two mentioned variables is strong, direct and positive.

**Friedman Test**

Friedman test is used to prioritize and rank the variables based on biggest effect on dependent variable. Ranking of dependent variable of the research is shown below:

Table 7

Ranks	Variables	Ranking average
1	New mass media	4.80
2	New information	3.45
3	New attitudes	3.36

In the table above, the average of each ranking has been estimated for each factor. According to ranking average calculation, the biggest effect is attributed to new mass media with average of 4.80 and new information with average of 3.45 and new attitudes with average of 3.36 are in the next priorities.

**Table 8: Estimation of Friedman statistic**

Number	Values
$X^2$ calculation	18.533
Freedom rate	2
P-value	0.000

Considering the values of Friedman statistic and also the observed error level which is  $<0.05$ , we can conclude that the relationship is significant in the confidence level of 0.99.

**RESULTS AND DISCUSSION**

**Discussion**

The purpose of current research is studying the application of IT in relationship marketing. This type of marketing tries to develop long-term and cost-efficient relationships among an organization and its customers in order to make mutual benefit for both parties. Therefore, relationship marketing needs to maintain and promote, and if necessary, end the relationship with customers. Thus, organizations should create the required communication and interaction process in order to make connection. Due to significant benefits of relationship marketing, the companies are gradually moving toward this type of marketing, because traditional methods of marketing are not as profitable as they used to be. Most markets have flourished and are facing fierce competition and higher volume of supply comparing to demand. In this situation, new customers are hard to find. Therefore, need for maintaining current customers in companies seems more necessary than ever. Thus, relationship marketing attempts to reduce company costs, attract new customers and increase the company profitability by making and keeping long-term connection with current customers. So, knowing relationship marketing and its wide aspects is a mandatory factor for keeping the market and enhancing the competitive power of the company.

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### **Conclusion**

In current research, to apply IT tools and managing these tools as the main factors for efficiency of mutual profitable commercial relationships and long-term business connections, we presented a model consisting of performed analysis. Also it was noted that the proper usage of IT increase the staff efficiency and organization management, which in turn leads to clarity of responsibilities and facilitate service providing. IT concept was identified to show the inseparable cooperation between IT and business concepts. Relationships can occur and be made with clarity and activity. Moreover, the ethic foundation of relationship marketing is currently obvious and clear rather than implicit.

### **Research Suggestions**

- Organizations should find and create methods to be informed of their customers' opinions and complaints.
- Organizations should examine their performance efficiency and determine that in what fields and levels they could have been able to satisfy their customers' needs.
- Organizations should provide a list of their advantages. By examining this list, companies can make their vital and fundamental decisions.
- Each economic institution should examine its performance and determine that in what fields and levels they could have been able to satisfy their customers' needs.

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