

## Identifying and Review of Effective Factors on Marketing Relationship in National Iranian Drilling Company from Managers' View

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**Abstract:** Today, many markets are matured and faced by a congested competition and amount of supply that is quite greater than demand. With respect to such modifications, organizations shall make themselves more equipped beforehand and ready to tackle with their rivals. In this regard, Relationship Marketing tries to lower the cost for attracting new customers by establishment and maintenance long run relations with the current customers and by which they try to increase corporate profitability. Consequently, identifying of relationship marketing and its effective factors is an essential element for maintenance of market and improvement of corporate competition potential. The present study deals with identifying the effective factors on marketing relationship in National Iranian Drilling Company (NIDC) from managers' point of view. Methodology of this study is of descriptive- survey type. In addition to an extensive review on secondary sources and interview with experienced members in NIDC, researcher identified the related factors and distributed a questionnaire, including 31 questions, among 144 participants from corporate managers and first- rank principals. After gathering information, the related data have been analyzed by using binomial test as well as Binomial Analytic Hierarchy Process (AHP) of pair-wise comparisons. Study results showed that some variable like communication, commitment, Conflict Management and trust have affected on relationship marketing based on their order preference.

**Key words:** Marketing Relationship • Trust • Commitment • Communication • Conflict Management

### INTRODUCTION

This day, most of those contracts which have emphasized only on effectiveness of marketing mixed elements changed their direction toward relationship-based marketing and establishment of relation with customer. During two past decades, many organizations have comprehended the importance of their customers' satisfaction and found that maintenance of the existing customers is quite less cheap than absorbing new clients. Additionally, it has been agreed that there is a strong relation between customers' satisfaction and profitability so that meeting and improvement in customers' satisfaction have been converted into a very crucial operational goal for many organizations. Thus, enterprises should always be careful about the interaction between themselves and their customers and introduce valuable goods and services to them in order to create loyalty and commitment among them through their satisfaction. It seems that in modern- day world of trade, consideration

and practice of principles of relationship marketing may have a major role in maintenance of the current customers and thus corporate profitability while being served as sustainable competitive advantage for the given enterprise.

In the present world, paying attention to and practicing principles of relationship marketing may be deemed as a competitive privilege. Due to noticeable advantages of relationship marketing, enterprises move toward selection of relationship interactions instead of discrete interactions[1]. Relationship marketing requires establishment, maintenance and improvement and termination of relationship with customers, if needed so that the goals of both involved sides to be met. Therefore, to establish a relation, organizations and enterprises shall create the needed communicative and interactive processes [2].

Despite of the fact that the given advantages for relationship marketing have allocated a long list, but few discussions have been made about identifying its

effective factors and review of them. At the present research, it is tried to ask this question with respect to the implied issues that: What are the effective factors on establishment of relationship of marketing in NIDC from managers' attitudes?

**Theoretical Bases of Research:** We live in a community where there is growing demand for products rather than past time and no enterprise can survive without customers' satisfaction. Moreover, this also a fact that customers' expectations are extremely growing and the companies should not only think about meeting customers' primitive and primary requirements but in turn they should act beyond of this scope and focus mainly on mutual profit basis and long term relations. It is because of this fact that from modern approach, marketing means to grow new customers, paying attention to establishment of long run relations and customers' satisfaction and looking at quality from his/ her view [3].

**Relationship Marketing:** To achieve success in competitive and complex markets, researchers and experts believe in that customer's satisfaction is a key and essential factor in marketing. Thus, for this reason, the main fields which should be considered in satisfaction of customers have been identified so that to obtain helpful information about customers' requirements thereby and to lead to their satisfaction by giving services to customers. For this purpose, in relationship marketing it is tried to establish an interconnected relationship with customers and by which they can find carefully and adequately customers' needs in order to meet them. In addition to its capacity for comprehension of customers' needs [requirements], relationship marketing contributes to improvement in market share, profitability and lowering costs. Several definitions have been purposed to interpret meaning and concept of relationship marketing by researchers and theorists where some of them are as follows (Table 1).

Relationship marketing is defined as a strategy for absorbing, maintenance and improvement of relationships with customers [4]. Relationship marketing includes the activities which have been done in the course of developing long term and economic relationships between organizations and their customers in order to earn mutual profit for both sides. Relationship marketing is a continuous process to identify and create new values for the customers where the mutual benefits are considered and such interests are divided and shared with the customer during his/ her useful life.

The action of creating firm link and commitment to customers has been called relationship marketing. Three approaches have been purposed to develop strong relation with customers. First approach includes increase in financial benefits for customers. In any case, such financial benefits may be imitated by rivals so there will not be any distinction always for the given corporation. Second approach denotes that one should grant social benefits to the customers in addition to financial profits. Third approach involves in adding structural links to financial and social interests. One may describe the contractual marketing as contract relationship between buyer and seller where it draws attention to selling to customer. This is done by a vendor. For wholesaler customers, enterprises move ever- increasingly toward using collective sale and relationship marketing instead of contractual marketing. Collective sale includes technical and commercial members who may visit the customer in several places and they collaborated with customer by intra- organizational groups and solve the problems concerning to their commodity or process. It seems many companies need to a mixture of approaches about contractual and relationship marketing in order to do their activities. Those enterprises which act as great end users consider the greater percentage of contractual marketing while the companies with fewer customers may exploit from the greater portion of relationship marketing (Table 2). It seems that in modern world of commerce,

Table 1: Comparison between Traditional Marketing and Relationship Marketing

Traditional Marketing	Relationship Marketing
Focus on sale and attraction of new customers	Focus on customer and maintenance of current customers
Emphasis on short term goals	Emphasis on long term goals
Selling to anonymous customers	Selling to well-known and accessible customers
Limited commitment to customer	High commitment to customers
Quality is task for production sector.	Quality is a task for all, even vendor
after-sales services	Inclusive services

Source: Adrian Palmer. Principles of Service Marketing 2000.

Table 2: Differences between contractual marketing and relationship marketing

Consistency of Strategy	Contractual Marketing	Relationship Marketing
Time Horizon	Short term	Long term
Marketing task preference	Focus on mixed marketing	Focus on contractual marketing (by support of marketing mixed activities)
Price capacity	Customer's price sensitivity	Customer's price less sensitivity
Quality dimensions	Priority for quality of end product	Preference of quality of contracts
Information system of customers	Case studies on rate of customer's satisfaction, rather important	To use real feedback system for customer's satisfaction, very important
Interdependency between marketing and personnel	Important to some extent	Very important

Upward Trust	Mutual Trust
Lack of Trust	Downward Trust

Fig. 1: Classification matrix for researches about trust and lack of trust in marketing relationships  
(Source: Asuncion, 2001)

paying attention to and acting based on principles of relationship marketing may have major share in maintenance of current customers and thus corporate profitability and this can be considered as a sustainable competitive privilege for the given enterprise.

#### The Effective Factors on Relationship Marketing:

The foremost factors which may affect on marketing relationship are as followings:

**Trust:** Trust is a phenomenon that strengthens organizational relations. Asuncion believes in that researches about marketing could be divided into four categories which are observed in Fig. 1, based on their orientation toward trust subject [5]:

**Commitment:** Commitment is a helpful tool for measurement probability of customer sustainability and to predict customers' future purchases. Commitment is called individuals' desire to spend energy and their loyalty to social system [6]. Commitment is also known as sum of normal internalized stresses for doing activities so that to realize organizational goals and interests [7].

**Communication:** Communication comprises process of sending information from a person to another and comprehending it by receiving person that is to transfer and sharing in thoughts, ideas and realities so that the receiving person can find and comprehend it. Communication is a tool in relationship marketing to present the information i.e. one that can be trusted on it

and introducing updated information about the problem and some information about the problems concerning to quality and doing commitments.

**Conflict Management:** Conflict is a process in which Person A deliberately tries to deprive other person from achieving his/ her interests and goals restrictively. Conflict is a phenomenon that has some positive and negative impacts on individuals' behavior and organizations. Using conflict properly and effectively may lead to improvement in performance and promotion of organizational health level and its inefficiently application causes reduced performance and creation of disturbance and convulsion within organization. Here the important point is that although conflict is an inevitable issue and it is created because of difference in goals, values and ideas, but one can lead and minimize and resolve it.

**History of Research:** Some of the conducted domestic and foreign studies about marketing relationship include: Tahmasebi and Noroozi (2007) carried out a research under title of "*Proper Relationship Marketing*". The results suggest that enterprises move toward selection of relationship interactions rather than concrete (separate) interactions. Ghafari (2007), in his essay which called "*Overlapping of Relationship Marketing and Customer Relationship Management (CRM)*", has examined dimensions of relationship marketing. The results of this study indicate that emphasis on establishment of long term and mutual relations among buyer (customer) and vendor is included in main dimensions of relationship marketing. Salary (2004) has studied on subject of relationship marketing. The obtained results show that it requires skill for establishing proper relation with customer in order to maintain key (prosper) customers. Ranjbarian and Barari (2009) dealt with the impact of relationship marketing foundations on customers' commitment by comparison between public and private banks. Study results indicate that in public bank,

four foundations of relationship marketing have had a positive and significant effect on customers' commitment. Similarly in public bank, except communication variable, all other variables have had positive and significant impact on customers' commitment. Gion and Kenneth (2005) have dealt with a study under this title: "*Relationship Marketing: A strategy for marketing plans of different persons*". The results suggest that relationship marketing is a time- consuming phenomenon and many strategies are effective in developing the plans of relationship marketing. In their research, Chi-Wi and Buji (2009) examined determining tools in relationship marketing. The given results signified that corporative goal and focus had changed from acquiring new customers to maintenance of existing customers by relationship marketing.

**Subject Interpretation:** Today, the enterprises with premium performance within different industries are moving toward maintenance of their clients since they have found that cost of attraction of new customers is greater five times than maintenance of the current customers. Relationship marketing is to identify, establish, maintain and improve the relations with corporative customers and stockholders (beneficiaries) so that this is realized through creation of trust due to fulfillment of commitments. Relationship marketing is strive for drawing participation by customers, suppliers and other beneficiaries in marketing activities and in corporative development. Maintenance and satisfaction of customer is a vital activity to survive business. At the meantime, industries are not exception to this rule [8]. Thus, NIDC should also seek for different methods for maintenance and increase of customers by improvement in its customers' commitment. As it referred, relationship marketing is one of the most efficient approaches; therefore, emphasis on this approach is vital in this company and it seems necessary to implement it by examining the effects factors and corporative status ques. In order to prevent customer from inclination toward corporative rivals, managers shall tend to comprehend customers' desires and requirements more than ever so that to manage fulfillment of their needs and to establish long term commercial relations with them. Thus, any approach which can realize these subjects better will be taken into more consideration. As a new approach, relationship marketing has demonstrated by research and practice that it is one of the most successful approaches. Similarly, proving several benefits which have been resulted from relationship marketing for organizations has led to unexpected tendency toward the given approach.

Therefore it is duly to find a solution for maintenance its customers within the existing market with interrelated competition, especially for NIDC, as soon as possible so that the only resort for this problem is manifested in relationship and customer- oriented marketing. The experts in marketing filed, suggested relationship marketing in order to establish unique relations with customers and to increase more value in goods and services. This kind of marketing is not exclusively limited to the mixed marketing but it mainly focuses on long term relations. In Iran, the organizations should gradually comprehend the necessity of paying attention to customer and move toward identifying and meeting customers' needs and desires satisfactorily. In the course of this goal, National Iranian Drilling Company (NIDC) has always tried to purpose techniques and plans to establish and maintain long term relations with customers and eventually their satisfaction. However, planning in this field requires establishing relation with customer as well as exploration into the importance of the conducted efforts from customers' view [9]. The present study has contributed to this subject and it facilitates policy- making in this regard. Thus, by investigation on the state of marketing relationship within NIDC and determining the effective factors on it and prioritization of each factor, it will provide the ground for realization of customers' satisfaction and consequently their continuous cooperation and loyalty. Therefore, in this study we tend to deal with identifying and review of the effective factors on establishment of relationship marketing in NIDC from managers' point of view.

**Conceptual Model:** The conceptual model in this study has been derived from Al- Dubaisi's Model (2007) that is given in Fig. 2.

**Research Hypothesis:** Confidence-building (trust) affects establishment of relationship in marketing in National Iranian Drilling Company according to managers' view.

- Commitment to meet customer satisfaction influences on establishment of relationship in marketing in National Iranian Drilling Company according to managers' view.
- Quality of communication is effective on establishment of relationship in marketing in National Iranian Drilling Company according to managers' view.
- According to managers' comment, Skill in conflict management affects on establishment of relationship in marketing in National Iranian Drilling Company according to managers' view.

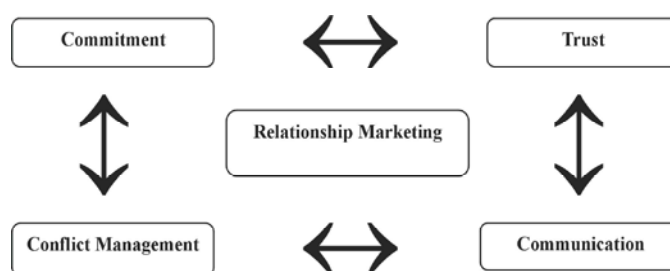


Fig. 2: Research conceptual model, effective factors on relationship marketing, Al- Dubaisi, 2007

#### Methodology, Population and Statistical Sample:

The descriptive methodology has been used in this study and it has been carried out by survey technique so it is applied type in terms of goal.

#### Statistical Population, Sampling Method and Determination of Sample Space:

At the present study, statistical population includes managers (65) and high-ranking officials (168) of NIDC so sum of them is estimated 233. In this study, with respect to statistical population and based on Morgan Table, statistical sample comprises 144 participants. Sampling method will be of randomly classification type at the present research.

**Data Collection Tools:** This study, librarian study technique is mainly used to gather data including study books and periodicals, theses, domestic and foreign essays and searching in information websites (internet) and previous researches and studies by field method. Data and information gathering tools for this study will comprise documents and evidences and questionnaire.

#### Review of Questionnaire Validity and Reliability:

Validity of study questionnaire is of content validity type so in this regard content of questionnaires has been verified by advisory teachers and research masters as well as some of academic and organizational elites. To estimate questionnaire reliability, Cronbach Alpha Coefficient has been used where the value of the given coefficient has been obtained approximately 92%.

**Data Analysis Method:** In order to identify and review the effective factor on relationship marketing, binominal test has been used. Similarly, to prioritize the effective factors, Analytic Hierarchy Process technique (AHP) has been utilized.

**Binominal Test:** According to the obtained results from binominal test, as it is observed in the following tables, since the obtained Sig value for four elements of trust, commitment, communication and conflict management is smaller than 0.05 therefore all these factors are effective on relationship marketing in NIDC (Table 3).

Table 3: The obtained results from Binominal Test

Binominal Test (Trust)					
Significance Level (Sig)	Test Probability	Observations Probability	Number	Classification	Reject group Acceptance group Total
.000	0.60	0.3	48	<= 3	
		0.7	96		
		1.00	144	> 3	
Binominal Test (Commitment)					
Significance Level (Sig)	Test Probability	Observations Probability	Number	Classification	Reject group Acceptance group Total
.000	0.60	0.3	45	<= 3	
		0.7	99		
		1.00	144	> 3	
Binominal Test (Communication)					
Significance Level (Sig)	Test Probability	Observations Probability	Number	Classification	Reject group Acceptance group Total
.000	0.60	0.3	41	<= 3	
		0.7	103		
		1.00	144	> 3	
Binominal Test					
Significance Level (Sig)	Test Probability	Observations Probability	Number	Classification	Reject group Acceptance group Total
.000	0.6	0.4	52	<= 3	
		0.6	92		
		1.00	144	> 3	

Table 4: Order preference of relationship marketing dimensions in NIDC from managers' view by using AHP method

Row	Index (Criterion)	Weight	Preference (Order)
1	Trust	0.118	4
2	Commitment	0.301	2
3	Communication	0.410	1
4	Conflict Management	0.171	3

**Analytic Hierarchy Process (AHP) Results:** To rank and make preference the order of effect rate for each of the effective factors on relationship marketing, AHP method has been used. With respect to the obtained results, preference order of the effective factor on relationship marketing through NIDC is expressed as Table 4 by using AHP technique and from managers' view where criteria of communication and commitment have the highest importance. Thus, they are the superior preferences. Criteria of conflict management and trust are in third and fourth orders of preference, respectively.

#### Research Limitations:

- Lack of access to total statistical population and possibility of error in questionnaire answers
- Lack of generalization in results to managers and officials of the enterprise in future
- The study results have been obtained by using questionnaire tools while it was possible for us to find other results if we interview with presence of corporative managers and officials.
- The obtained results in this study have been derived with respect to comments of corporative current managers and high ranking officials so that study results may be modified by changing managers and their comments as well.

### CONCLUSION AND DISCUSSION

One of the foremost subjects which have been purposed in marketing is relationship marketing. At the present research, the effective factors on relationship marketing have been identified and investigated based on the conducted credible researches and from managers' view in NIDC. According to the obtained results which have been derived from data analysis, such results express that National Iranian Drilling Company (NIDC) has been affected by preference order of communication, commitment, conflict management and trust. Similarly, in his study, Al-Dubaisi (2007) has been used these four variables as relationship marketing bases (foundations)

among Malaysian banks and found that these four important and significant variables have affected on loyalty (commitment) so they are completely in conformance with the results of this study. The order of effect in these variables has included trust, communication, commitment and conflict management, respectively. Also the conducted studies by Ranjbaran (2009) show that four bases of relationship marketing in public bank has affected positively and significantly on customers' loyalty so that obtained results from the present study also confirm the impact of the mentioned factors in NIDC while in private bank, except variable of communication, all variables have positive and significant effect o customers' loyalty as well thus these results are contradicted to the results of the present study.

#### Research (Applied) Suggestions

##### Comments for Improvement of Confidence- Building:

To overcome the managerial problems, one can use trust variable as an efficient lever in organization- customers' relationship according to Hypothesis I. Therefore, it is suggested to create some criteria to measure trust in inter-organizational and organization- customers' relations. Whereas fewer efforts have been made in this regard so this measure will be benevolent based on two pivotal issues:

- A: Theoretical development of trust importance in relationship marketing;
- B: To create a reliable scale to use element of trust in doing organization's practical activities.

Trust has two dimensions: Credibility and benevolence or good- willing so that they are considered by corporative managers. Daniel Pearce (1993) has published an article under title "Man of future" expressing that customized production technology had to be used for marketing communication. According to Hypothesis I, enterprises may prepare and codify customized plans for customers or at least classify them and present them appropriate plans.

**Comments to Improve Commitment:** With respect to the results, it is suggested to hold sufficient and apt training courses to make the managers familiar with principles and basics of organizational commitment and their application technique in order to increase organizational favorable consequences, particularly organizational commitment and at the same time the manager should be encouraged to use the important principles and findings in their interaction with their subordinates in this regard.

**Comments to Improve Communication:** It is suggested to establish appropriate relations among customer's management and service units. Thus one can use concurrent marketing that is emphasized by Frank Cespedes.<sup>1</sup> (It should be noted that in this kind of marketing some links are established among the created vital and important tasks)

- Communication will be developed by emphasis on customers' view.
- Since cost of absorbing customer is very high, so the appropriate plans of relationship marketing have to overlap the customer relationship management plans; as a result, we can attract customers' satisfaction and loyalty by establishment sustainable and long term relations with them.

**Comments to Improve Conflict Management:** Unlike the negative thought which exists about conflict management, conflict is not necessarily a negative subject but its average level may increase performance level. What is important in conflict management is how to confront with it. In general, there are 5 techniques in this field of which one can refer to styles of conflict management. These styles consist of competition, avoidance, compromise, cooperation and reconciliation. The important point is in that none of these styles are rejected and type of exposition style should be selected by considering conflict situation. It is suggested to analyze the conflict when resolving it and then to use several existing techniques in this field to resolve it including negotiation, intermediacy and arbitration and the like.

Finally, It seems necessary to consider the following elements in relationship marketing- based companies:

- Necessity of having design to do planning activities
- To attract participation by executive sector in plan process
- To have correspondence with special customers about certain issues
- To give preference to the old customers of enterprise in giving services
- To prioritize loyal customers of enterprise in giving services

**Comments for Future Studies:** With respect to results of the present study, one may conduct the following researches in this course for development of relationship marketing concept.

- Review of relationship marketing role in corporative structure

- Review of relationship marketing role in virtual organizations and enterprises
- Review of the relation between relationship marketing and creativity of marketing strategies
- Exploration into relationship marketing role in variables like organization's competitive privilege, human capital, loyalty, customer's satisfaction, organizational and social entrepreneurship and citizen's behavior in organization
- Investigation in the problems and issues concerning to promotion and improvement and executing them in Iranian organizations;
- Comparative survey on relationship marketing status and interactive marketing in public and private organizations

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<sup>1</sup> Cespedes, f.v (1995), concurrent marketing: Integrating product, sales and services, Harvard Business School Press.