Shifts in Customer Relationship: Strategies and Initiatives in the Digital Age

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ABSTRACT

Companies require building and maintaining customer relationships to achieve excellence in the digital age. Companies should be selective and should develop relationships with loyal and profitable customers and discourage unprofitable customers to continue doing business with them. Companies require developing interactive customer relationships which are mutually beneficial and understanding the growing importance of consumer-generated marketing in the digital age and online marketing domains in forming relationships. They should respect public policies like consumer security and privacy, have knowledge of customer rights, and respect those rights to win customer trust. Firms require developing customer preference programs to strengthen the bondage with passionate customers and to attract potential buyers and convert them into regular customers. All such strategies will help companies understand the shifting nature of customer relationships in the digital age, build in-depth customer relationships, succeed in the tough environment, and achieve business excellence in the digital age.

KEYWORDS

Consumer Rights, Consumer-Generated Marketing, Customer Preference Program, Digital Age, Interactive Relationships, Privacy, Profitable Customer, Security

1. INTRODUCTION

Marketers require maintaining proper relationships with customers (Buttle & Maklan, 2019). Companies require keeping their customers satisfied to be able to sustain and excel in the competitive business environment. Companies will be able to satisfy their customers only when they have detailed information about the requirements and the preferences of individual customers (Chen, Riantama, & Chen, 2021). In this digital age, companies maintain databases to collect and store information about customers. They keep track of all the customer touch points to collect customer information and to maximize customer loyalty (Ismail, 2021). It is imperative for companies to build and maintain profitable customer relationships by delivering superior customer value and satisfaction (Weking, Hein, Böhm, & Krcmar, 2018). To achieve this, companies require acquiring, retaining, and growing customers (Xue, Sun, Bandyopadhyay, & Cheng, 2021).

Companies acknowledge that they require building and maintaining relationships with customers to achieve business excellence (Padmavathy, 2017). However, with the changing business environment, significant changes are taking place in the ways companies and customers interact with each other. Previously, companies used to adopt mass marketing assuming that the requirements and the preferences of different customers are the same. At present, companies realize that not all individuals...
should be targeted and it is not advisable to do mass marketing (Bukhari & Kazi, 2016). Companies may waste their time, energy, money, and resources if they target all customers. Companies are selective in choosing customers based on certain criteria and in targeting them accordingly (Bukhari & Kazi, 2016). They focus on developing deeper, more direct, and lasting relationships with those customers who really matter (Shah, Kumar, Kim, & Choi, 2017). Companies adopt a number of strategies to build relationships with selected customers. Companies realize that building customer relationships will be possible only when customers understand the importance of relationships and participate actively in the process of building relationships (Shah et al., 2017).

Companies should be aware of customer rights and should respect their privacy and security at all customer touch points. Companies also require developing effective customer preference programs to attract and retain their customers (Berman, 2016). A proper understanding of customers and building customer relationships are important for companies to achieve excellence in the competition.

Information technology plays a major role both for customers and for companies. The recent developments in information technology have made it possible for customers to access any information at one click of the mouse (Sachdeva, 2020). They search for products, interact with other customers, access social media to understand the current and emerging trends, compare different offerings of companies, do comparisons of price and quality, and do online shopping while they are on the go (Kim, 2019). Individuals can access the internet on their smart phones. They can perform all their online activities from their smart phones. Recent developments in e-commerce have made it possible for individuals to compare products, do the purchases online, and track product orders from their smart phones (Lin, 2020). Also, individuals can perform all these activities from the comfort of their homes.

Companies can benefit from the developments of information technology. Collection of information about customers becomes easier because of the internet (Busca & Bertrandias, 2020). They can conduct online focus groups, in-depth interviews, and track customer reviews on social media. Information technology also allows companies to control logistics and supply chains. Companies can connect with all the relevant stakeholders seamlessly with the help of the internet. The internet helps companies to complete all the processes faster and in an organized manner (Nasır, 2019). Companies can contact their customers and collect information from them directly. This results in the generation of relevant and better customer insights. They can use marketing intelligence to identify which customers to target with a specific offering. Analysis of customers based on different parameters can be done faster and conveniently with the help of information technology. Development of customer relationships to achieve business excellence becomes easier because of information technology (Mandal, 2019a). All these become possible because of the developments in information technology and the widespread usage of the internet.

It is believed that long-term relationships should be developed with all customers (Kasemsap, 2019). However, recent research suggests that long-term relationships should be developed only with selected customers (Hlefana, Roberts-Lombard, & Stehler-Mulder, 2020). Few research studies focus on relationships with selected customers in the digital age and with the developments of information technology (Genc, Hasaballah, Khoa, Ongsakul, & Ahmed, 2020; Wanja, 2019). Most of the studies focus on the analysis of relationships from an empirical perspective (Al-Weshah, 2017; Darli & Vasanthagopal, 2017). However, it is also required to analyze the relationships with selected customers from a conceptual perspective. The study tries to address this research gap.

The objective of the study is to discuss the different strategies of developing customer relationships to achieve business excellence in the changing marketing environment and in the changing nature of customer relationships in the online domain. The study also discusses why companies should be
selective in choosing their customers for retention, and why they should even discourage specific customers to continue remaining with them.

The methodology of the study includes a qualitative and a conceptual analysis of the literature related to the shifting nature of customer relationships. The study is based on conceptual arguments. The conceptual analysis helps to understand the various strategies and initiatives taken by companies across industries better. The study does not collect primary data and does not conduct an empirical analysis.

The contributions and the novelty of the study lie in the fact that the shifting nature of customer relationships and the importance of developing long-term relationships with selected customers in the digital age are discussed. Both academicians and managers will realize that it is not practical and feasible to build relationships with all customers. Rather, it is beneficial to build and develop relationships with selected customers. Also, the different strategies and initiatives adopted by companies are analyzed conceptually. Various public policy issues like consumer rights, privacy and security of customers, and development of customer preference programs are discussed. Conceptual analysis of the literature will offer deeper insights which might help companies to understand which customers to focus on. Companies might then strive to develop better strategies and initiatives for such customers in future.

The study is structured as follows:

Section 2 focuses on the reasons for developing relationships with selected customers. Relationships with customers will grow when such relationships are interactive. Development of interactive customer relationships is focused in section 3 with sub-sections 3.1 and 3.2 focusing on the ways in which companies develop interactive relationships with customers and consumer-generated marketing respectively. Consumer-generated marketing helps in developing an in-depth relationship and bonding of customers with companies. in the digital age, relationships are getting involved in the online domain. Section 4 discusses about online marketing domains and customer relationships in online marketing domains. Sub-sections 4.1, 4.2, 4.3, and 4.4 discuss about relationships in B-to-C domain, relationships in B-to-B domain, relationships in C-to-C domain, and relationships in C-to-B domain respectively. Development of relationships with customers require collection and analysis of customer information. Companies require ensuring their customers about the safety and security of the information. Section 5 discusses about the importance of the knowledge of public policies like consumer rights for companies with sub-section 5.1 focusing on the privacy and security of customers. Customer preference programs help companies to understand their customers better and to develop programs which are customer-oriented. Section 6 discusses about development of customer preference programs. Section 7 discusses the salient points of the study with sub-sections 7.1 and 7.2 focusing on the theoretical implications and the managerial implications of the study respectively. Section 8 concludes the study with sub-sections 8.1 and 8.2 focusing on the limitations of the study and the avenues of future research respectively.

2. DEVELOPING RELATIONSHIPS WITH SELECTED CUSTOMERS

Very few companies do mass marketing now-a-days. Companies do not try to sell to all customers in a standardized way (Bukhari & Kazi, 2016). Companies analyze the profiles, requirements, and preferences of customers. All companies agree that it is not beneficial to build relationships with every customer (Klimas, 2018). Companies perform an analysis of their customers and then target only the most profitable ones. One analyst comments, “Not all customers are worth your marketing efforts. Some are more costly to serve than to lose” (Sullivan, 2008).

Companies have a number of analytical tools at their disposal to decide who the most profitable customers are (Fang, Jiang, & Song, 2016). One of the most common analytical tools which companies use is customer profitability analysis. Based on the analysis, companies identify the profitable customers, focus on them, and try to win them through various offers. Similarly, companies
eliminate losing customers and discourage them from doing business further. One approach might be to understand which customers are willing to continue with the company and check whether they are potentially profitable customers or not (Reinartz & Kumar, 2003). Progressive Insurance is one of the companies which perform this analysis well. The company tries to understand its customers by asking them a series of questions. Through this, the company also tries to ascertain whether there is a match between the offerings of the company and customer expectations (Sullivan, 2008). Based on the analysis, Progressive tries to decide whether some customers are right for the firm or not. If Progressive feels that they are not, it will likely tell them, “You might want to go to Allstate”. A marketing consultant explains, “They’d rather send business to a competitor than take on unprofitable customers” (Sullivan, 2008). Elimination of unprofitable customers allows Progressive Insurance to focus its energy and resources on profitable customers. The saved resources may be utilized in providing even better service to potentially more profitable ones (Fader, 2012).

Companies should focus on profitable customers. However, at the same time, they cannot ignore their existing and unprofitable customers. One strategy is to try to convert those unprofitable customers into profitable ones. If that is not possible, companies may even think of dismissing those customers who are unprofitable and who are unreasonable. Companies perform analysis to identify those customers who cost more to serve than they are worth (Fang et al., 2016). One marketing expert comments, “Save your company by firing your customers. Well, not all your customers – just the ones who ask for more than they give”. Another marketer comments, “Firing the customers you can’t possibly please gives you the bandwidth and resources to coddle the ones that truly deserve your attention and repay you with referrals, applause, and loyalty” (Sudhir, 2012).

Many companies send communications to customers informing that they have been fired. For example, Sprint sent out letters to more than 1000 customers informing them that they have been summarily dismissed (Mittal, Sarkees, & Murshed, 2008). The wireless service provider monitored the activities of its customers for about a year and took the decision. Sprint tracked the number and frequency of support calls made by a group of high-maintenance users. One Sprint spokesperson comments, “in some, they were calling customer care hundreds of times a month…on the same issues, even after we felt those issues have been resolved” (Mittal et al., 2008). Finally, Sprint realized that it was difficult to satisfy the demands of all those customers and thought of dismissing them. It waived their termination fees and discontinued their services (Sudhir, 2012). Previously, companies never thought that customers could be dismissed in this manner. However, at present, companies realize that they should focus on retaining and satisfying those customers who are profitable and should eliminate those customers who are unprofitable and problem-creating. As already highlighted, companies adopt a number of segmentation approaches and technologies to perform the task (Sudhir, 2012).

3. DEVELOPING INTERACTIVE CUSTOMER RELATIONSHIPS

All customers should not be targeted by companies and relationships should not be developed with all customers. Companies should be selective in choosing their customers for targeting and for developing relationships (Ponomarenko, 2018). Also, companies should relate to those selected customers in deeper and more meaningful ways which are mutually beneficial (Fang et al., 2016). Companies should empathize with customers and realize the issues from the viewpoints of customers. To develop and build relationships, companies no longer rely only on traditional ways of communication (Verhoef & Lemon, 2011). They are introducing new and interactive techniques that help build targeted and two-way customer relationships.

3.1. Interactive Relationships with Customers

Companies require handling interactions with customers on a regular basis to understand them and develop long-lasting relationships. Technology acts as an enabler in managing the manner in which companies communicate with customers (Navimipour & Soltani, 2016). Companies have a number
of technological tools at their disposal to communicate with their customers. These tools include e-mails, websites, mobile phones, blogs, and video-sharing. Companies employ social networks like Facebook, Twitter, Instagram, YouTube, Pinterest, and LinkedIn to communicate with customers (Arora, Bansal, Kandpal, Aswani, & Dwivedi 2019).

The ways in which companies and brands relate to customers are guided by the new possibilities in communications (Arora et al., 2019). Technological improvements in communications allow companies to create deeper customer involvement and a sense of belongingness to a specific brand. Customers are able to identify themselves more with brands because of innovative conversations and communications with the brands. Customers also realize how those brands relate to their lives (Arora et al., 2019). One marketing expert comments, “Becoming part of the conversation between consumers is infinitely more powerful than handling down information via traditional advertising”. An expert in communications says, “It’s no longer about just pushing messages out. It’s allowing the individual, the person, to really feel like they’re part of your brand in a unique way” (Goetz, 2012).

Companies get benefited by the improvements in technologies in communicating and building relationships with customers. Sometimes, the application of technologies may create challenges for companies. Improvements in technologies empower customers to have more power and control over their own actions. Customers have access to any type of information at their fingertips. The information can be accessed anytime and from anywhere. They also have a number of social media platforms and forums to share their views and opinions with others. Thus, marketing now-a-days not only embraces customer relationship management but also customer-managed relationships (Fang et al., 2016). Such relationships allow companies to interact with customers in innovative ways to shape customer experiences about brands.

Customers cannot be influenced by companies by adopting intrusive marketing. Customers enjoy control and freedom provided by technologies. So, companies should employ pull strategies to attract their customers (Chatterjee, 2019). Customers will be attracted towards offerings when companies create marketing offerings and messages as per the requirements and the preferences of customers. Companies should prepare offerings and communications which keep customers engaged. Customers should not feel interrupted and irritated when companies communicate about their offerings. Marketers realize these new aspects and combine their mass-marketing efforts with a mix of direct marketing approaches targeted towards individual customers (Mende, Bolton, & Bitner, 2013). Such strategies result in a win-win situation for both companies and customers. Companies are able to promote their brands effectively and increase interactions with customers.

Now-a-days, companies make the maximum utilization of online social networks to maintain communications and dialogues with customers (Foltean, Trif, & Tuleu, 2019). Apart from communicating on the traditional media, companies keep customers updated about the latest developments by posting recent advertisements and videos on video-sharing websites like YouTube and Facebook. Companies maintain their own corporate websites, webpages on social networks, blogs, online communities, and online portals for customer reviews (Arora et al., 2019). All these initiatives allow companies to interact with customers at a more personal and interactive level.

Companies ranging from Dell, Dunkin’ Donuts, and JetBlue Airways to Chicago Bulls, NASCAR, and the Los Angeles Fire Department maintain Twitter pages for communications or promotions (Goetz, 2012). All these companies use ‘tweets’ to keep in touch with the registered users on Twitter. Companies use ‘tweets’ to address customer service issues, research competitor activities, customer reactions, and drive traffic to relevant articles, web and mobile sites, contests, videos, and other brand activities (Goetz, 2012). Almost all companies have their own Facebook webpages and use such webpages to communicate with the public. For example, Coca-Cola has more than 40 million Facebook ‘fans’; Starbucks has more than 29 million Facebook ‘fans’ (Goetz, 2012). Social media like Facebook, Twitter, and YouTube allow individuals to communicate, interact, and engage with others more effectively. Social media allow individuals to discuss about any issue, to gather and share opinions, engage with others in talking about brands, and propagate any form of communications.
Several companies make the maximum utilization of communications via social media to engage with their customers. One such company is the ice-cream retailer, Cold Stone Creamery (Hibbard, 2010). The company posts videos on its YouTube channel regularly. It posts videos from events like its annual “World’s Largest Ice Cream Social” on YouTube and its benefits Make-a-Wish Foundation (Hornsby, 2011). It also has a Facebook page which has more than two million fans. The Facebook page functions as a modern-day online version of an ice-cream social. Fans can post their views, pictures, and videos of the interactions and experiences with Cold Stone, exchange views with other ice-cream lovers and also with the company, learn about the new ice-cream flavors, and the latest happenings (Hibbard, 2010). Communications via social media help individuals with similar requirements and preferences easily. It helps in building relationships among like-minded individuals and in increasing sales. Cold Stone offered a 2-for $5 coupon campaign using e-mail and Facebook. The campaign enabled Cold Stone to sell 500000 coupons in less than three weeks. Fans redeemed 14% of the coupons, thereby increasing the sales of Cold Stone. Similarly, Cold Stone was able to attract 4000 new entrants and 66000 new fans through a summer-flavors contest in less than eight weeks (Hornsby, 2011). All such initiatives allowed Cold Stone to increase store traffic sales. Realizing the importance of communications on the social media, Cold Stone invested more than half of its advertising budget to social media (Hornsby, 2011).

Companies can interact more effectively with individuals because of social media. However, companies should be cautious while communicating on social media. Sometimes, even the seemingly most harmless social media campaign can backfire. McDonald’s is one of the companies whose social media campaign backfired. McDonald’s introduced a Twitter campaign using the hashtag #McDStories (Hill, 2012). The expectations of McDonald’s were that individuals will share inspiring and heart-warming stories about Happy Meals. However, the campaign was used by Twitter users to vent out their frustrations. They converted the hashtag into a ‘bash tag’. Twitter users posted their bad experiences with McDonald’s on Twitter (Beltrone, 2012). McDonald’s was quick in understanding the sentiments of people and was prudent enough to withdraw the campaign within two hours of its launch. However, even after withdrawal of the campaign, individuals continued the momentum by posting their comments. One social marketing expert commented, “You’re going into the consumer’s backyard. This is their place.” Another expert commented, “Social media is a pressure cooker. The hundreds of thousands, or millions, of people out there are going to take their idea, and they’re going to try to shred it or tear apart and find what’s weak or stupid in it” (Bourne, 2012).

3.2. Marketing Generated by Consumers

In the digital age, consumers are empowered to decide what they want to communicate (Fatin & Rahman, 2020). A lot of marketing communications is generated by the consumers themselves. Companies require analyzing such consumer-generated marketing to understand their customers better. Consumers may initiate conversations among themselves via a number of social media platforms. Consumers play an integral role in shaping their own brand experiences and also influence others to shape their experiences (Teixeira, Pereira, & Dionísio, 2018). Experts term this as consumer-generated marketing. The exchange may happen through invited and uninvited consumer-to-consumer exchanges in blogs, video-sharing websites, consumer feedback websites, and other digital forums (Fatin & Rahman, 2020).

Customers are encouraged by innovative companies to suggest and submit new product and service ideas (Oyenguga, Andah, Orji, & Agabi, 2019). Starbucks encourages its customers to submit innovative ideas on new products. Starbucks welcomes any suggestions which might make the experience better (de Zubielqui, Fryges, & Jones, 2019). Starbucks also mentions on its official website: “You know better than anyone else what you want from Starbucks. So tell us. What’s your Starbucks idea? Revolutionary or simple – we want to hear it” (Barth, 2012). Customers and other individuals get encouraged to share their ideas, discuss about ideas of others, and comment on the ideas implemented by Starbucks (de Zubielqui et al., 2019).
Companies encourage individuals to prepare messages which may be converted into advertisements. Many companies like H.J. Heinz, PepsiCo, Master Card, Harley-Davidson, Southwest Airlines, Unilever, and other companies organize contests. Participants are asked to develop commercials which may be aired on different communication media (Rosenbaum, 2011). People voted for the best advertisement and it topped the traditional AdMeter ratings. The advertisement featured a dog that bribes a man to keep quiet about the dead cat it was burying in the yard. Although the advertisement cost only $20 to make, it attracted the attention of the general public. The second place was won by an advertisement called “Sling Baby” which showed a woman slingshotting a baby across a yard to nab a bag of Doritos from a taunting kid. USA Today and Facebook social media Admeter conducted an online voting in which the second advertisement received the first place (Rosenbaum, 2011).

Expertise is required to track and to analyze all consumer-generated content. It may be costly and time-consuming to analyze the content. Also, companies should analyze whether the results obtained are commensurate with the efforts put in. It may be too much of data from which companies need to extract the relevant information (Teixeira et al., 2018). Individuals were invited by Heinz to submit advertisements on YouTube for its ketchup. There were 8000 entries, of which the company posted nearly 4000. Some of the entries were innovative and attractive. However, most of the advertisements were average and some were dreadful. In one advertisement, it showed the contestant to chug ketchup directly from the bottle. Another advertisement showed a would-be filmmaker brushing his teeth, washing his hair, and shaving his face with Heinz’s product (O’Malley, 2007).

Consumer-generated marketing has gained in momentum and popularity and has become a major marketing force (Teixeira et al., 2018). Consumers themselves decide what they want to communicate and how their brand experiences should be. They also help companies to generate innovative messages for communications through a number of consumer-generated reviews, blogs, videos, and websites. Apart from playing a major role in the formulation of communication strategies of companies, consumers have a major influence in developing product strategy starting from product design, usage, and packaging to pricing and distribution (Mandal, 2019b). Companies should accept and embrace the concept of consumer-generated marketing and realize the importance of influence of consumers in shaping their products. One marketing expert comments, “Humans, formerly known as either consumers or couch potatoes, are now creators and thought leaders, passive no more” (Rosenbaum, 2011).

Companies employ interactive techniques to communicate with their customers (Teixeira et al., 2018). Many companies motivate their customers to submit innovative ideas or even actual advertisements. They are searching existing video sites, setting up their own sites, and sponsoring ad-creation contests, and other promotions. While in some cases, the results are outstanding, in some other cases, they are not. Voice of the customer (VOC) gets integrated with the strategies of companies when user-generated contents are organized and planned properly. Such content generates brand messages and greater brand involvement for consumers (Linde & Philippov, 2021).

Companies encourage customers to submit their ideas online. Etsy.com is an online crafts marketplace and community. It identifies itself as “your best place to buy and sell all things handmade” (Garfield, 2009). Customers were invited by the company to share their experiences with the brands of the company by preparing 30-second videos. The company received remarkably positive responses. Advertising critics appreciated the initiative and were of the opinion that the ideas conceived and developed by the participants were better than any randomly selected commercials. The best advertisement featured a simple, sad, animated robot, consigned to a life of soul-crushing assembly-line production. The Etsy craftswoman who crafted the robot commented, “See, there’s a lot of robots out there. A lot of these robots are sad because they’re struck making these boring, mass-produced things. Me, I really can believe all that great stuff about how it helps the environment and microeconomics and feeling special about getting something homemade by someone else. But the real reason I make homemade goods is because every time somebody buys something handmade, a robot gets its wings” (Garfield, 2009). Evaluators provided positive reviews and high ratings for the
advertisement. One advertising critic remarked, “It is simply magnificent in a way that the agency business had better take note of” (Garfield, 2009).

Critics caution that not all initiatives taken based on consumer-generated content or consumer-generated marketing are successful. Many companies agree that not all consumer-generated contents are innovative and attractive (Teixeira et al., 2018). However, if the initiatives and efforts are streamlined properly, they generate new and creative ideas and innovative perspectives about the brand based on consumer experiences. Such initiatives make the customers feel important, and they become aware about the importance of their involvement in making a brand successful. Consumers also become aware about the value of the brands. One marketing analyst comments, “For those willing to give up control and trust the wisdom of the crowd, collaboration on … marketing campaigns can bear amazing results” (Adjei et al., 2012).

4. ONLINE MARKETING DOMAINS AND CUSTOMER RELATIONSHIPS

In this digital age, customers interact with each other and with companies on the internet (Fatin & Rahman, 2020). They access the internet from their smart phones while they are on the go. Online marketing domains are the webspaces where marketing happens now-a-days. Companies which embrace online marketing to understand their customers have higher chances of succeeding in the competition (Ramachandran & Basariya, 2019). In this new online business environment, companies remain connected and build relationships with customers in four major online marketing domains which include business-to-consumer (B-to-C), business-to-business (B-to-B), consumer-to-consumer (C-to-C), and consumer-to-business (C-to-B).

4.1. Relationships in Business-to-consumer Domain

Online marketing domains are changing the nature of business-to-consumer relationships. Now-a-days, consumers access the internet extensively. They can purchase almost anything online. A majority of US households do online shopping regularly. Online shopping also continues to grow at a healthy double-digit rate. US online retail sales were $202 billion in 2013 and grew to 62% and reached $327 billion in 2016 (Agrawal & Agrawal, 2019). Consumers have shifted their purchase from physical stores to digital stores. Because of the growing importance of online marketing, companies will be better off if they shift to the online domain, cater more to the demand of those individuals who purchase online, and build long-term relationships with them.

Online shopping captures 7 percent of total retail sales of USA. Out of this, 48 percent of the total sales are influenced by the internet. This includes sales transacted online plus those made in stores but encouraged by online research (Loechner, 2011). Now-a-days, most of the individuals access the internet on their smartphones. They search for information, better deals while shopping, and score price-matching offers. It makes sense for marketers to build better relationships with individuals who shop online. Marketers employ integrated multi-channel strategies that make use of the internet to drive sales to other marketing channels (Agrawal & Agrawal, 2019).

Marketing strategies required for online shopping differ from the marketing strategies employed for traditional offline shopping. Online shopping has unique consumer approaches to buying. Online shopping also tries to capture consumer responses in real time. Marketers understand that customers have more control in initiating and closing a buying process in online marketing. Consumers are more involved in the buying process when they do it via various websites and shopping apps like those maintained by Amazon, Flipkart, or Snapdeal (Adjei et al., 2012). They decide and control which marketing offers should reach them and which should not. Thus, companies should realize that online marketing requires innovative marketing approaches for building customer relationships.
4.2. Relationships in Business-to-business Domain

Marketers in business-to-business domain understand the importance of online marketing and they have embraced online marketing in recent times. Companies operating in business-to-business domain require building relationships with business customers. B-to-B marketers use websites, e-mails, online social networks, mobile apps, and other online resources to reach new business customers, sell to existing customers, and serve customers more efficiently and effectively (Iankova, Davies, Archer-Brown, Marder, & Yau, 2019). Applying all these techniques, it is possible for marketers to build and develop lasting relationships with business customers.

The internet allows B-to-B marketers to share all important and relevant information on websites for the benefit of their business customers. Such information may include product information, customer purchases, and customer-support services online. For example, networking equipment and software-maker Cisco Systems maintains its official website, www.cisco.com where corporate buyers can visit and select detailed descriptions of the company’s products and service solutions, request sales and service information, attend events and training seminars, view videos on a wide range of topics, have live chats with Cisco staff, and place orders (Karlgaard, 2012). Cisco maintains webpages on social networks like Facebook and YouTube where business customers can access informational and instructional videos, and several other resources. There are several B-to-B companies which conduct their entire business online. There are several advantages of doing businesses online. Online business reduces hierarchy, response time, and streamlines various processes. For example, Cisco Systems conducts almost all its operations online (Alt & Reinhold, 2019).

4.3. Relationships in Consumer-to-consumer Domain

Consumers interact and keep in touch with each other in the online domain. Communications occur among interested parties over a wide range of products and services. The internet acts as an excellent medium for exchange of ideas and viewpoints of customers (Zhao, Fang, Zhang, & Jiang, 2020). There are various websites where consumers can display and sell almost anything, from art and antiques, coins and stamps, automobiles, and jewelry to computers and consumer electronics. Some of the most popular websites include eBay, overstock.com, Craigslist.com, and several other auction websites. One of the most popular auction websites is eBay.com which has more than 100 million active users worldwide. In 2012, consumers transacted more than $60 billion in trades which is more than $1900 every second (Bensinger, 2012).

C-to-C communications occur on various internet forums among special interest groups (Zhao et al., 2020). Companies can also arrange for such communications for both commercial and non-commercial purposes (Zhao et al., 2020). Individuals maintain web blogs where they express their own thoughts, views, and opinions on specific topics of interest. Blogs can be on any topic, from politics or baseball to haiku, car repair, or the latest television series. Individuals promote their blogs on social networking websites like Facebook and Twitter (Alt & Reinhold, 2019). The forums allow huge reach for bloggers. Bloggers can have a substantial influence on individuals who follow their blogs.

Blogs can be employed by companies as effective medium to reach out to their target audience. There are many companies which create and maintain their own blogs. For example, Sony maintains a PlayStation Blog where fans can exchange their views on new arrivals, submit and vote on innovative ideas for improving PlayStation products (Kain, 2013). Customers get all relevant information about Disney from the Disney Parks Blog. In the blog, individuals can discuss about anything on Disney, including a Behind the Scenes area. Bloggers can post about dance rehearsals, sneak peaks at new construction sites, interviews with employees, and more (Barnes, 2011).

Dell has a number of blogs that facilitate “direct exchange with Dell customers about the technology that connects us all” (Menchaca, 2010). The blogs include Education (insights on using technology to enhance teaching, learning, and educational administration), Dell TechCenter (IT brought into focus), Direct2Dell (the official Dell corporate blog), Dell Shares (insights for investor relations), and Health Care (about healthcare technology that connects us all). DellVlog is a channel
on YouTube maintained by Dell and it contains videos. Dell bloggers fetch the videos from that channel and embed them into their blog posts (Menchaca, 2010).

Blogs are used by companies to promote their products or to influence content there. Influential bloggers may post ‘sponsored conversations’ where interested individuals may join and express their views. One survey found that 54 percent of marketers used third-party blogs to help get their messages out (O’Brien, 2012). Fifteen bloggers were invited and hosted by McDonald’s on a paid trip of its headquarters in Oak Brook, Illinois. The bloggers visited the company’s facilities (including the company’s test kitchen), met McDonald’s USA president Jan Fields, and also had pictures taken with Ronald at a nearby Ronald McDonald house. McDonald’s is aware of the influence that bloggers can create on individuals who are active on social media. McDonald’s also realizes the importance of maintaining proper relationships with influential bloggers to succeed in the competition. The company’s director of social media comments, “Bloggers, and specifically mom bloggers, talk a lot about McDonald’s. They’re customers. They’re going to restaurants. And even more important, these women have loyal followings.” These bloggers feel important and special when McDonald’s provides them a behind-the-scenes view (O’Brien, 2012).

McDonald’s does not pressurize or try to influence bloggers to write good things about the company in their posts. It expects that the motivated bloggers themselves will write honest and true details of their experiences with McDonald’s. Mommy bloggers remain more informed and connected with McDonald’s because of such initiatives. One blogger comments, “I know they have smoothies and they have yogurt and they have other things that my kids would want. I really couldn’t tell you what Burger King’s doing right now. I have no idea” (O’Brien, 2012).

Companies get benefited by blogs for a number of reasons. Blogs offer an updated, honest, original, and cost-effective way to understand the requirements, preferences, and more importantly, the psychology of customers. There are certain disadvantages too. Information in blogs is cluttered and unorganized. Companies cannot control the flow of information. Also, they cannot control what individuals write in blogs. The amount of information available in blogs may be too much for companies to analyze. Blogs remain confined largely to a C-to-C domain. Customers have more control in blogs than what control companies have. Although companies can build customer relationships if they follow and analyze blogs properly, the control lies in the hands of the empowered customers (Alt & Reinhold, 2019).

Blogs provide companies with a strong and effective marketing tool to gain an overall understanding of customers. Companies require to do regular monitoring and listening to C-to-C conversations taking place in blogs. Customers not only consume product information but also generate product information with the help of blogs (Alt & Reinhold, 2019). Marketers should use the information available in blogs skillfully to develop effective marketing programs.

4.4. Relationships in Consumer-to-business Domain

The internet makes it easier and convenient for consumers to reach companies and have direct interactions with them. The internet also helps consumers to have easier and instant communication with companies. Companies find it easier to have direct interaction with customers, understand them better, and develop fruitful relationships (Govindarajan & Trimble, 2012). Customers are the individuals who use the products and are the most suitable to critique the products. Companies invite prospects and existing customers to evaluate the products and services and submit suggestions for improvement directly on corporate websites. Consumers can contact company representatives directly, collect information about their offers, initiate purchases, and provide timely feedback. Consumers can initiate business proceedings for companies. For example, at Priceline.com, would-be buyers can bid for airline tickets, rental cars, hotel rooms, cruises, and vacation packages. Although companies have the freedom to accept or reject the suggestions provided by customers, the suggestions provide companies with guidance on how to move forward (Govindarajan & Trimble, 2012).
Various websites are available where customers can ask questions, lodge complaints, offer suggestions, or deliver compliments to companies. Such websites include GetSatisfaction.com, PlanetFeedback.com, and Complaints.com (Carr, 2012). GetSatisfaction.com has created a customer-driven service community to offer ‘people-powered customer service’. The forum allows customers to ask questions, shower praises, share ideas, or report problems which they might be facing with different companies. The companies may range from Microsoft and P&G to Google and Zappos.com. Companies also get benefited from the reviews posted on the forum to gauge customer services and the level of customer satisfaction (Carr, 2012).

5. KNOWLEDGE OF CONSUMER RIGHTS

Consumers share a lot of information digitally or otherwise, with companies. Companies require ensuring the safety and security of the information shared by consumers. Regularity bodies have developed rules and policies to protect consumers. Consumers have certain rights and companies should be aware of and respect those rights (Kirillova, Shergunova, Ustinovich, Nadezhin, & Sitdikova, 2016). Political action committees (PACs) mobilize government officials to pressurize business executives and to respect the rights of consumers, women, senior citizens, minorities, and gays and lesbians. For example, directly or indirectly, the design of smoke detectors is being governed by insurance companies. Similarly, scientific groups influence the design of spray products. Companies respect consumer rights. All companies have established public affairs departments to deal with such special-interest groups (Kirillova et al., 2016).

Companies should perform a proper analysis of consumer rights while building relationships with them. The consumerist movement organized citizens and government to strengthen the rights and the powers of buyers in relationship to sellers (Vernon & Golec, 2011). Consumers have the rights to know the nutritional quality and freshness of food, the basic ingredients and true benefits of a product, the true cost per standard unit of competing brands (unit pricing), and the real cost of a loan (Vernon & Golec, 2011).

5.1. Privacy and Security of Customers

Customers worry about the privacy, security, and safety of the information shared with companies. Customers share a lot of information with companies, knowingly or unknowingly. They share personal information with marketers when they buy products. Customer trust becomes important in such cases (Martin & Murphy, 2017). Customers worry a lot about the information shared by them. Some of the information might be sensitive like financial status, details of debit and credit cards, location history, and purchasing patterns. It is expected that marketers will take explicit consent of customers before using customer information. Customers worry that marketers may misuse the information without taking their consent or without their knowledge. They worry that companies may analyze the information and apply the results of analysis of private information in other ventures to fulfill the selfish motives of companies. The information might be sold by companies to third parties for financial benefits. Customers worry that the information might be available in the public domain and businesses might take undue advantage of such information. They also worry that they will be flooded with unwanted and unauthorized communications. Children, kids, and other vulnerable groups might be targeted with advertisements (Martin & Murphy, 2017). Online privacy and security are of concern for both consumers and regulators. Now-a-days, marketers can collect almost any information about customers with the help of technology.

Consumers are sensitive towards the privacy and security of information shared by them. So, unless companies respect privacy and security of customer information, a sense of mistrust will grow between customers and companies. Customers will be hesitant in sharing any information with companies. Mistrust will make it difficult for companies to convince customers. It is imperative for companies to ensure privacy and security of customer information. Customers should also be
convincing about the security of information. Such mutual trust will help companies to develop and build meaningful and long-term customer relationships.

### 6. DEVELOPMENT OF CUSTOMER PREFERENCE PROGRAMS

Companies develop customer preference programs to understand their customers and their preferences better and serve them according to the preferences. Such initiatives create a win-win situation both for companies and customers. Companies gain and ensure customer trust which help in developing long-term relationships, and customers have the assurance that companies really care about them. Positive word of mouth is spread by satisfied and delighted customers. In the networked economy, positive word of mouth spreads fast (Kumar, Petersen, & Leone, 2013). Customers rely on the inputs of others while making purchase decisions. Many companies develop customer preference programs to attract or reassure potential new buyers. Satisfied and delighted customers agree to act as references in addition to company’s sales and marketing department. Technology companies like Unisys, HP, and Lucent employ such programs to attract new customers. Customers act as advocates for companies and their products. Consequently, such programs help in strengthening the bonds between customers and companies and an in-depth relationship gets developed (Godes, 2012).

Based on customer preference programs, buyers get an opportunity to interact with companies and their existing customers in a number of ways. Prospective buyers can interact through social media, trade shows, conferences, and events organized by companies. Such programs also allow buyers and existing customers to know each other well and to form their own personal and professional networks (Kumar et al., 2013). Companies should be aware of how buyers, prospective customers, and existing customers interact among themselves. Companies should acknowledge the importance of such peer-to-peer interactions and how such programs can assist a potential buyer (Lee, 2012).

Marketing experts provide a number of suggestions to develop and improve an effective customer preference program. One of the suggestions is that companies should build an army of advocates who will spread positive word of mouth and take initiatives on their own (Kumar et al., 2013). They also suggest that companies should consider suggestions provided by advocates while formulating the growth strategy. An experienced executive of the company should be appointed as leader of the program (Godes, 2012). Companies should realize that not all customers will be ready to act as references. Companies should identify the most dedicated, proactive, and truly committed customers as company advocates. The group should be small, members should be well-connected among themselves, and should have passion for the company (Lee, 2012). Research shows that customer preference programs help companies deepen customer relationships with both new and existing customers. Customer advocates themselves become more loyal because of such initiatives (Kumar et al., 2013).

### 7. DISCUSSIONS

Developing and building relationships with customers is essential for companies to satisfy and delight customers and also to sustain in the competition. Companies should focus on creating superior customer value after understanding and analyzing customer requirements and preferences. Companies require attracting, identifying, retaining profitable customers, developing long-term relationships with them, and growing ‘mind share’ and ‘share of customer’. Each customer is different and the same relationship strategy will not be effective for all the customers. Again, companies do not require developing relationships with all customers. Companies become selective in choosing their customers for building relationships. Companies try to understand the requirements of selected customers and strive to exceed their expectations.

Marketers apply a number of analytical tools to analyze which customers to select for targeting and building relationships. They analyze the profiles, requirements, and preferences of customers. They analyze customer profitability, recency, frequency, and monetary value of customers to
select fewer and profitable customers for targeting. At the same time, companies aim to get rid of unprofitable customers and encourage them to move elsewhere. Marketers try to develop deeper and more meaningful ways which are mutually beneficial. Companies always look for newer and more interactive approaches for building targeted and two-way customer relationships. Companies develop relationships with customers in a number of ways. Now-a-days, a majority of the customers are online. Customer relationships are built and developed in the online marketing domains. Relationships with customers are developed in business-to-consumer domain, business-to-business domain, consumer-to-consumer domain, and consumer-to-business domain. Now-a-days, customers are empowered and all information is readily available to them. Customers themselves initiate marketing processes digitally through communications among themselves or with companies. Customers suggest new product and service ideas. Companies welcome such initiatives, encourage customers to co-produce, and implement those ideas which they feel are effective. Communications take place on social media and companies should acknowledge the importance of online media in building customer relationships.

Knowledge of customer rights is important for companies to serve their customers better. Customers are worried about the privacy and security of the information shared with companies. Companies should respect privacy and security of customers. This will help companies gain customer trust, ensure customers that the companies really care, and will help companies develop long-term customer relationships.

7.1. Theoretical Implications

An in-depth conceptual discussion on the importance of building relationships with selected customers was done. Companies formulate and adopt a number of innovative strategies to develop in-depth relationships with customers and these strategies were discussed. Academicians will be able to analyze the strategies and initiatives adopted by companies, understand the importance of developing such strategies and initiatives, and suggest better strategies and initiatives. Companies should respect public policies like privacy and security of customers. Academicians should understand the privacy and security concerns of customers, analyze such concerns, and will be able to devise privacy and security measures which are effective. The importance of the knowledge of public policy measures like consumer rights for companies was emphasized. Academicians may analyze the existing customer rights and develop customer rights which are effective.

7.2. Managerial Implications

Companies should be aware of business-to-consumer, business-to-business, consumer-to-consumer, and consumer-to-business communications taking place through various online forums. Companies should respect public policies like the privacy, security, and safety of customers. They should also be conversant with customer rights and respect those rights. Companies should realize that customers are worried about the privacy and security of information shared by them. Companies should ensure customer privacy and security and also ensure that the shared information is not utilized without the knowledge and explicit consent of customers. Customers trust those companies which respect their privacy and security. Winning the trust of customers is crucial for companies in building deeper customer relationships. Firms also require implementing customer preference programs which encourage passionate and motivated customers to attract and reassure potential buyers. Such programs allow companies to strengthen relationships with existing customers and to attract potential customers at a minimal cost.

The discussions will sensitize managers about the importance of being selective while building customer relationships. Such selective approach will improve the focus on specific customers, enable companies to utilize their resources better, and direct such resources towards profitable customers. Consequently, companies will be able to serve their customers better. Since resources are focused on selected customers, such focus will result in saving valuable time, energy, money, and resources of companies. The saved resources may be invested in other fruitful ventures.
Companies should be selective while choosing customers for building relationships. Companies require identifying their profitable and loyal customers, developing relationships with them, and discouraging and also getting rid of unprofitable customers. Companies should focus more on profitable customers in more meaningful ways which are mutually beneficial. They require developing interactive customer relationships and acknowledging consumer-generated marketing. Companies should also understand the growing importance and the possibility of developing customer relationships in the online marketing domain. They should respect the privacy and security of customers and have knowledge of consumer rights. Finally, customer preference programs should be developed and implemented properly to motivate passionate customers and also to convert potential buyers into regular customers in a cost-effective manner.

8. CONCLUSIONS

The study discussed the importance of understanding the shifts in the nature of customer relationships for companies. It discussed the reasons why customers should be selective in choosing which customers to serve better. It focused on the strategies and initiatives companies should implement to achieve business excellence. It discussed about the important issues of privacy and security of customers, and customer rights.

8.1. Limitations of the Study

The study focused on conducting a qualitative and a conceptual analysis of the literature on the shifting nature of customer relationships in the digital age. It focused on conducting an analysis of the various strategies and initiatives adopted by companies to serve selected customers. The study also focused on various public policy issues like consumer rights, consumer security, and consumer privacy. All these issues are important for customers. However, the study focused on doing an analysis based on arguments. Primary data was not collected and empirical analysis was not done. Empirical analysis would have provided better, feasible, and practical insights.

8.2. Avenues of Future Research

The discussions will allow researchers to understand the importance of being selective in choosing customers and in developing interactive relationships with them. They may review the importance of consumer-generated marketing in developing relationships, customer relationships in various online marketing domains, focus on the importance of knowledge of consumer rights and respect those rights, and focus on customer preference programs in deepening the bondage with passionate and motivated customers who may act as advocates to attract potential customers at a minimal cost. They may suggest better and effective strategies to build relationships with selected customers. Existing relationship strategies may be reviewed and only the most effective strategies may be retained. Managers will appreciate the importance of consumer privacy and security and will realize that a proper understanding of consumer rights is imperative to gain and instill customer trust. Also, managers will be motivated to formulate and implement effective customer preference programs which will benefit both existing and potential customers.

The study conducted a qualitative and a conceptual analysis of the literature on the shifting nature of customer relationships in the digital age. The study also highlighted various public policy issues like consumer rights, consumer security, and consumer privacy. These are issues which require in-depth study and analysis. The study aimed to address these issues conceptually. However, empirical analysis was not done. In future, researchers may collect primary data, conduct empirical analysis, and come up with actionable strategies and initiatives.

Efforts were made to include the relevant and the latest literature related to develop relationships with customers. However, the nature of customer relationships is changing continuously. Customers are aware about their rights more than ever. Researchers and practicing managers require keeping
themselves updated about these latest trends and developments in the field of customer relationship and suggest effective approaches for strengthening relationships and bondages with selected and profitable customers. This will help companies to achieve business excellence and to get ahead in the competition.
REFERENCES


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