Commentary on Relationship-Based Marketing Communication

Tom Duncan and Sandra Moriarty

University of Colorado, USA

There are two trends in marketing that are evolving together which are driving brand value and shareholder value. First of all, the development of relationship marketing (RM) has changed the focus from short-term transactions to long-term brand relationships. Secondly, integrated marketing communication (IMC), which started out in schools of journalism, has moved from a focus on one-voice, one-look marketing communication strategies, to a broader integrated marketing (IM) focus with an emphasis on managing all the brand messages and customer interactions, whatever their source.

This commentary shows how these approaches - relationship marketing and integrated marketing - can and should work together. Both share similar objectives and lead to the development and maintenance of the brand relationships that create brand equity.

TRENDS LEADING TO RELATIONSHIP MARKETING

The primary shift in marketing has been from product to customer-focused strategies, moving from transaction to relationship building. Several trends are driving this approach. First of all, services now account for up to 80% of GDP in developed nations. As research has turned to services, more focus was placed on relationships, the critical element in service marketing. Secondly, increased sophistication in channel management led to EDI and just-in-time inventory management systems, resulting in relationship programs based on databases, feedback and electronic information sharing. Also, changes in personal sales have placed more emphasis on solution selling, and more partnering with customers, particularly in business-to-business markets.

As a result of service quality initiatives and partnering programs, relationships and their suppliers and employees have become more important. For example, ISO 9000 standards require that manufacturers work more closely with suppliers to create quality products, and involve employees more intimately in that objective. Customer-driven companies must deliver quality as the customer defines it (Whiteley 1991) and that, of course, is a communication challenge. Furthermore, the customers' service quality expectations are determined by their recent service experiences and the messages delivered at that point of contact, regardless of the company or type of interaction-whether it be with sales staff or other employee representatives such as marketing communication staff, customer service, drivers, or dealers.

Another trend driving relationship marketing is brand loyalty, a factor which is continually being evaluated for its bottom-line impact. The increasing recognition of brand equity by the financial community brings brand relationships to the forefront of marketing strategy. Effectiveness in branding requires more

Tom Duncan: University of Colorado, Email: thomas.duncan@colorado.edu
Sandra Moriarty: University of Colorado, Email: Sandra.Moriarty@Colorado.edu

AUSTRALASIAN MARKETING JOURNAL, VOLUME 7, NO 1

118
than a brand image created by advertising and other marketing communication tools. In a world where customers have so many options, a personal relationship based on various types of bonds and links is the only way to retain customer loyalty.

**TRENDS LEADING TO INTEGRATED MARKETING COMMUNICATION**

During its early development, integrated marketing communication's (IMC) purpose was to coordinate marketing communication, using one-voice, one-look strategies to ensure consistency among the various marketing communication functions (e.g. advertising, sales promotion, direct response, events and sponsorships, packaging, and public relations). A shortcoming of this approach, however, was the heavy focus on traditional marketing communication functions with their basically one-way orientation.

Although toll-free numbers were among the first two-way communication innovations, their original use was for taking orders rather than encouraging customers to engage in a dialogue, e.g. call with inquiries, suggestions, and complaints. The increasing use of databases and relational information, as well as the development of the Internet and the use of Websites, have made it possible to know customers better and approach the ideal of one-to-one, interactive communication.

It was soon recognised, however, that the IMC concept was too narrow to deal with all the important company/stakeholder interactions, and under emphasised retaining and growing customer and other stakeholder relationships. A broader version of IMC was needed, one that focused on coordinating all the communication with all the stakeholders and creating the interactivity necessary for effective relationships.

The first step in achieving that goal is to identify all the various sources of messages that impact on customer and stakeholder relationships. The Message Hierarchy (Duncan and Moriarty 1997) locates four sources of brand messages that impact on relationships, products and services, that are planned, and unplanned. In other words, who or what departments, products, services, programs, or people are interacting with customers and what messages are being conveyed at these points of contact? The underlying premise here is that everything a company or brand does, and doesn't do, sends a message. Product messages come from a product's design, pricing, distribution, and performance. Service messages come from sales interactions, as well as customer service and other after-market programs. Unplanned messages are those which come from employees, interest groups, the government and regulators, and the media. The product, service, and unplanned messages often have more impact than the planned messages.

**CONVERGENCE OF RELATIONSHIP MARKETING AND INTEGRATED MARKETING**

We now consider how the development of relationship marketing and IM overlap. IMC has evolved as a way to manage the process of communication, but to date has not adequately considered its role in maintaining stakeholder relationships. Other than public relations, there is very little attention given in traditional marketing communication programs to brand relationships. Public relations programs in marketing are often limited to publicity rather than the management of a full panoply of stakeholder relationships. On the other hand, relationship marketing research has developed theories that are primarily descriptive, and rarely consider the process of communication necessary to create and maintain relationships. It is our thesis that interaction is the point of intersection between relationship marketing and IM. A few relationship scholars have noted that interactions between firms, their customers, and other stakeholders (suppliers, employees, etc.) are key elements of relationship marketing. Grönroos (1994) has argued that relationship marketing provides a broader marketing perspective because of its emphasis on the various types of interaction processes. Likewise, Gummesson (1994) pointed to the significant role of interaction in relationship programs, which he suggests is the key to value creation. His definition of relationship marketing includes interaction as a key component: "Relationship marketing is marketing seen as relationships, networks and interaction." (1994).

In other words, IM needs more emphasis on relationships and relationship marketing needs more emphasis on communication. Furthermore, in IM programs, details of the marketing mix are managed to create and reinforce a central product strategy, with all the marketing details conveying strategically consistent messages. Consequently, IM managers hope the execution details are consonant, rather than dissonant, and that their actions are consistent with the more formal marketing communication messages presented by advertising and public relations. Integrated marketing provides a process, as well as a philosophy of business, that ensures the strategic consistency and coherence of a company or brand's total communication picture. The term "marketing", like "communication", is too limited to describe what this new convergence delivers.

For IM and relationship marketing to work, we need a new approach to strategic communication. The focus of this new approach should be on brand relationship management, a philosophy that gives direction to the management of all the brand messages and two-way communication that drive brand relationships.
An example of an organisation struggling with this terminological problem is Price-McNabb, an agency that spent three years reengineering itself from an advertising and PR agency into an IMC agency, only to find that designation too restrictive. Price-McNabb now positions itself as a relationship management agency, using its strategic communication capability to focus on brand relationship management, not relationship marketing.

**IN CLOSING**

Fundamentally, relationship marketing is about reengineering brand management practices (Knox 1995) and marketing communication. A relationship program needs more than mass media advertising: it needs a total integrated strategic communication program that considers every type of message and every aspect of product and service communication. This newly evolving form of strategic communication will make it possible to create marketing programs that are truly relational. Relationship-based brand communication uses multiple levels and types of communication tools to create personal one-on-one communication, create positive customer links, and build positive stakeholder relationships for the long term.

**REFERENCES**


