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To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v9-i12/6773> DOI: 10.6007/IJARBSS/v9-i12/6773

Received: 12 November 2019, **Revised:** 29 November 2019, **Accepted:** 07 December 2019

Published Online: 28 December 2019

In-Text Citation: (Yusoff, 2019)

To Cite this Article: Yusoff, M. (2019). Positioning Relationship Marketing in Industry 4.0. *International Journal of Academic Research in Business and Social Sciences*, 9(12), 720–727.

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Vol. 9, No. 12, 2019, Pg. 720 - 727

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Positioning Relationship Marketing in Industry 4.0

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Abstract

This study attempts to investigate the position of relationship marketing in the current revolution of Industry 4.0. The relationship marketing paradigm was introduced for almost four decades has been practically implemented in services and manufacturing industries. By building bonds with customer that involves human touch, the outcome for business is believed to be positive. The larger the number of bonds developed, the stronger the relationship will be more effective, the more business will be developed. However, the industrial revolution evolved to the usage of cyber-physical technology. Marketing are transformed into digital marketing with expansion of digital infrastructure in business. The questions raised, does the relationship marketing via conventional approach become irrelevant in the era of 4.0? How could relationship marketing have its position in the Industry 4.0? The data collected by using document research and analyzed by qualitative content analysis. The findings show that there are positions of relationship marketing in Industry 4.0. through integration with digital marketing in preserving the human touch.

Keywords: Relationship Marketing, Digital Marketing, Industry 4.0.

Introduction

Relationship marketing is a strategy that emphasizes customer engagement, retention, and satisfaction. It's rooted in building customer loyalty and lasting, long-term engagement with a customer base. Benefits include positive word-of-mouth, repeat business, and a willingness on the customer's part to advocate on behalf of the brand (Association of National Advertisers, n.d.).

The contribution of relationship marketing in industry and body of knowledge is undeniably recognized by academicians and marketing practitioners. For academicians' view, relationship marketing provides high potential of research with multidisciplinary nature of issues, addresses on other studies on services, distribution channels, brand management, quality, and customer loyalty as well as provides potential research in other areas that are not specific on marketing. Meanwhile, for marketing practitioners, they gain benefits from relationship marketing in two ways. First, the process of benchmarking can be used in their business practice since there are number of relationship

marketing research is based on case studies. Second, the multiple channels for interaction with customer have contributed to remarkable relationship marketing practices (Brito, 2011).

In relationship marketing, there are three types of bonds namely financial, social, and structural bonds that play crucial roles in making RM effective. First, financial bonds are normally referred as frequency marketing or retention marketing by using economic benefits such as price, discounts, and other financial incentives to regular customers to secure their loyalty (Ahmad Shammout, Polonsky, & Edwardson, 2012; Azmy & Zain, 2018; Mehedy, Sajib, Karim, 2018) Second, social bonds is defined by Rodriguez & Wilson (2002) as resources that are emotional or effective in nature and entails familiarity, friendship, and personal confidence built through interpersonal exchange as well as measure the strength of a personal relationship and may range from business to close, personal ties (Baxter & Woodside, 2010). Third, structural bonds are created by providing services that are valuable to clients and not readily available from other sources; these services often technology-based and intended to help clients be more efficient or productive (Berry & Parasuman, 1991).

There are three levels of relationship marketing which the three types of bonds are utilized. The level one uses the financial bond, level two uses the financial and social bonds, and level three uses financial, social, and structural bonds. In level one, relationship marketers primarily use pricing incentives to encourage customers to bring the firm more of their business. Level two brings marketers go beyond pricing incentives by emphasizing personalized service delivery and transformation of customers into clients. The second level focuses on staying in touch with clients, learning about their wants and needs, customizing the relationships based on what is learned, and continually reselling the benefits of the relationship. Social bonding usually will not overcome significant price or service weaknesses. However, it encourages clients to remain in a relationship in the absence of strong reasons to shift, it can give a company opportunity for responding to service snafus or competitor entreaties before the customer defects. In the level three, marketers solidify relationships with structural bonds in addition to social and financial bonds. (Berry & Parasuman, 1991).

The philosophy of relationship marketing involves physical interaction and human touch in marketing products and services by relationship marketers which is called as conventional approach. By building the three types of bonds mentioned above, the larger the number of bonds developed, the stronger the relationship will be more effective, the more business will be developed. However, the emergence of Industry 4.0 has emphasized on cyber-physical technology. Marketing approach are transformed into digital marketing with the expansion of digital infrastructure in business. The questions raised, does the relationship marketing in conventional approach become irrelevant in the era of 4.0? How could relationship marketing have its position in the Industry 4.0? The study aims to investigate the position of relationship marketing in Industry 4.0. The study involves collecting secondary data such as document in the forms of journals, websites, and books. The data is analysed using qualitative content analysis.

This paper is organized into four sections. The first section briefs the introduction. The second section present the literatures on transformation of marketing in Industry 4.0. The third sections discuss on findings on relationship marketing in era of Industry 4.0 while the last section is the conclusion of the paper.

Transformation of Marketing in Industry 4.0

The Industrial revolution is a concept and development that has fundamentally changed our society and economy. Characterized by “Cyber-Physical System”, the system is a consequence of the far-reaching integration of production, sustainability and customer-satisfaction forming the basis of intelligent network systems and process. It is a linkage of the virtual to the physical world (Bloem, Doorn, Duivestein, Excoffier, Maas, & Ommeren, 2014).

The fourth industrial revolution or also known as Industry 4.0 is built based on the third revolution, the digital revolution that occurs since the middle of the last century. Business are affected by Industry 4.0 in four ways. First, customer expectation is to have different in the way of serving customer. Second, product enhancement involves the physical products and services can be enhanced with digital capabilities that can increase values. Third, collaborative innovation requires on the customer experiences, data-based services, and asset performance. Lastly, the emergence of global platforms and other new business models lead to the talent, culture and organizational forms have to be rethought (Schwab, 2015).

The advanced digital technologies are creating new opportunities for innovation and growth, and producing novel ways to improve and customize the customer experience (Hood, Brady, & Dhanasri (2016). Digital technology is progressively implemented by firms to respond positively to customer needs, and at the same time, improve customer-side operations which supports the interests of consumers and businesses and helps to drive sales and increase efficiencies by reducing costs (Foroudi, Guota, Nazarian, & Duda, 2017).

For marketers, Gross (2018) emphasizes the instinctual desire paired with accessibility creates an unprecedented formula for customer engagement. By adding a personal touch can accelerate the growth of authentic relationships that could not be replicated in computer-generated communications. There are four ways to infuse personality into digital outreach. First, to demystify audience by knowing who your are speaking to and considering demographics (gender, age, income, marital status, education level, occupation, place of residence), psychographics (values, opinions, attitudes, interests, lifestyles), buyer persona (ideal customer based on data and market research), insights from client conversations (day-to-day operations, goals, off-topics such as sports and pets, talk to them by phone). Second, to talk with customers, not at customers by treating social media as more than one-way conversation by interacting, replying, and having real discussions regarding what matters most to customers by asking your followers in social media. Third, appeal to emotions by keeping customers emotionally engage with content is critical to your bottom line. Fourth, treat followers the way they want to be treated by building rapport through isopraxis or mirroring another’s behavior (Gross, 2018).

Digital marketing involves an integrative plan of how to use social media, search engines, emails, and content to promote business (LYFE Marketing, n.d.). Digital innovation has given marketers more data at their fingertips. This innovation has put the marketer in a powerful position to understand the customer more intimately. However, it depends on how marketers utilise the data to create a personalised experience (Manning, 2019).

Digital marketing strategy works in Industry 4.0 in five process as addressed by LYFE Marketing (n.d.). First, the firm needs to grow awareness and visibility by investing them in search engine, social media, email, and content marketing. Second, the firm needs to drive immediate website traffic by using the social media and search engines to place advertisements. The third process is to convert traffic. This could be done through delighting incoming traffic with a conversion-focused website and using WordPress to make an attractive, user-friendly, and responsive website. Fourth, the firm should increase the conversion rate by increasing touch points with people who have interacted with your brand, invest into remarketing, email marketing, and content marketing. Finally, all the earlier four processes leads to increase sales in the end.

Relationship Marketing in the Era of Industry 4.0

The revolution of industry affects the marketing approach in business when it involves new of technology. If digital marketing has its focus and specialty in marketing products and services, relationship marketing also has its roles and specialty in the era of Industry 4.0.

Specifically, marketing in services industry needs beyond sales and profit, but more to attachment that leads to satisfaction and loyalty to the services provided by the firm.

The attachment in services started with human touch. Human touch involves human interaction. Human interaction is the main core in ensuring the effectiveness of relationship marketing.

Relationships are made and may end quickly when staff of the firm leave. Thus, the firm must invest in the resources and roles that support relationship growth, and locate systems in place that capture insights when people do exit the firm. It is worth paying for the right level of resource which are someone who really understands the firm's long-term strategy and sees the big picture, and someone who adapts as required to the insights that today's marketing technology can generate thanks to more accurate reporting and measurement (Power, n.d.).

Technology enables relationship marketing, however, its design must be integrated with that organizational design (Gordon, 2000). Among the implications of relationship marketing for the marketing functions are the technology it uses to drive its processes, the process themselves (that can be affected by such issues of the business, selection and rejection of customers, and relationships with stakeholders in addition to those with customers), and human resource considerations, including teams composed of internal and external stakeholders-notably including customers and the distribution channel intermediaries who are to ensure the processes perform.

Most people still want an authentic interaction with real people so it is important for marketers to still be able to read their audience and respond to cues intelligently. Even the clever Artificial Intelligence (AI) and chatbots could not accurately converse with customers in the way they desire yet, so it is still up to the human element to really connect with customers on a personal level (Manning, 2019). With the right people, with the right technology and approach, they could help reposition the marketing team in the firm from being seen as “the people who can organize a good party” into people who truly add value to the firm (Power, n.d.).

Digital marketing could be leveraged without losing that crucial personal touch of human in five ways as addressed by Manning (2019). First, get to know your customers intimately. With the data the firms have, marketers need to use them wisely and converted them into the understanding client behaviour. This can be used to drive human conversation with customers to build relationships. Second, avoid spam message by developing timely, relevant and insightful content. Digital could help in spreading message to a wider audience, but marketer needs to generate content that shares relevant insights to the right audience. Third, personalise the digital experience.

Marketing team must ensure they are equipped with the right skills and knowledge of your brand’s value to communicate your message to clients. Fourth, use social media to personify the brand. The social media platforms are not just a way to provide information but it can be used to create a personality online which is something for customers to connect to. For example, to tell visual stories about the firm brand, personalise messaging and truly embody the brand essence in all communications. Finally, use digital to do more than share insights and start a conversation. Digital opens up marketing avenues in generating a two-way conversation with customers rather than just talking at them with traditional marketing methods.

The most successful way in business in the era of Industry 4.0 is by combining human and digital transformation. By integrating digital and human customer relationship will be the only way for the vast majority of companies to survive in the future though there are other ways to utilize digital technology in business (Belleghem, 2015).

Further, the involvement of human touch could be in the stage of developing customers and retaining customers. There are two ways of involvement. First, digital marketing is used in the beginning of delivering message to potential customers. Then, human touch through marketer can be used when customer starts to react to the products or services provided and to influence the customer’s decision making. Post-marketing could be done through the marketers to gain any feedback on the product or services used and to ensure customers are satisfied and loyal to the firm. Second, the relationship marketing is used in the beginning to deliver message to potential customers from the word of mouth other satisfied or loyal customers. Then, marketer continues to serve their needs and wants and retain them through digital marketing for any feedback and follow up in the future.

In a nutshell, the relationship marketing still has its position in the era of Industry 4.0 when it is integrated with digital marketing in many ways as discussed above.

Conclusion

Although the fourth industrial revolution tends to focus on digital marketing in marketing approach, relationship marketing that has been recognized in industry and academics still has its position in the Industry 4.0. Human touch which is embedded in relationship marketing could be used to strengthen the digital marketing through integration. It is suggested that future studies to look on elements of human touch in marketing products and services that could influence the customers' decision making in Industry 4.0.

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