Chapter 2

Competitive Advantage in Market Space: Implications of Relationship Marketing

S. M. Riad Shams
Central Queensland University, Australia

ABSTRACT

The Internet has been playing a key role to prolifically reach the target market. Simultaneously, the implications of Relationship Marketing (RM) to establish, maintain and enhance competitive advantage in the traditional marketplace are widely recognized. However, because of the online, ongoing, and on time communication approach of the Internet (the market space), the application of RM in the market space evolves as more sensitive than the traditional marketplace. From this context, this chapter attempts to recognize the RM perspectives that are standardized as RM indicators of five grown organizations and have been playing a key role to influence their competitive advantage in the market space. Fifteen RM indicators are attributed from the Internet marketing practices of these organizations that could be utilized to sustainably nurture competitive advantage in the market space. The application of these RM indicators emerges as viable across industries and markets.

INTRODUCTION

The evolution of the World Wide Web and subsequent online and on time communication mediums have been playing a key role to prolifically reach the target market. Simultaneously, Relationship Marketing (RM) has become the fundamental concept of contemporary marketing practices in order to establish, maintain, and enhance competitive advantage by meeting and exceeding customers’ anticipation in a way that customers expect and accept. Following the initial literature review on RM, this chapter illustrates a number of key RM perspectives, which are standardized as RM indicators in a series of grown sports organizations, with a focus on RM indicator centred online market offerings of the organizations, in order to recognize the RM indicators that would be utilized to attain and retain competitive advantages through Internet marketing (market space), as the literature review shows that RM is the finest way to manage competitive advantage in the contem...
porary marketplaces. Fifteen RM indicators are described in the chapter, where the result outline that the grown organizations have been utilizing the RM indicators through their online market offerings that could be able to establish, maintain, and enhance their competitive advantage. The lesson of facilitating competitive advantage through the RM indicator centred online market offering, learnt from the sport industry, could be applicable to any industry and market, as the whole process is RM centred, and RM can be applied to all types of organizations and offerings, but the relationship portfolio and application are always specific to a given situation of the target market (Gummesson, 2002).

BACKGROUND

In general, it is agreed that the marketing mix (Product, Price, Promotion, Place-the 4Ps) approach evolved during the 1950s and 1960s in the mass consumer goods markets of the USA (Little & Marandi, 2003). Little and Marandi (2003) added that the architects of marketing theory helped to create the marketing mix or marketing management approach of the contemporary marketing practice as an alternative to the traditional production and sales concepts of transactional marketing, stressing that business success depended on identifying and satisfying customer needs. “In the 1970s and 1980s, a number of writers began to criticize the 4Ps marketing mix approach. The advances in technology combined with further academic research have revealed a number of shortcomings in the traditional marketing mix approach” (Little & Marandi, 2003, p. 11).

As a consequence, the traditional 4Ps marketing mix has been extended to stakeholder relationship approach of marketing thinking and practice in order to cope up with the transforming market by identifying and satisfying customer needs, with the aim of attaining and retaining competitive advantage in the traditional marketplace, as well as in the market space (digital market or online market). The 4Ps marketing mix has been evolving since its beginning to adapt with the contemporary demands. The rationale of such evolution of marketing mix may be explained by Little and Marandi’s (2003, p. 15) findings:

Various factors have contributed to customers becoming more sophisticated and demanding. These include the considerable increase in competition in consumer markets resulting in increasing choice among customers, coupled with increasing affluence in the last two to three decades. Even when the products offered are satisfactory, customers still exercise their right to go from one seller to another in order to purchase the products they need at a better price, or merely to experience change and variety. Consequently, marketers are having to think of different ways of keeping customers loyal in order to survive and prosper. While some marketers are turning to such tactical devices as loyalty cards, others adopt a more strategic and philosophical approach to gaining customer loyalty through designing genuine RM programmes.

As a result, customization, loyalty cards, RM, Customer Relationship Management, database marketing, and other relational marketing tools, have taken the place of transactional marketing. Therefore, the lifetime value management, lifetime customer’s share, importance on customization and stakeholderization (individualized care for all associated stakeholders, similar to the concept of customization, while the customization considers about individual customers, stakeholderization utilizes that concept to take individualized care for all associated stakeholders), value addition and others have come into interest. Consequently, the RM tools have taken the place of traditional transactional marketing to keep customers loyal, because now the issue is how marketers serve and delight their customers, instead of only focusing on how they magnetize and satisfy customers. Thus,