Beliefs about Relationship Marketing Strategy among Middle and Upper Managers in Greece

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Abstract: A survey was developed and distributed to major business organizations in Greece to identify the demographic characteristics of local firms which have developed and are working with a relationship marketing strategy, in relation to relationship marketing practices and beliefs. A sample of 92 respondents from middle–upper management levels was analyzed and the results are presented. It was found that managers believed that an organizational relationship marketing strategy was important and necessary to sustain market shares and increase profitability. To effectively implement such strategies, managers recommended a stronger interdepartmental communication system especially between human resources and marketing/sales. Suggestions for further research are made and their implications are suggested.

Key-Words: Relationship marketing, demographics, Greece

1 Introduction
Marketing as organizational function has been enhanced today to include value for customers and customer relationships [1]. The need for customer retention in the global market economies of today was the driving force behind this change in mainstream marketing. The shift to services and the requirements today for interaction and networking moved marketing to an interactive process in a social context where relationship building and management are vital for organizational growth and success [2].

Relationship Marketing (RM) is a modern approach to marketing [3] [4] that created a paradigm from the traditional marketing mix management paradigm and the Four P model [5]. Grönroos defines relationship marketing [3] [4] in the following way: “Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises”. Such relationships are usually but not necessarily always long term.

Relationship marketing approach is heavily based on the concept of promise [6]. Marketing is not viewed only as persuading passive customers by giving promises but it goes further to include meeting those promises leading to build up of relationships that evolve over time for the benefit of both customer and business. Customer satisfaction is a core strategy in this perspective that ensures customer base retention and long-term profitability.

Another key element of RM is trust. “The resources of the seller – personnel, technology and systems – have to be used in such a manner that the customer’s trust in the resources involved and, thus, in the firm itself is maintained and strengthened” [7] [8]. Trust is directly dependent to mutual respect between the participating parties and in the customer case the belief that the firm will be a reliable and committed expert. It is also viewed as a “behavioral intention” or behavior that reflects reliance on the other partner and involves uncertainty and vulnerability on the part of the trustor” [9].

Limited previous work on the adoption of relationship marketing in Greece identified positive outcomes in business to business environments [10] that warrant the allocation of organizational resource for that strategy. In addition research in the application of RM model in electronic retail banking [11]. It was evident from the research conducted so
far that any marketing paradigm should be well set to fulfill the marketing concept, i.e. the notion that the firm is best off by designing and directing its activities according to the needs and desires of customers in chosen target markets.

2 Survey instruments and Results

From a literature review it was evident that very little work has been done to develop a demographic map of the perceptions of business regarding RM. To address that issue a survey of 42 questions that cover a wide range of information was developed and administered to middle-upper managers in local and international organizations that operate in Greece. The questions were split in three sections. The initial section covered the basic demographic information of the respondent such as age, gender, education, professional area and position in the organization. A second group of questions was addressing organization demographics like business area, organization size and competitive position in the market. A third group of questions was addressing marketing and RM issues as perceived by the respondents and with respect to other organizational units like human resources. The first two groups of questions primarily played the role of independent variables while the last group was the dependent variables in the topic of research. Apart from the demographics questions a Likert scale was adopted for most of the questions and the corresponding color scheme used in graphs is shown in Figure 1.

![Color scheme correspondence to Likert scale](image)

Figure 1. Color scheme correspondence to Likert scale

SPSS software was used for the analysis of the results. Frequency distributions were run to cover the basic demographics and general trends (including, mean, median, mode and standard deviation) while cross-tabulations followed the initial analysis to identify variable relationships and dependencies. Chi-Square tests were also perform to further identify dependencies between pairs of variable along with correlations (Pearson) to identify linear trends. The findings are described bellow.

A sample of 92 surveys was collected and from the completed responses the following demographic characteristics were observed:

- **Gender**: 48% female and 52% male indication and equal distribution of the sexes eliminating any gender bias of the sample
- **Age group**: 57% in their twenties, 22% in their thirties, 16% in their forties and 5% were above the age of 50. The age distribution shows a rather mature population that would have adequate professional experience and at the same time in decision making positions that could influence operations.
- **Education**: everybody in the sample had university level education with 50% degrees in marketing/sales, 12% in human resources and the remainder in different areas like management, engineering and other.
- **Professional experience**: 48% had more than 10 years professional experience, 46% between 5 and 10 year and 6% had bellow 5 years of experience. All these number as natural given the age distribution of the sample.
- **Years in Organization**: 46% had less than 5 years in their current organization, 33% had between 5 and 10 years and the remainder had more that 10 years in their current organization. These percentages in relation to the professional experience percentages indicate substantial mobility of the workforce in our sample.
- **Years in Current Position**: 58% had less than 5 years in their current position, 22% had between 5 and 10 and the remainder had more that 10 years in their current position. This was an indication that the majority of the sample constitutes successful professionals (assuming that change in position indicates promotion or diversification).
- **Department**: 41% were in marketing/sales/customer service departments, 21% where in human resources departments and the rest were in other department. This is more or less consistent (as was show from the cross tabulations) with the education background of the sample.
- **International Organization**: 66% declared that their organization was part on an international organization while 34% identified their organization as a local business entity.
- **Business Areas**: 30% of the industries represented in the sample were from the services sector, 24% were from the manufacturing sector and the rest covered a wide array of businesses. The sample is considered has the characteristic of the industries in the Greek economy so it is a good representation of reality.
- **Competitive Position**: 42% identified their organization as one of the largest companies in Greece while 36% identified their organization as the leading organization in Greece. It is obvious that
the organization segments represented in our sample correspond to the successful end of the business sector. This could be interesting from the perspective of RM. Interestingly when the participants asked whether their organization was more profitable that its competitors over the past three years only 49% responded “yes” while 80% declared an increase in revenues in the last year.

Regarding organizational culture and RM issues:
66% indicated the sales representatives as the most important customer contact employees
65% reported their organization has formal means and procedures to measure customer satisfaction
Regarding intercommunication processes around 90% agreed the most important means of communication are one-to-one meetings, formal group meetings, and emails while at the organizational level around 93% agreed that formal group meeting and emails are the most important means of communications. Less favorable were printed and web newsletters and internal broadcasts.
95% emphasized the great importance their organization placed on satisfying customers Regarding customer contact employees:
90% believed that their organization was supportive
74% identified some reward system in place
73% believed that customer contact employees were well informed
64% believed they were well trained
31% believed they cared about customer related problems with 63% missing responses
27% believed they respond promptly to customer problems with 64% missing responses
51% said their human resources department keeps performance records, only 42% said their marketing department keeps similar records and only 33% said the two departments have a formal process of exchanging performance information
56% believe that senior management encourages cooperation of human resources department with marketing and sales.

Finally when the respondents were asked whether their organization practices relationship marketing 70% agreed while 90% believe that RM is the direction their organization has to embrace or develop further in order to compete successfully. In an effort to identify alternative strategies 24% of the respondents suggested combinations of strategies like innovations in products, improved services, streamlining operations in addition to RM

Significant results of Chi-Square tests with asymptotic significance (2-sided) of less than or equal to 0.05 where as follows (all numbers in parenthesis indicate chi-square results unless otherwise stated):

**Age Group:** Regarding communication means in the department and organization strong relationships between email (0.00 and 0.00 respectively) and formal group meeting (0.03 and 0.05 respectively) was established indicating professional settings where formal interactive means of communication are preferred.

Regarding the belief that senior management encourages Marketing and HR cooperation (0.02), we can observe (Figure 1) that there is stronger agreement at higher age groups. Indications of a linear relationship are further enforced by Pearson coefficient of 0.22. Similar trends were observed (0.02 chi-square and 0.27 Pearson) in the relation between age group and the belief that senior management places great importance on satisfying customers.

![Figure 2. Senior management encourages Marketing – Human Resources cooperation](image)

A chi-square of 0.07 was recorded for the statement that marketing and human resources department discuss customer needs and for the statement that marketing and human resources work together to motivate employees. As we can see (Figure 3) stronger agreement seems to exist in higher age groups.

**Gender:** An interesting finding was that web newsletters for communication at the department (0.06) and organization (0.08) levels seemed to be related and actually with the strongest linear forms (Pearson 0.2 both). The graph in Figure 4 shows a distinct preference for this form of communication for females. Similar results were obtained for the importance of formal group meeting for inter-organizational communication.
International Organizations: Strong relationship (0.026) and the belief that the most important customer-contact employees were sales representatives indicating stronger culture and importance to sales representative for international organizations. Similarly there was strong relationship (0.059) about the impression that marketing and human resources think similarly on customer-related issues in international organizations than in local organizations (Figure 5). This might be an indication that international organizations have an embedded stronger RM related culture. Stronger relationship (0.030) was observed about management support for interdepartmental cooperation in favor again of international organizations.

Regarding communication means, internal broadcasts were significantly more important (0.019) to international than local organizations along with web news letters (0.078). At the department level formal group meetings (0.057) showed a clear preference as a means of communicating for international organizations. Relationship Marketing Practice: Strong relationship (0.008) was observed when there were formal means and procedures to evaluate employees on customer satisfaction.

![Figure 3. “Marketing and Human Resources discuss customer needs”](image1)

![Figure 4. “You believe web newsletters are important for your organization”](image2)

![Figure 5. Marketing and Human Resources think similarly on customer related issues](image3)

An interesting observation was made when looking at the current job function/department of the participants in the survey. While a relatively strong relationship was observed (0.099) it was obvious the sales employees weren’t sharing the agreement of the marketing and human resources department.

Older groups seem to believe more on a RM approach shift to organizational strategy than younger groups. Although further analysis (including other variables) didn’t reveal anything significant years of experience in this case might be an explanation.

3 Conclusions – Future Research

At the same time as new marketing fields have emerged the influence of marketing on top management has been declining and the voice of the customer has become less important for corporate decision making [12]. Of course this does not go for all firms in all countries, but it does look like a trend. In order to identify part of that reality the research presented in this paper was an attempt to map the demographic characteristics of the adoption
of RM strategies by corporation operating in Greece.

Regarding the influence of mature organizational cultures that are embedded in successful international firms we observed a spill-over effect on their local branches with preferences at the organizational and even departmental level for structured means of communication like web broadcasting and formal meetings and the belief that there were established procedures and practices for the exchange of information between departments.

Age group analysis indicated that more mature professionals seem to view interdepartmental communication especially in RM issues as more effective that younger professional. Due to the differences in experience we can easily conclude that this is an expected outcome. Young professionals by their nature are more enthusiastic and more interactive that older ones thus having higher expectations in shorter periods. Also the more mature professionals are expected to have experienced more organizational strategies and probably have a better understanding of the current market realities and the need for customer satisfaction and retention.

An interesting conclusion was that front line employees like sales personnel didn’t feel as strong as managers in other departments like human resources and marketing regarding the practice of RM. Obviously as one would expect these front line employees with the experience of the day to day interactions with the customers and the feedback they get feel that more needs to be done in the RM area. A stronger participation of sales managers in interdepartmental communication would be advisable so feedback from the frontlines can reach the areas of the organization that formulate strategy and organizational policies.

Further collection of data and analysis of the results will follow this publication in order to statistically answer hypotheses regarding the influence of culture in RM, the influence of interdepartmental communication and practices on the application of an effective RM strategy, to establish a relationship between firm profitability and effectiveness with RM and finally to identify the influence of education and training on customer understanding from the various organizational entities like human resources, marketing, sales and management. This type of research will provide better understanding of the realities of the Greek market and impact the competitiveness of firms operating in Greece.

References: