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COLLABORATIVE EXPERIENCE OF VALUE CHAIN ARCHITECTURE A SYSTEMIC PARADIGM TO BUILDING CUSTOMER LOYALTY

Collaborative Experience Of Value Chain Architecture: A Systemic Paradigm To Building Customer Loyalty

Hart O. Awa[1], Ikechukwu, F. Asiegbu[2], Sunny R. Igwe[3], Sunday C. Eze[4]

Abstract : In most industries, customer retention has replaced the aggressive and offensive customer attraction ideals of transactional marketing. Collaborative architecture within the value chain represents such shift from marketing mix approach to Relationship Marketing, which though lacks knowledge of its own but spans inter-firm alignments to reform marketing activities via debunking selfishness, superficiality and self-indulgence. Traditional marketing management theories focus on oppressive associations, relationship between customer and product, short-term or even single exchange(s), offensive marketing and/or power-based notions whereas relational interactions change conflicts to harmonic co-operation, associations, and connections, and ultimately infrequent business relationships to on-going. The economic soundness of such mutual participative architecture revolves on strategic optimization that serves the interests of stakeholders on the grounds that customer retention and customer loyalty reflect complex activity involving inputs from vendors and other independent firms and continues even by the manner the dealers handle and explain customer complaints and doubts. All the steps from design to after-sales service are mutually integrated flows aimed at reducing marketing expenses; increasing customer switching costs; and moving the customer up, in a co-ordinated manner, to viral level of customer loyalty ladder. Whether in full-fat and semi-skimmed innovations, the implication is that customer satisfaction is a value-chain and systems activity built on trust, mutuality, promise, shared values, and commitment, whereby each subsystem interacts mutually with others to maintain the wholes of customer satisfaction and profitability.

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I. Introduction

What is apparently surprising is that researchers and businessmen have concentrated far more on how to attract customers than on how to retain them (Schneider, 1980) when the cost of generating a new customer is much more than that of keeping existing ones (Boone and Kurtz, 2007). Exponential changes (Stamer, 2008; Mancini, 2009) in the forms of consumers being smarter and better informed (Alrubaiee and Al-Nazer, 2010) fundamentally re-tuned the rules of the game. Instability in the world business cycle perhaps since the 1980s; shorter product-life-cycle and market saturation; complexity and globalization of markets; and technological breakthrough (Boone and Kurtz, 2007) have repositioned businesses to give-and-take two-way flow of values (Shaker and Basem, 2010; Christopher *et al*, 2002). The key success factor (KSF) under these forces is building favourable relationships with stakeholders (De Madariaga and Valor, 2007) to ensure cost-effective and improved customer value-delivery networks. Today, many firms are rewriting the rules of the game (Boone and Kurtz, 2007); trying to rebuild competitive advantages in RM context (Shaker, 2009). The legendary records of how Harley-Davidson Motorcycle, Xerox, IBM, Procter and Gamble (P&G), Banks, Airlines, Insurance, Telephone, and Direct Marketing Companies built their success stories through a fiercely loyal customer base signify that in most cases the biggest challenge for firms is not generating huge number of customers, but meeting needs. The recent renaming of P&G's Trade Department to Customer Business Development shifted focus to immediate customers (Sheth and Parvatiyar, 2002) and informed the packaging of one-on-one marketing and loyalty building programmes with end-users (Breshnahan, 1998) and other programmes aimed at other value-chain members, including those in mega relationships with P&G.Harley-Davidson modelled on Japan's Keiretsu-huge vertically integrated companies that foster deep, trusted relationships with suppliers to form strategic alliances and value chain with top-performing vendors. The firm later learnt that integrating suppliers into the design process leads to more innovative design efficiencies that reflected on cost effectiveness and other competitive advantages that would ordinarily not envisaged if such integration were absent. The extension of this integrative relationship to employees,

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customers, and dealers in a Networked Relationship Marketing (NRM) brought about even further landmark progress in the competitive results of Harley-Davidson. Implicit is that firm's prosperity transcends identification and attraction of customers and so, the novel passion to success is borrowing the ideals of B2B and service sectors to place organizational destinies in the hands of customers (Gronroos, 1996) through retention, trust, commitment (Gaur and Xu, 2009), customer satisfaction and loyalty building (Gaurav, 2008) and cost reduction due to better understanding of the worlds of consumers (Ndubisi, 2004). Firms dialogue with customers and form co-operative marketing networks with them to cultivate long-term loyalty and switching barriers (Hasouneh and Ayed Alqeed, 2010) expressed in repurchase intentions and cross-sell opportunities (Eisingerich and Bell, 2007; Lemon *et al*, 2002). Inducement of feelings and emotional states through respects, courtesy, warmth, empathy and assistance (Al-alak, 2006) may be signs of shifts from marketing mix frameworks to building relationship with immediate customers in a manner that pushes them upward in the hierarchy of customer loyalty ladder (Bhardwaj, 2007; Christopher *et al,* 2002). This is often expressed in competitive positioning, financial performance (Alrubaiee and Al-Nazer, 2010; Shaker and Basem, 2010; Forrester, 1958; Wood, 1997), repurchase intentions, cross-sell opportunities (Lemon *et al*, 2002; Eisingerich and Bell, 2007) and data mining. Theorists demonstrate that a 10 percent reduction in value-chain cost structure may yield 40 to 50 percent improvement in pre-tax profit. As little as a 5 percent improvement in customer retention can upsurge profitability to about 25 to 85 or 95 percent (in terms of NPV) (Reichheld and Sasser, 1990) depending on the industry. Boone and Kurtz (2007) observe that generating a new customer costs 5 to 7 times as much as keeping a current one, so firms pay a steep price when customers stray to other brands. The same could be said of the relationships with dealers, suppliers, and employees.

In Nigeria, this paradigmatic shift was loudly noticed in the mid 1990s, perhaps with service organizations (e.g. banks) and B2B organizations in fore-front. Although too many counter-productive events took place in Nigeria's economy then; bank distress and its attendant turnaround strategies by some to re-engineer progress had the most significant all-encompassing effects on the different strata of Nigerians. Quite a number of revolutionary moves permeated the value chains, which in the words of Sheth and Parvatyar (2002), attempt to upsurge cost-effective acquisition and retention of customer, customer commitment, and share in customer business instead of the traditional search for market share increases. Thus the significant change in the value-chain interaction represents one of the strategic developments in marketing scholarships and practices through the 21st century. This time relationship is rarely thought of within the contexts of selfishness, superficiality and self-indulgence (Smith and Higgins, 2000) rather on the assumed relational commonalities. Parties exploit their socio-economic ties (Shaker and Basem, 2010), pursue longevity goals for mutual benefits and develop confidence in one another to achieve co-operative marketing networks.This paper is motivated by the laudable quest to unravel the possibility of RM in its nascent status to have the potential of constituting a general marketing theory. This is based on the fact that a number of authors have called for a synthesis of the fragmented ideas and theoretical frameworks of RM to generate perhaps an all-encompassing theory (Gummesson, 2002). The objective of this paper is to critically provide meta-theoretical analysis to ascertain whether RM theories are entirely new or derived from older theoretical tradition; whether RM has taken-over marketing management theory; and whether the underlying theories are okay for all exchange relationships. A number of scholars have done similar works (e.g.; Broide *et al*, 1997; Moller and Halinen, 2000) but this paper differs in terms of being more pragmatic in analysis.

II. Theoretical conceptualization and transfer of connotations

Since Berry (1983) conceptualized RM, dozens of definition unveiled but the core of all is to re-build relationships with publics in a manner that incorporates long-term marketing process than simply acquiring widespread public awareness. Berry (1983) draws existing conceptualizations to re-engineer marketing thought as transcending individual and one-time transactions. Relationship Marketing theory is not about funky accord with one's customers rather it involves using event-driven tactics of customer retention marketing to reposition marketing as an on-going multi-transactional relationship with customers (Veloutsou *et al*, 2002; Berry, 1993) rather than single unconnected events as in the case of traditional marketing. Harker (1999) reviewed 26 definitions of RM and proposed his own in terms of organizations being proactive in creating, developing and maintaining committed interactive and profitable exchanges with selected partner(s) overtime. RM defines the process of attracting, maintaining, and enhancing interactions with customers and key partners. Boone and Kurtz (2007) and Jobber and Fahy (2006) express RM as the development, growth, and maintenance of cost-effective, high-value relationships with individual customers, suppliers, dealers, and other partners for mutual benefits overtime. It combines people, processes, and technology with the long-term goal of maximizing customer value through mutually satisfying interactions and transactions (DiPasquale, 2001). RM is a reform developed from direct response marketing that builds long range integrative and beneficial relationships with all stakeholders involved directly or indirectly in value creation. Such integrative relationships may be achieved through multi-channel collaboration-telephone, social software, e-mail, fax, web, post, in person, SMS, etc. One attempts to ascertain whether the conceptualization of RM is entirely new or developed from existing tradition that had long guided business and non-business (e.g.; marriage) life. The philosophical domains of RM, though perhaps not entirely new, question tried-and-tested business models, ways of working, organizational structures, and accepted truths in marketing. The transfer of connotations from traditional marketing management, services marketing, TQM, network marketing and network organization (Gummesson, 2002) to RM is quite revealing. The proliferation of publications, debates, conferences, and symposia on the practical and theoretical conceptualization of RM attests to the fact that it is an integral development in marketing science (Berry, 1983; Gummesson, 2002) perhaps emerging as a subfield (Moller and Halinen, 2000; Smith and Higgins, 2000). Kotler (2003) opined that RM evidently caused most standard marketing texts to be revised to reflect the relationship angle. The long existing theories of trust, co-operation (Anderson and Narus, 1990; Morgan and Hunt, 1994; Smith and Higgins, 2000), bonding and reciprocity (Egan, 2001), keeping promises (Gronroos, 1996; Calonius, 1988), commitment (Moorman, Zaltman and Deshpande, 1992), shared values and mutuality (Czeipal, 1990; Morgan and Hunt, 1994), and absence of opportunistic behaviour (John, 1984), formed the cornerstone of IMP's early relationship theory. RM drew much from IMP's interaction model (Hakansson, 1982) and commitment-trust theory of RM by Morgan and Hunt (1994) though both models de-emphasized relative efficiency.

The 4Ps of marketing management and marketing concept continually overlap but with modest treatments that make them more viable bearing in mind the collaborative relationship within the RM paradigm. Further, modern consumer marketing dates back to 1950s and 1960s partly in an attempt to broaden the scope of marketing to reflect relationship in the value-chain. Consumer behaviour scientists' studies on brand loyalty and supplier or store loyalty date back to the early 1950s (Jacoby and Chestnut, 1978); early consumer learning theories contain consumer engagement in relational market behaviour (Hansen, 1972); and the ideals of relationships in B2B and service sectors were re-examined and applied to other spheres of business, especially consumer goods sector (Smith and Higgins, 2000; Moller and Halinen; 2000; Jackson, 1985). Moller and Halinen (2000) record that in the late 1970s, researchers in B2B and marketing channels began developing conceptualization on dyadic relationship between buyers and sellers based on the lapses of marketing management tradition. Marketing mix has limited framework for assessing and developing customer relationships in many industries and is gradually being replaced by relationship marketing alternative models (Gordon, 1999).

III. New blues in marketing thoughts and marketing tasks

There is aggressive paradigmatic shift within marketing thought from the transaction-based marketing, which focuses on oppressive and offensive associations, relationship between customer and product, short-term/single or few exchanges and power-based notions to customer-focused relationship marketing, which promises marketing reforms that reflect on long-term relationship, associations, and harmonic connections (Smith and Haggins, 2000; De Madariaga and Valor, 2007). RM transcends market-based relationship marketing (buyer-seller dyad) to network-based relationship theories (Moller and Halinen, 2000), enabling communication, collaboration and co-operation amongst online communities (Cook, 2008; Mason *et al*, 2008). The digital world encourages appropriate inter-firm alignments and relationships to assure outstanding performance. Advances in IT have relentlessly restructured and re-engineered processes (Fawcett and Magnan, 2002), integrated resources and automated transactions across traditional boundaries (Ballou *et al,* 2000; Kaplan and Sawhney, 2000) to improve network relationships and knowledge sharing, to cut costs and improve operational efficiencies, transparency and value-added information, and to create exceptional but difficult to copy customer values (de Burca *et al,* 2005).The integrative nature of RM implies that it is cross-functional shaped by re-engineering. Unlike traditional marketing where works follow silo approach, from one functional department to another; cross-functional and re-engineering theorists believe in integrative and pervasive structuring of organizations to reflect complete tasks and processes. They emphasize company-wide training and retraining of staff on marketing in general and on relationship marketing in particular. The banking industry and a few others are in the fore-front of seeing long-term relationship as worthwhile perhaps because they are service-oriented; competitive; and customer decisions carry high perceived risks. For instance, their effort to induce feelings and emotions through respects, courtesy, warmth, empathy and assistance (Al-alak, 2006; Al-alak and Alnawas, 2010) may be signs of shifts from marketing mix frameworks to building relationship with immediate customers in a manner that pushes them upward in the hierarchy of customer loyalty ladder (Bhardwaj, 2007; Christopher *et al,* 2002). The sales revenue of Enterprise Rent-A-Car, according to Cole (2001), grew twice as much than those of rivals because personalized service scored highest; a customer who forgets his driver's license is assisted to pick it up and if expired, he is taken to renew it. For a relationship to permit improved customer retention and marketing productivity, the customer must value it or view the entire exercise as relationship rather than transaction-based. The customer determines whether or not to develop RM based on perceived mutuality of thinking with the developer (Shaker, 2009) and/or the received added value through more customized service (Hasouneh and Ayed Alqeed, 2010). Anderson *et al* (1997) surveyed focus groups in apparel industry and identified four contexts by which a consumer values relationship in the design of clothing. They are copying clothing currently owned, totally custom, co-designing with a trained person, and selecting from a set of opinions or component choice. Similarly, Fiore *et al* (2001) found that consumers prefer RM in mass customization of products (i.e.; jeans, swimming suits), product features (i.e.; fit and size) to a greater degree; and colour and garment details to a lesser degree.

In Nigeria, many banks have fostered repeat, product support, and viral behaviours from incumbent loyalists; and trial and switching behaviours from potential customers in a variety of laudable ways, particularly in the area of bringing the banking business to the customers' bedroom. For instance, United Bank of Africa (UBA) launches children's account and advertises loud on making some customers millionaires upon maintaining a minimum of N50000 balance in one's account for a stipulated period before computer-based drawing commences. Zenith Bank offered bonus shares to shareholders; Eko Bank offered staff free vacation to USA for meeting targets; and the then Eko International Bank (before its demise) offered to take care of the school fees of customers' children upon the customer investing in H-Account. These banks are of the view that in transactional marketing, exchanges with customers are generally sporadic, often disrupted by conflicts resulting from manipulation of marketing mix and profit maximization syndromes (O'Malley and Patterson, 1998; Ismail, 2009); and as interactions reform to relationship, infrequent business relationships turn on-going.Though relationship officers may not maintain plenty accounts, they have challenging tasks; they are assumed defensive marketers, who manage customer dissatisfaction and create switching barriers, reduce customer turnover, and increase customer loyalty and purchase frequency (Fornell and Wernerfelt, 1987). They give their employers new opportunities to gain competitive edge by moving customers up in the hierarchy of relationship ladder of customer loyalty from indifferent prospects to new customers, then to regular accounts, loyal supporters of the firm's business and finally to viral who do not only buy the firm's products but also use their experience to reduce the perceived risks of others. Getting these done involve providing meaningful and richer contacts, more holistic and more personalized service quality that exceeds expectations at each step and the use of consumption experience to create stronger ties in the value-chain. Christopher *et al* (2002) and Armstrong and Kotler (2007) contrast the above from transactional marketing, which muscles on product features, has minimal interest in customers, limited customer contact, and quality is primarily a concern of production. Transactional marketing links offensive marketing on accounts of generating new customers perhaps via liberating dissatisfied customers of rivals or causing switching behaviour (Fornell and Wernerfelt, 1987; Shaker, 2009). The framework shows that all efforts in value chain are geared toward corporate performance. Inward marketing permits intra relationships, which reflect on marketing programmes designed to deal with the marketing environment. Relationship reflects on value chain co-operation and integration, and ultimately affects performance metrics-profitability, customer retention and loyalty, and market growth share. These views merit kudos on the premise that the stiff competition encourages value added, which often comes from relationship marketing.

IV. The RM Architectures on Various Exchange Applications

The theory of mutual exclusiveness does not apply in relationship marketing and traditional marketing since the use of one does not preclude the use of the other, especially amongst firms that have different product portfolios that perhaps demand for a blend. Business portfolios that demand relatively high consumer involvement, huge purchase at a time and high switching costs foster long standing, and of course two-way flow of, relationships. Studies have empirically shown a strong correlation between corporate success and user collaboration (Berthon *et al,* 2004). This finding debunks hard-selling concepts in favour of deep and continual interactions between developers and customers (Sherman *et al,* 2000) as if the latter are under direct control of the former. RM stimulates developers' understanding of the world of consumers and reflecting same in managerial actions. Kotha (1995) surveyed a bike firm and used his findings to link mass customization and mass production strategies to maximization of competitiveness. According to Gupta and Souder (1998), such participative architecture is assumed an important contributory success factor. To reflect the weight of participatory architecture and relationship, Kaulio (1998) extensively reviewed levels of building customer relationships and proposed the models of design for, design with, and design by that seemingly akin consultancy, co-development, and apprenticeship models proposed by Leonard-Barton (1995). Design for involves extensive use of market data,

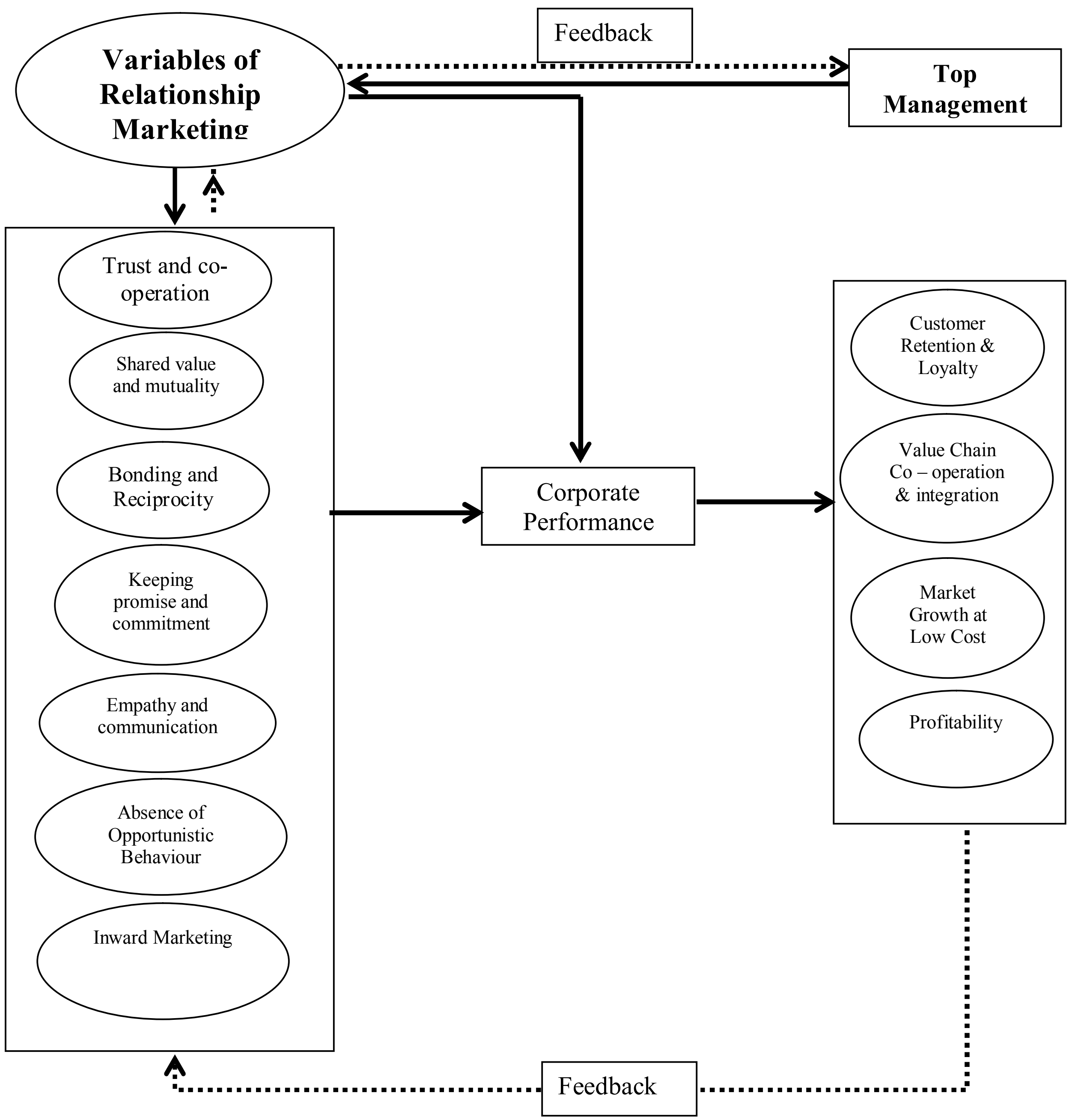

Figure 1: The Conceptual Framework of Relationship Marketing

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focus groups, interviews, and consumer behaviour models to design products on behalf of customers; design with makes use of data on consumer needs and reactions/suggestions on prototyped products; and design by extensively involves consumers in the design and development of the final products. The last demands more of marketing relationship (RM). The average time expended in product development process is shorter when firms institute relationship that aggressively incorporates users in the entire exercise. Interactive relationships with customers provide detailed information on key success factors (KSFs) lacked internally and reduce development time and costs (Campbell and Cooper, 1999). Further the extent of relationship in the value chain, especially with customers in each phase of development reflects whether the innovation is a full-fat or semi-skimmed. For the latter, corporate challenges and consumer involvement are relatively less complex because established behaviour pattern is not wholly disrupted. Much will ordinarily not be expended on RM since many firms engage in technology cluster and improvement upon existing products perhaps following the enormous cost of launching an entirely new product in some consumer markets. This approach compromises stimulus generalization theory of Professor Ivan Pavlov, and has proved very profitable when the original product version has made exploitable name in terms of performance, economy, technical know-how, durability, etc. In the former, consumer involvement and of course relationship attracts further complexities. The complexities are often expressed in terms of users not knowing exactly what their requirements are for innovations that open up new applications (O'Connor, 1998). Totally novel concepts that disrupt value networks, established behaviour pattern, and/or industry practices demand much of relationship marketing to aggressively move the consumer progressively through the stages of information processing until final decision is made. If such disruptive concepts are well managed, RM can cause them to attract the least competition and may potentially transform the value networks to the designer's advantage (Tornatzky and Fleischer, 1990).

V. Structural Governance and Approaches to RM

Developments in relationship theory assert that improved performance (Jackson, 1985) in terms of customer retention (Ismail, 2009; Bhardwaj, 2007; Al-alak and Alnawas, 2010) and customer satisfaction are the main motivation for entering into relationship. The link between long-term interaction and performance has been empirically proved. However, literature suggests that relationship performance varies across relationship types (e.g.; bilateral, discrete, hierarchical, and recurrent) and these types determine how it (relationship) is governed (Heide, 1994). Varey and Ballantyne (2005) conceptualize informational, communicational and dialogical types of interaction that are somewhat symmetric to the aforementioned. Depending on management, any of these underlying structural alliances may attract long-term relationships Bilateral or dialogical relations extend the ideals of marketing concept to the structure of co-involvement of parties and mutual co-operative relationships perhaps by treating one's customers as though employees. The parties learn together and remain innovative social and economic contributors in order to minimize conformance risks and perceived values in the present competitive business world (Baxter, 1995). Discrete or arm's length is an extreme case (Jackson, 1985) of traditional independence model of relational exchanges; it relates to market type but with realistic minimum levels of relationship activity to facilitate the exchange (O'Toole and Donaldson, 2000). Traditional independence model of relationship marketing may permit the formulation and implementation of standard pricing, quality, product returns and delivery policies in a manner that builds long-term relationship between relevant parties. Dominant or hierarchical relations exist where a partner unilaterally uses its decision making power against other partners in the value chain. This may be synonymous with the selling orientation; the producer hard-sells products made without collaboration with the target audiences and other members of the value chain. Finally, O'Toole and Donaldson (2000) note that recurrent relationships are archetypal JIT relationships; they are close but not strategic enough to be bilateral.

The approaches to RM require an interwoven relationship between customer satisfaction, inward marketing, customer retention, and customer loyalty.

1) *Customer Satisfaction*

Amidst stiff competition in most industries, many organizations distinguish their operations to reflect quality customer service, innovation and customer responsiveness in an attempt to build customer satisfaction and its concomitant ideals of profitability (resulting from premium price), loyalty and dominant market share. Customer satisfaction is viewed as a complex relational and economic activity involving inputs from vendors and other independent firms and continues even by the manner the dealers handle and explain customers' complaints and doubts. It is a performance measurement instrument (Ambler and Kokkinaki, 1997) that focuses on experience-based positive judgment of a product by a customer. It measures product-delivery-attributes as determined by market forces and undoubtedly reflects on the extent of relationship. Performance generally focuses on input/output relations (O'Toole and Donaldson, 2000); the input side relates to marketing effectiveness (e.g.; market orientation and marketing audit) whereas the output side, which is more predominant especially in inter-firm relationships, considers marketing efficiency (e.g.; sales volume, market share, costs, customer satisfaction, profitability and non-pecuniary measures).Measuring customer satisfaction assists to identify the most profitable customers and to increase loyalty amidst competition; to calculate the lifetime value of each customer; to increase switching costs, customer retention and viral rates; to reduce marketing costs; to boost sales volume per customer/customer group; and to build meaningful dialogue that builds relationships and fosters genuine brand loyalty (Al-alak and Alnawas, 2010; Shaker and Basem, 2010). The cost of customer dissatisfaction is often expressed in terms of weak likelihood of repeat purchase and unfavourable word-of-mouth that may hinder trial and switching behaviours from potential buyers and competitors' loyalists respectively.Four main tasks are required of the user organizations in decisions guiding interface with customers. First, data-based marketing builds relationships from assortments of data on buying habits or preferences from multiple sources. Boone and Kurtz (2007) noted that enduring relationship with customers (B2C) and/or other businesses (B2B) is subject to building a *front-office* system's database that tracks and analyzes each customer's shopping profile in terms of demography, attitude, perception, psychographics, purchase and other characteristics that determine customer preferences, activities, tastes, dislikes, likes and complains. Second, subject to individual customer or customer group life cycle stage and/or extent of loyalty to the firm's market offerings, customer shopping profile forms the basis for tailoring a customized and differentiated marketing programme based on prediction about customer upward movement in the relationship ladder as well as how a purchase is financed.Third through relationship marketing, data warehouse or a *back-office system* used to fill and support customer orders, stores all customers' information to help top management or recovery team monitor contacts and make informed decision on how to add values to the buyer-seller transaction in order to foster continuity in the relationship. Finally, RM uses intimate knowledge of customer preferences to inject in every staff and units of the organization, including external partners as dealers and suppliers, esprit de corps toward building differentiated business that unbreakably fuse a lasting relationship with the customers. Sophisticated technology and the Internet services, according to Crosby and Johntson (2002), are the dependable tools that make these four interactive tasks workable.

2) Inward Marketing

A good internal customer satisfaction helps organization to attract, select, and retain outstanding employees who appreciate and value their role in the delivery of superior services to external customers (Alrubaiee and Al-Nazer, 2010; Shaker and Basem, 2010). Inward marketing asserts that every employee, team, or unit in the firm's value chain is simultaneously a supplier of, and a customer of, ideas and/or services. On the instant that employee loyalty rubs off on customers, the value chain starts with the morale of internal customers- employees and units- that must understand, accept, and fulfil their respective roles in implementing the marketing strategy. For instance, employees and units engaged in manufacturing, packaging, and processing orders for new equipment are the internal customers of salesmen who then complete sales contracts with external customers. Perhaps these individuals do not have direct contact with the external customers but the company-wide intranets/philosophy emphasizing on customer mindedness may cause them to condition their performance to impact directly on the overall firm's value delivered to the external customers. The banking and oil industries, particularly SPDC, Agip, Texaco, Exxon Mobil, etc; are in the fore-front of this trend by installing organizational culture of training and re-training employees as well as keeping them constantly informed (often through the intranet) about, and committed to, corporate goals, strategies, and customer needs.

3) Customer Retention

The hallmark of every firm in competitive industry and of relationship marketing is customer retention, which, if well programmed, involves the creation of novelty and mutuality in values, which often deepen, extend, and prolong relationship; thus creating yet more opportunities for customers, manufacturers, dealers, and suppliers to benefit from one another. Unleashing more premiums on incumbent customers make economic sense on the grounds that, several studies reported that the costs of sourcing and acquiring new customers reasonably out-weigh the costs of maintaining/retaining existing ones. Many studies have proved that customer retention increases profitability. Buchanan and Gilles (1990) reported that such relationship exists because of the followings. First, the cost curve of the relationship is only high at the acquisition time and falls as the relationship becomes stronger and more enduring. So, accounts maintenance costs decline as percentage of revenue increases per account. Second, stable or improved sales volume/sales amount may be stimulated by building switching barriers and less price sensitivity as well as creating avenues through which satisfied customers initiate free-cost viral promotions and referrals. Finally, profitability is further improved because long-term customers are more likely to purchase ancillary products and higher margin supplemental products. The last is achievable through product bundling (pairing goods or services for a price, e.g.; toothpaste and tooth-brush or Dabur Herbal and ball-point pen) and sales cannibalization (selling related product items to incumbent customers e.g.; Close-Up and McCleans; Coke and Diet Coke; or Fanta and Fanta Chapman). Sales cannibalization makes sense because launching full-fat innovations in some consumer markets is enormously challenging thereby attracting widespread technology clusters in the forms of extensions and improvement upon existing ones. Undisrupted customer behaviour fosters firms to enjoy less expense in delivering satisfaction because the customers themselves are more conversant with the seller's processes, require less education/learning, and are consistent in their order placement. Boone and Kurtz (2007) opined that through relationships, customers simplify information gathering and the entire buying process as well as decrease the risk of dissatisfaction. In other words, such relationship may lead to more efficient decision-making by customers and higher levels of customer satisfaction. Further, customer retention and loyalty make the employees' job simpler, cheaper, and more satisfying; which, in a vicious manner, can be passed on to customers. In addition to running programmes that encourage frequent positive behaviour in relationship marketing, firms also use affinity marketing to further retain customers and solicit involvement by individuals who share common interest and activities. For instance, BMW can build affinity by emphasizing and reinforcing high performance.

4) Customer Loyalty

The longer a relationship lasts the more profitable it turns and so, the core of RM is to win and keep customers by creating relational value chain (Peng and Wang, 2006) in a manner that culminates more points of contacts and deeper accords, frequency marketing and efficient operations, cannibalization, making disruptive behaviour costly, and detailed probing into customer complaints and competitive benchmarking to make informed corrective decisions to keep all relationships improving. Loyal behaviour measures the length of time a customer is predisposed to resist competitive offers (Peppers and Rogers, 1999). Yim *et al* (2008) defined loyal behaviour in terms of deeply held commitment to repurchase a preferred brand in the future despite unfavourable situational and marketing influences that may cause switching. A loyal customer enjoys satisfaction, is passionate, builds switching barriers and tolerates unfavourable situations in the hope of future improvements when voiced out. Reichheld's (1996) survey showed correlation between loyal behaviour/customer retention and profitability. Hasouneh and Ayed Alqeed (2010) opined that new customers may be initially unprofitable but turn profitable as relationship lasts. A caveat need be observed here to avoid keeping worthless relationship because Gronroos (1996) categorized customers into transactional mode, passive relational mode and active relational mode. The last category is the most laudable asset of RM because they seek contacts and interactions for value-added exchanges. Customer retention rate and customer lifetime value provide bases for knowing which relationship to deeply invest and which to serve differently or to even terminate. Koller (2001) indicated that Harrah's Casino created a Web-based programme that allowed gamblers to view their points and learn how to earn more benefits as they gamble their way up to platinum or diamond status. Also, the programme identified which of the so-called *high-rollers* yields the highest profits. Dwakins and Reichheld (1990) opined that an increase in retention rate from 80 to 90 percent is associated with doubling of average life of a customer relationship from 5 to 10 years. This is based on the fact that RM fosters more points of contacts with customers and builds deeper accords that often cause new learning and disruptive behaviour a costly exercise.

VI. Conclusion

Amongst marketing management traditionalists, aggressive attraction of customers or dominant focus on point-of-sale transaction though besieged with weak pay-off remains a popular approach to deal with the competitive business environment. Transactional marketing views exchanges as generally oppressive, power-based, intrusion, short-term, irregular, and often disrupted by conflicts resulting from profit maximization driven manipulation of the marketing mix variables. A new dawn is right here today. Borrowing the ideals of B2B and service sectors to build loyalty and mutually beneficial relationships with incumbent customers, dealers, suppliers, and employees is perhaps synonymous with the search for creative, innovative, and cost-effective strategies for delivering customer values as well as ways to deal with selfishness, superficiality and self-indulgence of the independent firms to boost mutual performance. Hence, a paradigmatic shift from push to pull models of integrated relationship across traditional boundaries and of course the building of customer responsiveness, customer retention and customer loyalty theories. The theories of relationship have long existed in marketing management literature and related fields; they provide the theoretical bases upon which the new dawn of change, amidst IT explosion, rests. After-all RM has not got any knowledge of its own. The new dawn of relationship shifts power to consumers; views markets as social conversation involving participative architecture and inter-firm alignments; and enables mutual relationship, interaction and collaboration to build long-term relationships that reflect on corporate performance. The implication is that customer satisfaction is a value-chain and systems activity based on value chain trust, mutuality, promise, shared values, and commitment. Each subsystem interacts with others to maintain the whole; when one is weak the entire whole fails. This belief guides value chain decisions. If done online, such relationships allow for overtime creativity, communications, secured information sharing in real time, and collaboration between members of on-line communities. Networking information for value chain access, including the customers, provides strong basis for building sustainable competitive advantage (SCA). This requires the alignment of functional and value-chain partners' activities with corporate strategy and harmonizing such with organizational structure, processes, culture, incentives, and people in an attempt to build long-term relationship. Collaborative structure determines authority; sharing of risk and rewards; long-term and shared commitment and goals; division of cognitive processes into intertwined layers; and mutual participative architectures and esprit de corps in a co-ordinated effort to push customers upwards in the relationship ladder. All steps in the value chain from design to after-sales service are integrated flows aimed at improving corporate performance. Rather than shaving suppliers' margin, the interests of all stakeholders can be best served through more strategic approach to optimization.

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