

Maia Seturi

EXPLORING THE IMPORTANCE OF BUILDING STRONG CUSTOMER RELATIONSHIPS

The object of the research is the role of creating customer satisfaction in retaining them and establishing long-term relationships with customers. Establishing market relations is accompanied by many challenges. Among them is increasing the competitiveness of companies to gain more success in the market. Without it, local business development is impossible. In this case, companies are greatly helped by realizing the role and importance of relationship marketing and using its approaches in practical activities. This has become one of the most relevant topics. Marketing is important for organizations to continue operating in business. Earnings are necessary to ensure the processes of production of goods. In the company, it is mainly marketing that is of decisive importance in generating revenues. It is important to know the key determinants that influence customer acquisition and subsequent retention.

The work aimed to find out and determine the importance and role of creating customer satisfaction in retaining them and establishing long-term relationships with customers. Various indicators are used to determine this. There are different views and opinions regarding the named issues. Secondary data from the websites of various organizations and companies are used in this study. Taking into account the results of this work, companies will be able to make a critical analysis of their work with customers in the market, identify their weaknesses in this regard, and then take real steps to improve the situation. The paper discusses some approaches to the calculation of customer satisfaction indices, some different views and approaches expressed in this direction.

A clear picture of the current situation in Georgia in the mentioned direction is created based on various reliable information sources. It is found that companies use only accumulation of points systems. In this article, the author discusses the conceptual aspects of relationship marketing, the opinions of various scientists and specialists are analyzed in this direction.

The article presents a number of conclusions and recommendations of the author in the direction of increasing the effectiveness of the use of relationship marketing.

Keywords: relationship marketing, customer satisfaction, loyalty programs, customer satisfaction index.

Received date: 13.01.2024

Accepted date: 28.02.2024

Published date: 29.02.2024

© The Author(s) 2024

This is an open access article

under the Creative Commons CC BY license

How to cite

Seturi, M. (2024). Exploring the importance of building strong customer relationships. *Technology Audit and Production Reserves*, 1 (4 (75)), 33–37. doi: <https://doi.org/10.15587/2706-5448.2024.299219>

1. Introduction

It is becoming increasingly important for companies to identify customer needs and then produce and market the products and services necessary to satisfy them. Satisfied customers have a positive impact on maintaining and growing a company's revenues. Therefore, at the modern stage of business development, the concept of relationship marketing is receiving more and more attention.

The growing relevance of the concept of relationship marketing has been linked to companies' awareness of the importance of social contacts.

The issue of retaining existing profitable customers and developing effective approaches for it have become of great importance. As it is known, marketing is of great importance in the company's revenue generation. Modern companies have to deal with the challenges, they need to focus on the effective use of new digital technologies. It is impossible to

establish a long-term relationship with customers without in-depth study of buyers' needs and gaining their trust.

Companies should pay more attention to customer retention rate and customer attrition rate. Good service creates loyal customers, that is, customers who buy the company's products in the largest quantities and influence other customers to buy them as well. Therefore, the employees who are in direct contact with customers, their professionalism and knowledge of their work are of great importance. Companies use various special approaches to retain customers. Discounts and sales promotions greatly influence consumer decisions. But they are associated with significant costs incurred by the company, which leads to a decrease in profits.

A business, that is focused on making a profit, is always interested in the effectiveness of the costs it incurs, including the costs incurred on customer retention and implementation of loyalty programs. Different approaches and methods are used in this direction, which is one of the interesting

issues to discuss. The increase in the level of customer satisfaction improves the general condition of the company and ensures its financial success.

The concept of relationship marketing has undergone an evolutionary development. Today it is gaining more and more importance [1], marketing revolves around relationships [2]. Some relationships are single transactions that are narrow in scope and do not involve special relationships, other relationships are broader. May involve significant social contacts and be continuous and permanent [2].

Using a customer relationship management system, marketers can use data about customers to develop and implement their offers not only for a specific segment, but also for a single, individual customer. Operational CRM automates customer relationship business processes [3]. Its software applications automate and integrate marketing, sales and service functions. They allow marketers to use customer-related data to develop, implement and evaluate targeted communications and offers and create unique communications [3].

Example, in Georgia, not only in the private sector, but also in the field of state services, great interest has arisen in the direction of introducing service standards and determining satisfaction with services [4].

A customer-centric approach should not be one-size-fits-all, but strictly focused on profitable customers to maximize profits [5]. Companies that invest in customer retention can have a much better means of achieving their goals than those that are constantly looking for new customers. For companies that have been in the market for some time and have already built up a reasonable portfolio of clients, the focus should be an absolute priority on retaining their profitable clients, with a special focus on their satisfaction [5].

In today's competitive market, companies should focus on the effective use of new digital technologies. Marketing and sales have great importance in the company's revenue generation. In this regard, new ways and means are emerging, the effectiveness of which is increasing [6]. Modern companies are actively using digital technologies to market their products. Example, Georgian consumers' views on traditional marketing approaches are changing and they are paying more attention to new methods of promotion [7–11].

Customer retention has become very important for companies. However, in many cases, they focus only on attracting new customers, which is wrong. There are some ways to retain customers: creating conditions that hinder the transition to other manufacturers (sellers) and complete customer satisfaction, establishing and maintaining trusting relationships with them. Such activities are known as relationship marketing [12].

There is increased internal pressure in companies to hold marketing accountable. Company leaders demand increased sales performance, which requires a better understanding of the importance of differentiating the impact of marketing efforts on key channels [13]. Thus, the topic of our research is relevant in modern conditions.

The aim of research is to find out and determine the importance and role of creating customer satisfaction in retaining them and establishing long-term relationships with customers.

2. Materials and Methods

While working on the article, modern scientific works of world researchers were studied, certain information was obtained through Internet sources, on the websites of vari-

ous organizations, as well as in blogs and data from the State Statistics Service. Also, regarding the past and present situation, the research problem was studied.

3. Results and Discussion

Marketing offers much more than just needed products to the market. It helps to increase sales by offering the quality of service that customers expect. Marketing staff can do their best to ensure customer satisfaction with purchases. Customer loyalty is the most desirable type of relationship between a company and a customer, which goes through a number of stages, from a simple state of satisfaction to an exceptional level of these relationships. However, the effectiveness of the relations between the firm and the personnel is almost crucial for the existence of the concept [14].

Achieving customer satisfaction with the service is an important issue for the further success of companies, which is directly related to the correct development and execution of the main issues of service marketing. However, marketing also means increasing costs for companies. Therefore, the marketing department in companies must constantly monitor the implementation of marketing plans and all its marketing activities [15].

In today's global economy, social media and technological advances have changed the way businesses interact with their customers. With new forms of communication and IT practices, companies are looking for innovative practices to keep their customers loyal. The importance of achieving competitive advantage by implementing relationship marketing practices and becoming customer-centric [16].

There are many benefits to establishing connections with clients. Building working relationships with clients is key to long-term business success. Customer relations need proper and effective management. Relationship marketing is designed for the long term and aims to provide customer value for a long period of time. This can be achieved by developing a sense of loyalty towards the enterprise and its product and by delivering a quality product [17]. Having a strong connection based on trust and communication helps customers feel more secure and connected to the brand and can also lead to increased customer retention and repeat purchases. Four reasons why your business should focus on building customer relationships: E-commerce is growing, Customers like to be heard, Relationship building increases customer retention, acquiring new customers is expensive [18].

The importance of relationships with buyers is clearly seen in personal selling, which is one of the tools of modern marketing communion. The seller focuses on the problems that the buyer wants to solve, prepares its offers, for which it is necessary to study the needs in depth. And each customer contact presents a unique challenge for salespeople [19]. Ensuring and maintaining customer satisfaction leads to an increase in their trust. Many companies do not realize the great importance of this issue. Professional salespeople view their customer base as an extremely valuable asset that cannot be ignored. To maintain and strengthen customer relationships, sellers engage in after-sales service [20]. Specific relationship-building activities vary substantially across companies. Such activities include: providing useful information to customers, expediting order fulfillment and installation, training service personnel, analyzing customer feedback after sales, etc. [21].

Companies should pay more attention to customers retention rate [12]. Creating, maintaining and expanding relationships with customers and other partners is paramount. Relationship marketing requires all departments of a company to work as a team based on a marketing concept. With the evolution of relationship marketing, the previously known exchange paradigm of marketing will be insufficient to explain the growing marketing phenomena of co-involvement of consumers in the production process. An alternative marketing paradigm needs to be developed that is more process-oriented than outcome-oriented and emphasizes value creation rather than value distribution [22].

The goal of relations with buyers should be: to ensure high customer loyalty to the product and the company. Especially since today business should focus on the long term rather than the short-term perspective. Relationship marketing is about building customer loyalty. Organizations in product, pricing, distribution, promotion and service combine their efforts to achieve this goal. Relationship marketing is based on the idea that customers important to a company need constant and special attention [23].

Service quality has a great influence on the formation of loyal customers. After all, they buy the company's products in the largest quantities. They also affect other users. Therefore, the professionalism of employees is of great importance. Customer service builds the relationships necessary to succeed in a competitive marketplace. When all the promises of the company are fulfilled and the buyer is satisfied, it will continue to buy in the future [24].

Companies use the following special approaches to retain customers: discounts, club cards, points accumulation system, partnership, i. e. combining several companies to create a single point accumulation system, gifts, granting certain privileges and advantages to regular clients, personalization, i. e. individualization of services, etc.

The needs of potential buyers are numerous. It is difficult for sellers to perceive and understand them individually. Discounts and sales promotions greatly influence consumer decisions. However, this alone does not determine customer loyalty. The important issue is whether the salesperson adheres to ethical principles.

Customer-oriented companies strive to achieve a high degree of customer satisfaction, but the ratio between costs and results is very important. The company has the opportunity to increase the level of customer satisfaction by lowering the price of the product or increasing the level of service.

Five levels of relationship marketing are distinguished: basic marketing; reactive marketing, responsible marketing, proactive marketing, partnership marketing. In partnership, the company works continuously to help its customers. The buyer is not forgotten after the sale of the goods. The salesperson continues to work with buyers, the company must determine that customers are satisfied with the product. Partnerships are mainly used in the B&B field. Its purpose is for companies to share risks and profits together. When two enterprises develop plans for a partnership, each of them defines the goals to be achieved. They become more dependent on each other.

Based on all of the above, determining buyer satisfaction has become an important issue. For this, it is necessary to define the main criteria of satisfaction evaluation, which will allow to measure customer satisfaction, identify weaknesses in this regard and show the new opportunities [25]. Approaches and methods should be used to measure customer satisfac-

tion that will give the right data. The company should also take care to increase the level of customer satisfaction, for which marketers and other specialists in the organization periodically meet and discuss customer satisfaction issues, analyze the current situation, develop recommendations. Customer satisfaction is directly influenced by the behavior of service personnel, their attentiveness and warm attitude [26]. However, this is achieved through motivation, for which the company must have a proper system.

To determine the specific effectiveness and results of the money they spend on customer retention is important for companies. Different methods are used for this. It is interesting to note that there is a relationship between the level of customer satisfaction and the general state of the company. Researchers claim that a 1 % increase in satisfaction is associated with a 2.37 % increase in ROI (return on investment). It is used to measure the profitability of an investment. ROI directly measures the amount of profit from a particular investment compared to its cost [27, 28]. It is one of the most popular performance measures and evaluation metrics used in general business analysis. When used correctly, ROI analysis is a powerful tool for evaluating existing systems and making decisions [29].

One common way to quantify value is to compute the return on investment (ROI) for a given use of money. While the ROI formulation associated with investing money in a financial instrument is straightforward. The ROI calculation associated with the generation of an increase in the customer base, cost savings, or future cost avoidance is not as simple to perform [30].

In order to determine whether the company's customers are ready to recommend its product, the customer loyalty index NPS should be determined. Using the CSI – customer satisfaction index, it is possible to determine the exact reasons for the decrease in customer loyalty. Using CSI, it is possible to determine what should be paid special attention in the company, which business processes should be improved, and what can be left as it is now. The CSI determination methodology involves conducting surveys among consumers, during which they evaluate various parameters of a product or service, as well as their importance. This allows companies to identify their strengths, weaknesses and priorities for improvement.

Evaluation of customer satisfaction is one of the important indicators in developed countries. For example, the American Customer Satisfaction Index (ACSI) annually collects data for more than 400 companies in 50 consumer industries of the approximately 400,000 users who reside in the United States. Survey items reflect a diverse range of customer perceptions of prior expectations, perceived quality, perceived value, customer satisfaction, complaints, and customer loyalty. The ACSI model is continuously analyzed using a proprietary and patented Partial Least Squares structural equation modeling approach PLS-SEM [31].

The ACSI model was built on two well-established theories the Quality, Satisfaction, and Performance (QSP) paradigm and Hirschman's exit-voice theory. The ACSI model measures the cause-and-effect relationship that runs from the antecedents of customer satisfaction level (customer expectations, perceived service quality, and perceived value) to its consequences (customer complaints and customer loyalty) [32].

It is important to note that determining the online customer satisfaction index in the case of online shopping requires a somewhat different approach, as it is a very different

experience from traditional shopping. Thus, a new index is needed to measure e-Customer Satisfaction Index (e-CSI). Taiwan's largest online retailer PChome Online's satisfaction score is similar to that of the American Customer Satisfaction Index (ACSI) for the online retail industry. This model also allows online retailers to understand specific factors that significantly influence overall customer satisfaction [32].

There are other similar indexes, such as the European Customer Satisfaction Index (ECSI). Many countries conduct surveys to determine the customer satisfaction index.

Successful companies aim to achieve complete customer satisfaction. They know that if the buyer is simply satisfied, in the future it may turn to a competing company and prefer its products in case of better marketing offers. And fully satisfied buyers generally maintain loyalty to a given firm or brand.

The results of this research can be used in practice for any enterprise that is interested in increasing the sales of its products in the market, but does not have enough knowledge and experience to work in this direction. However, they must take into account the changes in the environment and constantly monitor them. Developing relationships with customers is associated with costs, so enterprises should be able to allocate certain amounts for this purpose.

4. Conclusions

If the company wants the buyer to return to it, it must satisfy the customer and provide a high quality of service. The subjective satisfaction assessment by the buyer depends on the quality of service. Even when customers get the products they want, they may not be completely satisfied if the level of service is poor.

It is possible to believe that companies can use the following ways for retain customers:

- creating conditions that prevent the buyer from turning to another seller (competing company). The customer very rarely breaks its previous ties, if it is connected with significant funds for searching for new sellers;
- customers can be retained by fully satisfying their needs. In order to achieve customer loyalty, it is necessary to form a buyer-oriented organization in the company itself, which means creating an attractive image for the client, introducing quality service standards, and more;
- achieving customer satisfaction is also the result of the company's activities as a whole. Therefore, its managers must realize that fundamental aspects are not neglected, namely, ensuring customer satisfaction with high-value products and good service;
- complete satisfaction of the buyer. Building trusting relationships with it and supporting it is very important. Therefore, it helps companies to take measures to get to know their customers better and serve them better;
- CSI can be an important indicator of evaluation of a company's profitability and market value. Therefore, it is better for companies to pay due attention to the determination of this indicator and observe its changes.

Conflict of interest

The author declares that she has no conflict of interest concerning this research, whether financial, personal, authorship or otherwise, that could affect the study and its results presented in this paper.

Financing

The study was performed without financial support.

Data availability

The paper has no associated data.

Use of artificial intelligence

The author confirms that she did not use artificial intelligence technologies when creating the current work.

References

1. Malhotra, N. K., Agarwal, J. (2020). *Customer Relationship Marketing: Theoretical and Managerial Perspectives*. WORLD Scientific Publishing. doi: <https://doi.org/10.1142/y0022>
2. Gronroos, C. (1990). Relationship approach to marketing in service contexts: The marketing and organizational behavior interface. *Journal of Business Research*, 20 (1), 3–11. doi: [https://doi.org/10.1016/0148-2963\(90\)90037-e](https://doi.org/10.1016/0148-2963(90)90037-e)
3. Buttle, F. A. (2008). *Customer relationship management: concepts and technologies*. Routledge, 3–22. doi: <https://doi.org/10.4324/9780080949611>
4. Nachkebia, K. (2020). *Survey of Customer Satisfaction of Government Services*. Available at: https://www.undp.org/sites/g/files/zskgke326/files/migration/ge/undp_ge_dg_par_public-service_user-satisfaction_handbook_geo.pdf
5. D'Arconte, C. (2023). *Customer Relationship Management (CRM): a conceptualization based on strategy to integrate different perspectives*. Available at: https://www.researchgate.net/publication/376398581_Customer_Relationship_Management_CRM_a_conceptualization_based_on_strategy_to_integrate_different_perspectives
6. Khan, A., Zehnder, B., Kossmann, D. (2016). Revenue maximization by viral marketing: A social network host's perspective. *2016 IEEE 32nd International Conference on Data Engineering (ICDE)*. Helsinki, 37–48. doi: <https://doi.org/10.1109/icde.2016.7498227>
7. Todua, N., Jashi, C., Todua, N. (2023). The Impact of Social Media Marketing Activities on Purchase Intentions of Healthcare Consumers. *Economics and Business*, 16 (4), 145–172.
8. Todua, N., Robakidze, G. (2023). Georgian Consumers' Perception of Brand Placement in Social Media. *The New Economist*, 18 (3), 16–28.
9. Todua, N., Urotadze, E. (2022). The Effect of Social Media Marketing on Consumer Behavior of Tourism Destinations. *Strategic Planning and Marketing in the Digital World*. University of National and World Economy (Sofia). Publishing Complex UNWE, 123–133. doi: <https://doi.org/10.37075/spm.2022.13>
10. Todua, N. (2018). Impact of Social Media Marketing on Consumer Behavior in the Georgian Tourism Industry. *International Academy Journal Web of Scholar*, 3 (5 (23)), 11–16.
11. Todua, N. (2017). Social Media Marketing for Promoting Tourism Industry in Georgia. *22nd International Conference at Zaragoza*, 168–171.
12. Seturi, M. (2009). *Marketing Management (Lecture course)*. Part I. Tbilisi: Universal, 147.
13. Lund, D. J., Marinova, D. (2014). Managing Revenue across Retail Channels: The Interplay of Service Performance and Direct Marketing. *Journal of Marketing*, 78 (5), 99–118. doi: <https://doi.org/10.1509/jm.13.0220>
14. Alania, M. (2021). Relationship marketing and clientelization in the service market. *Collection of scientific works, 2020–2021*. Alte University, 28–37.
15. Seturi, M., Kadarina, D. (2021). Home Delivery Service – Some Issues of Customers Attitude. 20th International Conference: «ECONOMY & BUSINESS». Burgas, Bulgaria. *Economy & Business*, 15 (1), 233–242.
16. Nasir, S. (2015). *Customer Relationship Management Strategies in the Digital Era*. IGI Global, 322. doi: <https://doi.org/10.4018/978-1-4666-8231-3>

17. Baran, R. J., Galka, R. J. (2017). *Customer relationship management: the foundation of contemporary marketing strategy*. New York: Routledge. Taylor & Francis. doi: <https://doi.org/10.4324/9780080949611>
18. Adams, K. (2023). *4 Reasons Why Building Customer Relationships is Especially Important Now*. Available at: <https://www.octaneai.com/blog/customer-relationships>
19. Futrell, C. M. (2011). *Fundamentals of Selling Customers for Life Through Service*. Published by McGraw-Hill/Irwin, Texas A & M University.
20. Seturi, M. (2022). The role and importance of sales and sales promotion in the development of customer relations. *European cooperation*, 2 (54), 63–71.
21. Ingram, T. N., Avila, R. A., Schwepker, C. H., Williams, M. R., Shannahan, K. L. J. (2015). *Sell*. Nelson Education, 210–215.
22. Sheth, J. N., Parvatiyar, A. (1995). The evolution of relationship marketing. *International Business Review*, 4 (4), 397–418. doi: [https://doi.org/10.1016/0969-5931\(95\)00018-6](https://doi.org/10.1016/0969-5931(95)00018-6)
23. Seturi, M. (2022). Some views about sales and relationship marketing. *Journal Economy & Business*, 16, 452–458.
24. Olariu, I. (2016). Personal selling in marketing. Studies and scientific researches. *Economics edition*, 95–101. doi: <https://doi.org/10.29358/scceo.v0i0.348>
25. Seturi, M. (2019). Factors Determining the Tourists' Satisfaction: Georgian Case. *Proceedings – Conference: Easter Conference – The 14th International Academic Conference*. Prague.
26. Seturi, M. (2019). Determining aspects of customers attitude towards sales personnel. All Ukrainian scientific and practical conference. *Marketing: challenges and solutions*. Odessa, 62–64.
27. Fernando, J. (2023). *Return on Investment (ROI): How to Calculate It and What It Means*. Investopedia. Available at: <https://www.investopedia.com/terms/r/returnoninvestment.asp>
28. Birken, E. G., Curry, B. (2022). *Return On Investment (ROI)*. Forbes Media LLC. Available at: <https://www.forbes.com/advisor/investing/roi-return-on-investment/>
29. Botchkarev, A., Andru, P. (2011). A Return on Investment as a Metric for Evaluating Information Systems: Taxonomy and Application. *Interdisciplinary Journal of Information, Knowledge, and Management*, 6, 245–269. doi: <https://doi.org/10.28945/1535>
30. Sandborn, P. (2017). Return on Investment (ROI). *Cost Analysis of Electronic Systems*. World Scientific, 381–401. doi: https://doi.org/10.1142/9789813148260_0017
31. Morgeson, F. V., Hult, G. T. M., Sharma, U., Fornell, C. (2023). The American Customer Satisfaction Index (ACSI): A sample dataset and description. *Data in Brief*, 48, 109123. doi: <https://doi.org/10.1016/j.dib.2023.109123>
32. Hsu, S. (2008). Developing an index for online customer satisfaction: Adaptation of American Customer Satisfaction Index. *Expert Systems with Applications*, 34 (4), 3033–3042. doi: <https://doi.org/10.1016/j.eswa.2007.06.036>

Maia Seturi, PhD, Associate Professor, Department of Marketing, Ivane Javakhishvili Tbilisi State University, Tbilisi, Georgia, e-mail: maia.seturi@tsu.ge, ORCID: <https://orcid.org/0000-0003-0246-678X>