

Impacts of Relationship Marketing on Consumers' Purchasing Decision-Bangladesh Perspective

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Abstract

A research is an initiative of generating new knowledge. There is no better way to find out new knowledge and information than a research study. It is the opportunity where different parties view can be accumulated and a reasonable conclusion can be derived. But a research study takes huge time and effort. So, before starting the research project, a brief proposal on that project has been prepared to check the feasibility of the study. So, this is a research proposal prepared for investigating the impacts of relationship marketing on the customers' purchasing decision.

Keywords: Marketing, relationship marketing, retail industry and purchasing decision

1. INTRODUCTION

Marketing is all about creating demand and fulfilling that demand. So, the ultimate objective of marketing is to influence the buying decision and buying behavior of the customers. With the changes in the marketing types and modes of marketing have been changed and developed. In recent time, organizations are focusing on building a strong relationship with their customers to influence their purchasing decision. Retail stores where the product differentiation is less, people focus less on quality or price are applying this strategy mostly [1]. Some customers are being influenced and others' purchasing decision may not be impacted through this strategy. This study is going to investigate the current and potential impact of such relationship marketing on customers' purchasing decision.

2. MEANING OF MARKETING AND RELATIONSHIP MARKETING

Marketing is that discipline of business studies which involves in creating gap products' demand and finding the best possible way to fulfill that demand. The objective of marketing is creating demand for products of and services of an organization among the customers so that they can purchase products and services of that particular organization. This creation of demand can be created in different ways by marketing. Currently, some mostly used marketing are advertising on television, newspaper and internet; social marketing, telemarketing, product promotion through discount, sponsorship etc. [2]. Nature and types of marketing varies on the basis of products' type, price of the product, target customers, size of the organization etc.

In the last few decades another remarkable mode of marketing has been developed that is relationship marketing. The concept of relationship marketing has come from developing customer loyalty. Different previous studies have found that loyal customers purchase more frequently than new and other customers [3]. So, creating customer loyalty has become more important in recent times. Thus organizations started planning about how to build strong customer relations. In the process of customer relationship management organizations build strong bonding with the customers and make them loyal customers. Loyal customers believe those organizations, their quality, and price and thus purchase their products.

So, relationship marketing is a process where organizations focuses on different aspects of customers like customers' preferences, customers' values, customers' culture etc. and provides goods and services on the basis of customer's demand and preferences [4]. When customers find that organizations are providing goods as per their demand and building strong relations with them, their purchasing decision is automatically affected.

2.1 Relationship between marketing and demand of products

Marketing has close relation with products and services demand as the prime duty of marketing is to create demand for products and services. The more effective marketing an organization can perform the more demand of its products it can create. Moreover, from the producer of goods to the retail or

final seller of that good, everyone is dependent on marketing [5]. In the process of creating demand, marketing tells the customers about the products, its quality, price and use. Thus customers come to know about a new or old product through marketing. If organizations do not take any marketing initiative regarding its products and services, then no one will buy its products. Thus no demand will be there and its product will not be sold.

For new products, it is only marketing which informs the customers that this is a new product which is better than the existing one from these perspectives. Being attracted on such marketing customers purchase new products ignoring the old one [6]. In the retail industry, mostly basic necessary goods are sold. People will buy these goods without even any marketing. But still proper dissemination of goods' quality, use, price and attractive packing can still make difference. Based on these customers can change their decision and prioritize a product than the others. And all these are marketing activities. So, it is marketing which create demand for a product from nowhere.

2.2 Customers' buying behavior

Customers' buying behavior means the buying pattern of the customers. Continuous purchase of a product or services sets a pattern of buying that product. Thus customers buying behavior is developed. In general, most of the products are purchased by a general customer in a normal frequency. But goods those are sold in the retail stores are purchased by the customers more frequently, even daily or weekly. Such frequent purchase of goods set a buying pattern of the customers which is called customers' buying behavior.

In case of relationship marketing, analyzing customers' buying behavior is very important. For example, some customers may purchase luxurious goods more and daily necessities less and vice versa. Organizations especially the retail shops apply different strategies to convince and attract the customers on the basis of their buying behavior [7]. For example, retail shops may sell daily necessities on break even and sell luxurious goods at higher profit. Thus strategy of relationship marketing varies on the customers' buying behavior.

2.3 Influential factors for customers' buying behavior

Now customers' buying behavior can be influenced by different factors. Though these factors may also vary on the basis of class of the customers but there are some common factors which can significantly influence customers' buying behavior. Those are the followings:

- **Product types and nature:** Product type like luxurious product, daily necessity, gift item, party item etc. has a significant role in making customers' buying decision [8]. Generally, customers think more when they purchase luxurious items.
- **Price of product:** Price of the product one company and the price range in the market also influences customers' purchasing decision. For daily necessity goods customers very lower level price variance.
- **Quality:** Quality is the prime factor which customers looks for. But quality is more emphasized when goods are purchased for longer run. In case daily necessity which is sold in retail stores, quality is emphasized especially for food items.
- **Substitute:** before making the purchasing decisions customers always seeks whether there is any substitute in the market. If there is any substitute, then customers compare price and quality of that substitute with the original products' price and quality. Then finally makes purchase decision.
- **Brand:** For daily necessities goods, brand name does not matter a lot. But still customers prefer goods which are produced and marketed by market leaders like Unilever, Proctor and Gamble etc. When customers come to retail shops, still they search products of those companies first.
- **Marketing:** Lastly, but most importantly customers buying decision is highly impacted by marketing of a particular product [9]. The advertisement regarding a product the customer watched in television or internet or even read in newspaper, influences customers when they come to retail shop to buy such kind of products. Even if customers do not see any advertisement regarding a product, he or she may be influenced by attractive packaging of that product. So, marketing can influence customers' buying decision in many ways.

2.4 Influential factors for consumers' purchasing decision

The purchasing decision process of a consumer is shaped by social, cultural and individual forces of an individual. In each buying decision, a consumer thus considers a unique set of social, cultural and individual factors. The influential factors are as following...

- **Cultural factors:** What product a consumer buy, how they use them, the frequency they buy them, the methods they apply to buy them are determined by the cultural context. Now-a-days marketing decisions are considered not only a local or national phenomenon but also a multinational phenomenon. So relationship marketing also developed based on the cultural differentiation. There are also some subcultural categories on the basis of religion, region, age, income, family structure and so on, that create major influence on our purchasing decision. So the ultimate process to build up relationship marketing must be changed according to the changing context of culture.
- **Social factors:** People are social creature. They are influenced by some of the people around them. In social perspective consumers are affected by their social class, reference group and family. All the people belonging to a particular social class tend to have similar beliefs, life styles and buying patterns. Social class consists of a large number of families having the same social position and prestige. Income is not only the indicator of class membership. Occupation is considered as a better determinant of social class. So, the person engaged in relationship marketing belongs to the same social class.
- **Individual factors:** Every individual is a unique entity though he is a part of culture and different social group. Consumer decisions are influenced by his previous experiences that determine his learning. If a person dissatisfied with a particular brand, this experience will definitely shape the future decisions. At every center of consumers buying decision depends on the psychological and social motives of an individual, as like motive, personality, learning, perception and attitude.

2.5 Retail Industry of Bangladesh

Cooperative retail industry of Bangladesh is much enriched. In this country, the civilization started well after than any other country. So, the development of any sector has enlightened this country last. From the history of this country, people of all walks started joining in the workforce which led them having less time [10]. Thus they wanted to purchase all daily necessary goods from one place which lead to the introduction of retail super stores. Initially retails shops were established in the form of sole proprietorship. But as such type of stores require relatively higher capital; gradually most of the retails stores started to be formed in the form of co-operative nature. Now there are many retail stores in the country. Among them Mena Bazar, Agora, Bata and apex etc. are the market leaders of this industry.

2.6 Potential impact of relationship marketing on customers' purchasing decision

Customers come to the retail stores mainly to purchase daily necessary items like foods, grocery items, items required for decorating homes and home appliances. These are almost basic needs. At times when there was less competition in the market people use to buy products because of their needs [11]. But development of marketing now influences customers' purchasing decision. Thus relationship marketing or building strong relations with the customers can have the following potential impacts:

- Relationship marketing can create products demand
- Due to relationship marketing strong customer relation can be build
- Strong customer relation can lead to long term customer loyalty
- Loyal customers will prefer that particular retail stores product and come frequently
- Products and services of a specific producer and a specific retail store can be sold comparatively to the others.

The ultimate target is to increase organizational sales through relationship marketing. But it does not have impact on only increasing sales but many other factors too.

2.7 Recent trend in Bangladesh regarding relationship marketing

In recent times, the impact of result of relationship marketing is pretty clear in Bangladesh. People use to go those retail shops where the sales person looks after their necessities very carefully. People also visit those retail stores which provide discounts and other sales offers. Moreover, people like those retail shops which always keep best quality products for them and they do not argue regarding the price too. People expects these shops will intentionally inform them about the new product development too them. Customers are loyal too those shops which keep goods as per their demand

and preferences [12] And all these are part of relationship marketing. So, the retail shops which values the customers more, customers became loyal to those retail stores. Thus, they used to come these stores quite regular intervals and purchase products of these stores. So, in recent times customers also love the effect of relationship marketing very much as they are getting special attention from these retail stores.

3. RESEARCH AIMS AND OBJECTIVES

- To critically analyze relationship marketing and its application
- To evaluate the trend in co-operative retail store in United Kingdom
- To analyze potential impacts of relationship marketing on customers' purchasing decision especially for food items of retail stores.
- And to recommend some effective ways of applying relationship marketing for higher influence of customers' purchasing decision.

3.1 Rationale

This study is very timely initiative and has lot of significance on different group of people. In this twenty first century, marketing has achieved such a level that appropriate marketing can sell anything. Similarly, there many ways of marketing this has different types of costing. So, organizations especially retail industry which has limited profit has to decide which type of marketing initiative they need to apply [12]. Thus this study can be useful for them. Moreover, this study can also add value to the relationship marketing, it theory development and analyzing different crucial factors of this marketing, which is a new dimension of marketing.

3.2 Research questions

- What is relationship marketing?
- What are the areas where relationship marketing can be applied?
- How can relationship marketing impact on customers' purchasing decision?
- Which initiative can be taken to improve the influence of relationship marketing on customers' purchasing decision?

4. RESEARCH PHILOSOPHY

Research philosophy determines the working pattern of a research. It forms the working boundary of the research. In general, the following four types of research philosophies are applied in research activities:

- **Positivism:** Positivism refers to transformation of natural and real object into their natural consequences or sequential steps [13]. For example, higher performance transforms into higher productivity. This philosophy is useful for analyzing the impact of two variables.
- **Realism:** Realism research philosophy is designed on the application of scientific methods and formulas to derive the research findings. Here the relations between two variables are expressed through scientific formulas.
- **Pragmatism:** Pragmatism research philosophy is used analyze the trend of behavioral pattern of different variables through observation or trend analysis.
- **Interpretive:** Interpretive research philosophy is used analyze the influence and impact of multiple variable on their complex relations.

In this study, the research is going to investigate the impact of relationship marketing on the customers' purchasing decision. So, here the researcher is going to analyze the consequences of relationship marketing whose natural result is customers' purchasing decision. So, this study can be conducted through positivism research philosophy.

4.1 Research approach

Research approach means the approach or procedure that is going to be sued to derive the research findings. There are two mostly applied research approaches used to derive research findings. Those are:

- **Inductive approach:** In case of inductive research approach, the relations among the variables are observed, research hypothesis is developed and then that research hypothesis is tested whether they are true or not [14].

- **Deductive approach:** In case of deductive research approach, firstly a theory is generated and based on that theory some potential hypothesis is set. Then relevant observations are identified and lastly those observations are confirmed through testing.

In this study, the initial observation is that relationship marketing affects customers’ purchasing decision. So, the next step is design some hypothesis or questions to test this observation. Thus this study can be conducted through inductive research approach.

4.2 Methods of research

Research method describes which type of method is going to be applied in case of conducting the study especially in data collection and data analysis. Normally, two types of methods are used for this purpose:

- **Quantitative method:** Quantitative data is collected and quantitative approaches are applied for analyzing data in the quantitative method of research [15]. For example, to analyze profitability, production, revenue etc. this approach is very useful.
- **Qualitative method:** Qualitative data is collected and findings are also presented in the qualitative manner in qualitative method of research. In case of analyzing impact, influence and correlation this method is very useful.

There is another approach is used in modern researches, that is mixed method of research. In that method, both qualitative and quantitative methods are applied together. Use of research method depends on the type of research and nature of data. In this research, the researcher is going to analyze the impact of relationship marketing on customers’ purchasing decision where qualitative method is more suitable research method.

4.3 Methods of data collection

Generally, data is collected from either primary sources or secondary sources. These sources are the following:

- **Primary sources:** Primary sources indicate collecting data from the original or actual respondents of the data. Here, either the researcher or his representatives collect data. Advantages of data collecting from primary sources are that it is authentic and reliable [15]. Though data collection from primary sources can take higher time and money.
- **Secondary sources:** In the secondary sources of data collection data is collected from different sources like internet, television, newspaper, journals, statistical publication etc. Collection of secondary data is less time consuming and cheap. But as secondary data is not collected from the actual respondents; thus there is no guarantee of authenticity of secondary data.

In this study the researcher is going to collect data from primary sources. Thus a questionnaire will be surveyed among the customers of co-operative retail store to ensure the validity of the research findings.

4.4 Sampling strategy and sample size

The ultimate customers of retail industry are the end user of these shops who are millions in number. So, everyone can’t be surveyed for this study. Thus, the researcher will approach forty customers to participate and answer the questionnaire designed for this study. In case of selecting these sample customers, random sampling strategy will be applied. Thus, the researcher will select the respondents on a random basis irrespective of their gender, age, income or any other demographic factor.

After analyzing each question individually, the following findings have been found out for this study:

Q-1: Retail stores of Bangladesh have the willingness to establish relationship marketing:

Option	Value in Likert scale (A)	Frequency (B)	Cumulative value (C= A*B)	Percentage
Strongly agree	5	11	55	27%
Agree	4	16	64	40%
Neutral	3	8	24	20%
Disagree	2	5	10	13%
Strongly disagree	1	0	0	0%
Total			153	100%
Average / Mean			3.82	

Table 1: Retail stores of Bangladesh have the willingness to establish relationship marketing

Graphical Presentation:

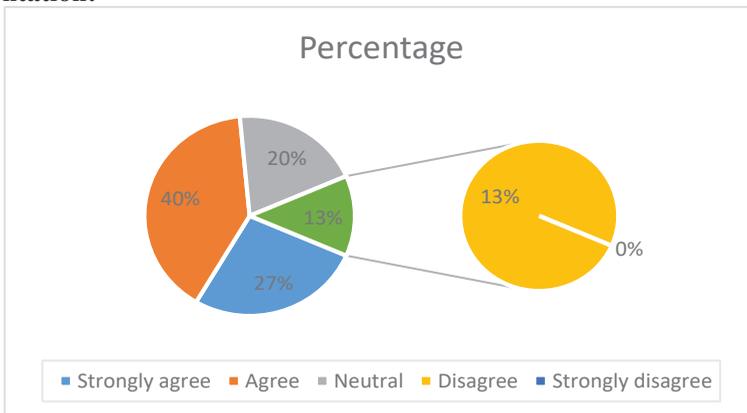


Figure 1: Retail stores of Bangladesh have the willingness to establish relationship marketing

Interpretation:

40% employees agreed and 27% employees strongly agreed. The mean response is 3.82 out of 5. So, the mean is comparatively close above the scale of agreed option because only 13% employees disagreed here.

Q-2: Retail store focuses on Individual customers:

Option	Value in Likert scale (A)	Frequency (B)	Cumulative value (C= A*B)	Percentage
Strongly agree	5	19	95	47.5%
Agree	4	15	60	37.5%
Neutral	3	4	18	10%
Disagree	2	2	20	5%
Strongly disagree	1	0	0	0%
Total			193	100%
Average / Mean			4.82	

Table 2: Retail store focuses on Individual customers

Graphical Presentation:

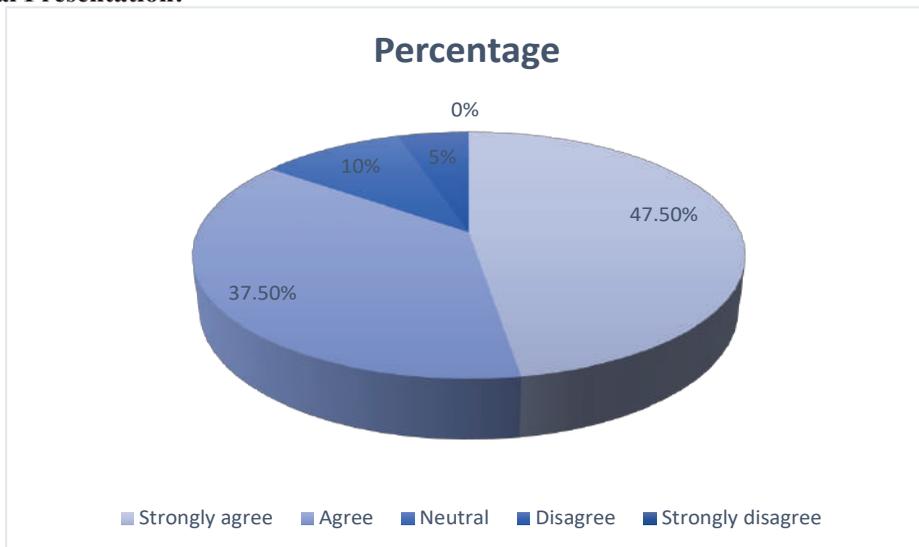


Figure 2: Retail store focuses on Individual customers

Interpretation:

47.5% employees strongly agreed and another 37.5% employee agreed. The mean value 4.82 out of 5, almost close above the agreed option because only 5% are disagreed.

Q-3: All necessary goods are available in the retail stores:

Option	Value in Likert scale (A)	Frequency (B)	Cumulative value (C= A*B)	Percentage
Strongly agree	5	20	100	50%
Agree	4	16	64	40%
Neutral	3	2	6	5%
Disagree	2	2	4	5%
Strongly disagree	1	0	0	0%
Total			174	100%
Average / Mean			4.35	

Table 3: All necessary goods are available in the retail stores

Graphical Presentation:

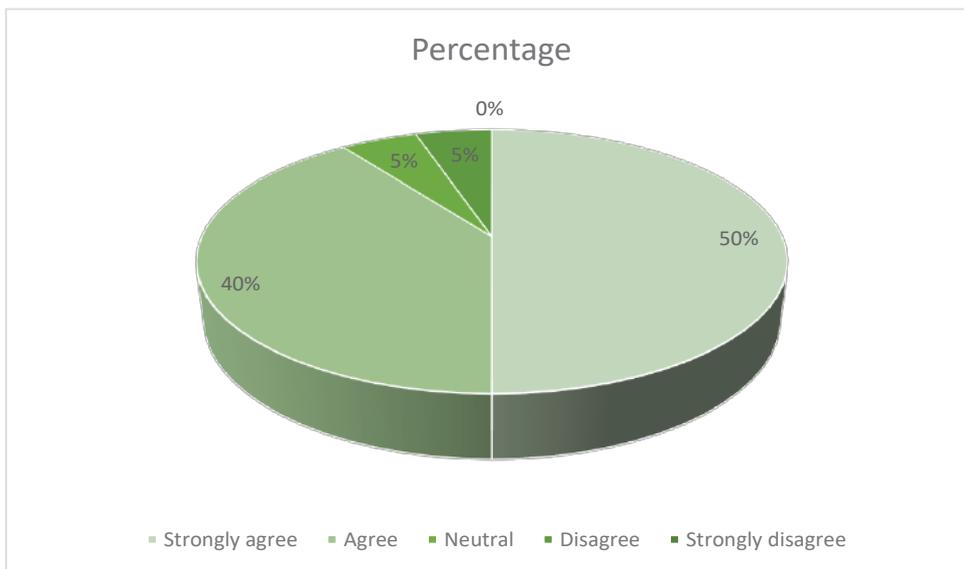


Figure 3: All necessary goods are available in the retail stores

Interpretation:

50% employees strongly agreed and another 40% employee agreed because they strongly believe that, all necessary goods are available here. The mean value 4.35 out of 5, almost close above the agreed option because only 5% are disagreed.

Q-4: Relationship marketing has positive impact on consumers mind:

Option	Value in Likert scale (A)	Frequency (B)	Cumulative value (C= A*B)	Percentage
Strongly agree	5	15	55	37.5%
Agree	4	20	64	50%
Neutral	3	4	24	10%
Disagree	2	1	10	2.5%
Strongly disagree	1	0	0	0%
Total			153	100%
Average / Mean			3.82	

Table 4: Relationship marketing has positive impact on consumers mind

Graphical Presentation:

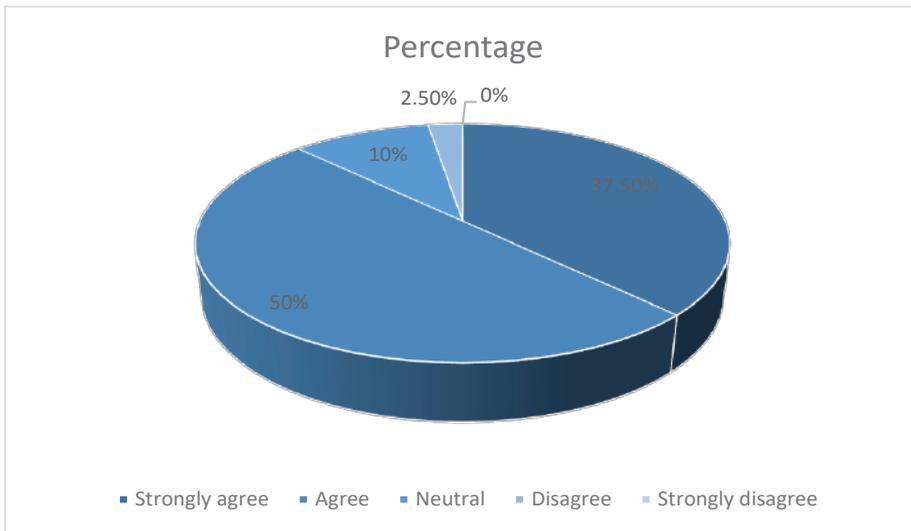


Figure 4: Relationship marketing has positive impact on consumers mind

Interpretation:

37.5% employees strongly agreed and another 50% employee agreed because they strongly believe that, relationship marketing has positive impact on them. The mean value 3.82 out of 5 is comparatively closes above the agreed option because only 2.5% are disagreed.

Q-5: Better relationship with marketer helps one to quick purchase decision:

Option	Value in Likert scale (A)	Frequency (B)	Cumulative value (C= A*B)	Percentage
Strongly agree	5	12	55	30%
Agree	4	18	64	45%
Neutral	3	5	24	12.5%
Disagree	2	5	10	12.5%
Strongly disagree	1	0	0	0%
Total			153	100%
Average / Mean			3.82	

Table 5: Better relationship with marketer helps one to quick purchase decision

Graphical Presentation:

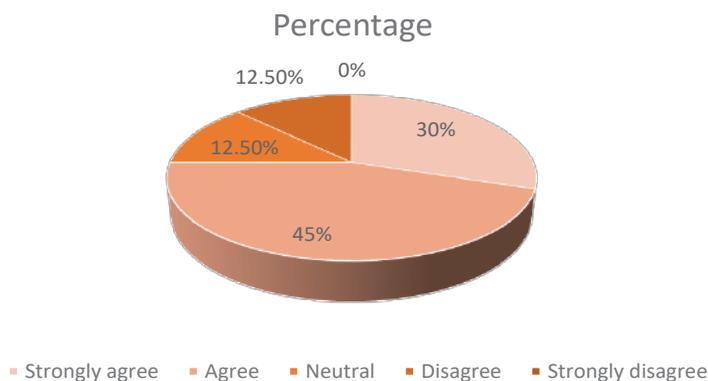


Figure 5: Better relationship with marketer helps one to quick purchase decision

Interpretation:

12.5% employees are disagreed because they believe that, better relationship with marketer doesn't help in quick purchasing. But, it seems that, 45% employees agreed when mean value is corporately close

5. DATA ANALYSIS AND FINDINGS

After data collection, data analysis will be started. In that phase, data will be arranged in a systematic order initially. Then different tables will be formed. Based on those tables, suitable graphs, charts, bar diagrams etc. will be designed to express the research findings. All these analysis and presentation of findings will be performed by using Microsoft excel. Along with findings, critical reasoning of the findings will also be presented for the user to have a better understanding and meaning of the findings.

6. CONCLUSION

This research is initiated to understand the growing importance of relationship marketing. This paper can be very effective to present the changes in marketing philosophy and trend all over the world. Relationship marketing is a growing concept in the current business and marketing philosophy. Marketers are using relationship marketing as a tool for improving customer purchasing decision. In modern times, marketers are concern about competitive market arena and also emphasis on holding regular customer instead of capture new customers. This is what we mean relationship marketing. In this study, researcher mainly tries to show the impact of relationship marketing and impact on consumers purchasing decisions. The way this study has been designed in the earlier sections, it is expected that this study will come out with different significant research findings which can really add value to marketing and retail industry.

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