The relationship between relation marketing and agile marketing in service providers to customers

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Abstract

Speed is probably the most important treasure in third millennium, and the new era known as information era. One of the most crucial improvement factors in this turbulent era that companies and organizations are working and the basic feature of such era is change and instability, is the agility. In order to save the time and improve the flexibility, it is needed to have a new form of organization. Nowadays, we are competing over different issues, the issues such as the product’s fast delivery or providing the costumer with services, improvement in quality or decreasing the prices, and technical changes are threatening the organizations. A few numbers of informational organizations can change the internal forces and control the effective external forces. Although, most of the organizations knew how to quickly react toward various conditions, they couldn’t apply it. In order to reply internal and external forces, the managers in organizations must be able to design it in agile form. Here, we study the relationship between relation marketing and agile marketing.

Keywords: relation marketing, agile, services, customers.
Statement:

Following the improvement of unpredictable changes in business, the organizations must agilely operate to achieve the competitive priorities in organizational aims and business success. It helps organizations to discover and react to unpredictable changes to get a better position in competitive market and improvement during managing activates. The changes in business caused by the intense competition and the variety of customers’ needs, guide organizations to perceive the concept of agility. Agility for an organization means the capability of improvement and success along with continuous and unpredictable changes, production and the customer’s particular service (Fathian and Sheikh, 2011). Undoubtedly, agility has a remarkable role in the growth of organizations. The improvement in organizational agility is also in need of defining the factors effective on its improvement. Although Rajab Zade and Shahae (2005) consider the factors effective on improvement of organizational agility including: 1) organizational culture 2) operational management 3) leadership 4) electronic government 5) organizational improvement and 6) managing Interorganizational Relations, the experience of organizations has indicated the extreme complexity in organizational agility process and the point that the existing different conditions of organizations require counting local models. Therefore, one of the key problems in managing changes in organizations is how to evaluate and improve organizational agility. Despite many researchers have tried to clarify agility, it is a very complicated process which still needs to restudy the unknown and ambiguous aspects. The changes in business caused by the intense competition and the variety of customers’ needs, guide organizations to perceive the concept of agility. Speed and flexibility are the main aspects in agility concept (Brow and others, 2001). One of the comprehensive models to achieve agility is the model presented by Zhang and Sharifi (2000). They indicated agility capability includ replying, speed, flexibility and competency of the organization. One of the newest forms of organization is the form of agile organizations. As one of the modern solutions, the concept of organizational agility can be very useful in the field of reacting toward the factors of organizational change. In fact, agility is considered as a new index for the engineering of organizations and competitive agencies, in addition, as the changes increase in the environment which makes the organization to logically react toward them, we need this index more (Fathian and Sheikh, 2011).

The background and theoretical basis of organizational agility

The word “agile”, in dictionary means a quick and active movement, the ability to move fast and think using a smart method, but it currently means showing an effective reaction to the unpredictable changes of the environment and changing them to an opportunity for organizational improvement. Such meaning was first introduced and published in a report under the title of “in twenty first century; industrial specialists’ perspectives”, by Yakuka institution in a conference where many scientific and executive specialists of industry participated to find the reason of companies and productive agencies’ frustration against environmental changes and challenges (Tizro et al, 2011). Agility includes the abilities and competency leading to the improvement and survival of organization in business (the basic factor of which is having permanent changes and lack of confidence). Agility is an active process and political, economic and social motivators can
increase organization’s need of agility (Fathian and Gachin Pour, 2007). Nowadays, the competition is over some issues such as the speed of product delivery or providing customer with services, increasing quality or services or reducing the costs and technical and business changes, all of these issues are threatening organizations. A few numbers of informational organizations can change the internal forces and control the effective external forces. Although, most of the organizations knew how to quickly react toward various conditions, they couldn’t apply it. In order to reply internal and external forces, the managers in organizations must be able to design it in agile form (Vaezi and Sedaghat Pour, 2012). Agility means the ability to overcome unpredictable challenges opposing business’ unprecedented threat and changing them to an opportunity for improvement (Zhang and Sharifi, 1999).

The appearance of organizational agility concept

Since 1991, the word “agility” was first used to describe the necessary capability for modern production. Agility means having the ability to quickly react toward environmental changes. Like other organizations and institutions, the producers must be agile to compete in twenty first century, because modern organizations have faced an increasing pressure for finding new solution to efficiently compete in active global market (Shahae, 2009). The present commercial organizations are facing the fast technological changes, an increase in risks, globalization and Privatization expectations. In order to succeed in such environment, agility creates a competitive priority which can survive through innovation and quality. An agile organization harmonizes the process and people with advanced technology, and can answer customers’ needs based on its high-quality products and services in a short period of time. However, it happens when the leaders of the organization consider agility as a systematic organizational value and a competitive strategy. Regarding the novelty of the topic “agility”, there is no definition confirmed by all researchers. They have presented several definitions which have been explained below:

- The producer’s ability to quickly react toward unpredictable changes
- Pre-action answer to changes
- Benefiting from environment
- The ability of fast compatibility and forming
- Using changes as hidden opportunities in distress situations
- The ability to effectively answer the customer
- The ability of survival in an environment which is changing all the time (Shahae, 2009).

In the 1990s, agility was introduced as a strategy to answer business challenges, so that companies can boost their productive operation through using it as a competitive strategy. Since then, several studies have been done on agility and all of them have tried to present practical solutions to achieve it (Wang, 2009).

The importance of organizational agility

Agility promotes the organization’s ability to present high-quality services and products, so it is considered a crucial factor in organization effectiveness. Many organizations follow some approaches such as virtual organizations or teams to improve organizational agility and globally develop their abilities. However, sometime agility can be defined as the integration of processes, members and organizations’ features with advanced technologies (Shahae, 2009). Agility is having the ability to flourish in an environment with constant and unpredictable changes.
Therefore, organizations should not fear the changes and avoid them. But, they should assume the change as an opportunity for getting competitive priority in market. Agility can be also defined as an item harmonizing organization with business changeable needs to achieve competitive priority. In such organization, personnel’s goals are in accordance with the organization’s goals and these two are here to give an appropriate response to the changing needs of their clients. Agility is also referred to having creativity and ability to respond changes for achieving the desired benefits in a turbulent business environment and the ability to strike a balance between flexibility and stability. While, agility considers the changes in a minimum level and the unpredictable changes as probable, Flexibility means the response to a series of planned changes (Hughes Mit, 2004). In fact, agility has been turned to a new paradigm for competitive agencies’ engineering. How much we need this new paradigm depends on the increase in rate of change in the environment where forces agencies to give a pre-action response to the changes. Markets and customers are after cheap products which suit their interest and quick access. Agility is also after achieving success in share, stock and attracting customers in competitive markets, and because of turbulent markets, organizations are afraid of getting into them. Agility constantly focuses on personnel and organization function, the value of product, services and the changes in opportunities caused by customer attraction, in addition, it must be always prepared to face fundamental and superficial changes, and agile organizations are always ready to learn all new things leading to an increase in profitability caused by using new opportunities (Shahae, 2009). Langian explains that agility means an ability of an agency to survive in a competitive environment where there is constant and unpredictable change and an ability to quickly respond to the changes of the market caused by customer’s evaluation of products and services. As a productive philosophy (the future generation of production systems), agility welcomes all organizations competing in economic sections (Shahae, 2009). For a company, agility means the ability of making profits in a competitive environment where there are unpredictable opportunities in relation with the customer. For a person, agility means having the ability of distribution in lower levels of company which is constantly organizing the human and technical resources in relation with customer’s unpredictable opportunities (Dow and wills, 1999). The studies show that the rate of success in agile governmental organizations is much more than similar organizations in innovative actions. Those governments investing more on speed, flexibility and quick response will probably achieve their goals more. Because political, economic and technical factors rapidly affect governments. Citizens and traders need more specialized and faster services, so the policies must be prepared now faster than the past, and as a result, the institution will surely achieve its organizational goals. Nowadays, agile governments know that the advantages of agility such as profitability can surpass saving advantages. In a research done by LSE state policies groups in London, it was defined that how many governmental agile institutions each sample country has got. Australia, Canada and New Zealand are among those countries which have the maximum number of agile institutions. Australia and Canada pay the most attention to customer, leadership and function management, and follow a program composed of leadership and innovation of the organization showing that every section determines its own policies to improve organization’s agility. Generally, it can be said that every organization can rely on agility’s important dimensions based on its main goals and try for that (Rajab Zade and Shahae, 2006).
The factors affecting organization’s agility:
There are undoubtedly several factors affecting organizational agility. Some of these factors are as follows:

1. Leadership (organizational perspective formulation, strategic processes and goals, optimized usage of resources).
2. Organizational culture (beliefs and merits affecting innovations, creativity, teamwork).
3. Function management (personnel training, creating a comprehensive functional management system, function evaluation).
4. Customers’ services (managing the relationship with customers, the balance between business processes and customers’ requirements).
6. Organizational change (perceiving environmental changes, joint decisions, structure improvement, and organizational architecture).
7. Managing supply chain (cooperation with providers).

Relation marketing
Relation marketing is going to communicate with goal customers in a way in which they buy from the same market again in the future and encourage others to do so. The best approach for keeping the customers is that they get satisfied and receive what is considered as a merit for them, as a result they will be faithful to the company for a long time. Managing the relationship with the customer also depends on such merits and achieving tangible and intangible advantages caused by the same relationship. In the present world, applying the principles of relation marketing and managing the relationship with the customer is considered as a competitive advantage. Nowadays, the customers are cooperating with the members of the organization in producing and presenting service, knowledge development and competitive power. Therefore, an efficient management in communicating with the customer and presenting him the value are counted as the most important issues noticed by researchers and managers of the organizations (Salar et al, 2012). Berry (1983) has defined the relation marketing as attracting, maintaining and improving the communication with customers. According to Berry and Parasuraman (1991), a relation marketing means attracting, maintaining and improving the communication with customers. According to Morgan Hant (1994), a relation marketing refers to all marketing activities followed with developing and maintaining useful interactions, and finally according to Gronroos’ idea (1996), a relation marketing means defining, maintaining and enhancing the relationship with the customers and other beneficiaries, as the goals of all parties get achieved (Salar et al, 2012).

- Relation marketing is focusing on maintaining customers and developing the relations and showing more of this relation with the customers (Salar et al, 2012).
- Relation marketing is focusing on understanding and managing the relationships between customers and providers (Salar et al, 2012).
- Relation marketing is focusing on defining, creating, maintaining and promoting the relation between customers and beneficiaries of the company in which such relation has been created through trusting in keeping the commitments (Salar et al, 2012).
• Relation marketing is focusing on the efforts attracting customers, providers and beneficiaries’ cooperation in marketing activities and company promotion (Salar et al, 2012).

Managing the relationship with customer and four marketing elements

The concept of managing the relationship with customer has been developed during a period of time which is leading us to a better trade function. Managing the relationship with customer is a managing strategy which makes the organization focus on customers and create close relationship with him. It helps us to organize all the information about customer, sales, marketing efficiency, sensitivity and market’s tendency. In the competitive commercial world, managing the relationship with the customer can be considered as the final solution for both customer and organization. It has been proved that relationships determine all dimensions of organizational competition: organization’s strategies, organization’s culture, organization’s tactics, personnel, organization’s share in market, organization’s improvement, organization’s profitability and organization’s evaluation. Managing the relationship with the customer is a future managing strategy achieved by focusing on profit. In managing the relationship with the customer, the customers are not considered as external members, but as internal members of the trade and the aim is to create a long-term relationship with them. Therefore, Contacting with customer several times, commitment and providing services are necessary features of managing the relationship with the customer (Yang et al, 2004). The ideas and ideals of managing the relationship with the customer can be found in basic concepts of focusing on customer in managing a perfect quality, so the customers are the main subject. Thus, the customers are the most important property for each organization and focusing on them is a vital goal for the organization.

The cost of attracting a new customer is five times more than keeping the present satisfied customer. Relationship with the customer is an important element in keeping the present customers and achieving new ones, therefore, focusing on these relationships is a kind of investment. Managing the relationship with the customer is a constant process of recognition and creation of new merits for each customer and then sharing the benefits in all over the organization. This issue needs perception, concentration and management of constant cooperation between producer and selected customer for making mutual value and sharing through organizational regulations (yang et al, 2004).

The rules and goals of relation marketing and managing the relationship with the customer

The goal of relation marketing is to improve company’s profitability through changing company’s perspectives from contraction marketing and focusing on customers’ attraction to keeping them through applying effective management of relationship with customer. Relation marketing tries to involve customers, providers and other economic partners in developing and marketing activities. Such involvement leads to creation of close interactive relationship with provider, customers or other value partners. Integrated relationship requires overlapping in plans and process of two parties and it is proposed to have economic, emotional and structural close ties. This matter reflects the mutual dependency instead of independent function of two parties, and focuses on cooperation among market activists instead of competition. Therefore,
developing relation marketing describes an important change in marketing rules: a change from competition to mutual cooperation (Salar et al, 2012).

The functions of relation marketing and managing the relation with customer

Relation marketing is described as creating a strong faithful relationship with the customers. There are three approaches proposed for developing strong relationship with the customers. The first approach is increasing customers’ financial profits. However, such profits can be imitated by competitors and have no constant priority for the company. The second approach is that in addition to financial profits, social profits will be given to customers. The third approach is adding structural ties to financial and social profits (Salar et al, 2012).

Conclusion:
Relation marketing refers to creating mutual long-term relationships with people, organizations and beneficiaries that is mostly focusing on keeping those relationships. Among beneficiaries, the customer is the most important one regarded as property which never gets depreciated, although there is no place for the customer in balance sheet, he is more important than all of other items. The aim of Relation marketing is not only to provide aim market with services in requested place, time and cost, but it aims at creating the relation with market, so that they will buy from the same market again and encourage others to do so. Relation marketing aims at keeping more and losing less customers. Nowadays, each customer has his own value and it is the company which must struggle to get much share from the stable or descending market, therefore, the cost of attracting customer is going up. To answer the question of whether agile production is a competitive reaction or not, Ashly has explained two characteristics for producers: one is geographical distribution and another is the integration of facilities and resources. Because it is essential to share organization’s information, decision and taking the responsibility, it is needed to have a new element to know how the information and personal relationships flow. Technology helps virtual teams to connect, facilitate the infrastructural transportation and computer modeling and act as a designing support. All of these elements can cause agility and bring a competitive priority for the organization. Intrapersonal and business relationships are facilitated through technology to merge data and electronic benefits. The changes caused by the intense competition in trading environment and the variety of customers’ needs guide the organization to accept the concept of agility. Zhang and Sharifi consider organization’s fast reply, flexibility and qualification as agile capabilities in their model. Form of agile organization is the newest organization form. As a modern solution, applying organizational agility’s concept can be very useful in the field of reacting toward organizational change and innovations. In fact, agility is considered as a new index for organizations and competitive agencies’ engineering, and as the changes increase in the environment which makes the organization logically react toward them, we need this index more
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