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# THE ROLE OF DATABASE MARKETING IN THE OPERATIONALIZATION OF THE SERVICES RELATIONSHIP MARKETING

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**Abstract:**

*The relationship marketing aims the construction of a durable relation between the enterprise and the final client, identified at an individual level. The particular part of the relationship marketing has two main concepts: individuality and the relation. This paper presents the concepts of relationship marketing, database marketing and geomarketing. We present the importance of implementing a marketing database in a service providing enterprise and its implications on one hand for the client and on the other hand for the enterprise. The paper point out the marketing database instruments and the advantages for the elements of the marketing mix. The implementation of a marketing database will aid the enterprise to better target and attract the client, to transform them into loyal consumers and in the same time it can help refresh the image of the enterprise.*

**Keywords:** *relationship marketing, one-to-one marketing, customer relationship management, database marketing*

## 1. Introduction

The marketing of services is today a well elaborated concept, which must have an important place in minds of the managers from the service providing enterprises. The marketing of services aims towards crating an excellent service, ensuring the synergy of the strategy and of the execution.

The complexity of the factors that condition the providing of a service (the organizational system, the environment, the providing staff, client etc.) and the interdependency between them have lead to three service marketing forms: the external marketing, the external marketing and the interactive marketing (the provider-client relationship marketing). This is pointed out by Philip Kotler when he refers to the concept of holistic marketing.

Considering the three marketing forms, Frank Cespedes (1995) considers that it is necessary for a unitary marketing to exist at the level of the service providing enterprises. In this concept, the three forms of marking contribute to the valorization of

the enterprise's image, to the transformation of the client into a loyal one and to the ensuring of an efficient communication.

The external marketing has undergone the most spectacular transformation in the case of the services providing enterprises. It has passed from the stage of *marketing as a transaction* to the stage of *marketing as a relationship* (Virgil Balaure, 2004). The development of the relationship marketing has forced the services providing enterprises to develop an efficient management for their relations with the clients, which is based on relevant and permanently up to date database marketing.

## 2. The role of database marketing in the services relationship marketing

Following the concept of Stan Rapp and Tom Collins, the relationship marketing is a *maxi – marketing* which has as a main purpose the sales maximization and creating a long term relationship by selecting, contacting, activating and holding on to the consumers and to the best clients of the service providing enterprise. The need for creating a personal relationship with the clients has imposed the *one-to-one marketing concept*, which is based on the following principles: up to date database, a dialog with each client, differentiating the clients according to needs and values, customized services (Luigi Dumitrescu, 2009).

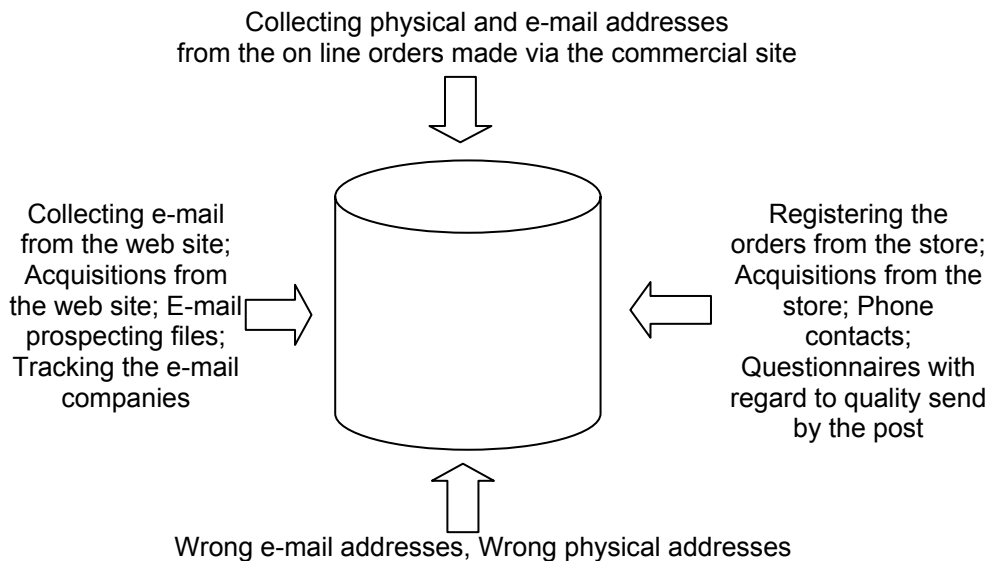
Based on a customer relationship management (CRM), whose *heart* is the marketing database, the relationship marketing aims towards transforms the clients into a loyal one as well as attracting new ones. A strategy of the CRM must be based on modern information and communication technologies. The data and the information about the clients must be stored in databases, which can be collected using *data mining techniques* with the purpose of revealing important information. With the help of these information the service providing enterprise can elaborate marketing and sales strategies and policies which are aimed towards individual clients.

Taking into account the large number of information, which the relationship marketing uses them in all the stages of the decision making process, the marketing database becomes vital in a marketing information system. The database marketing is important for: (a) using the collected information from each contact with the client (visit, phone call, web, mailing, etc); (b) establishing more and more complex types of target groups (clients, prospectors); (c) the definition of *the magic moments* (the most sensitive moments for the client) of the relationship with the client (the first order, the complaint, providing the service); (d) the submission of the best product / service in the best moment and for the best client.

In order to ensure the usage of a efficient CRM, a marketing data base must contain more types of information: nominal variables (name, surname), coordinates (address, phone number, e-mail), socio-demographical data (age, income, marital status), specificall data (in case of B2B), socio-graphical data (region, county, place, types of habitat), behavioral data (hobbies, fields of interest), relationship data (contacts, history of the sent messages), acquisition behavior (payment options, the nature of the acquisition, the acquired products), data obtained from the data mining

process (client profile, scoring, segmentation), subjective information (the level of interest with regard to the supply), etc. (Claeyssen, et al., 2009, p. 112).

All the information necessary for marketing database is collected by traditional methods as well as by on line methods. From this point of view we embrace the opinion of Yan Claeyssen, by which there can be pointed out several new ways of determining the size of a marketing database (Claeyssen, et al., 2009, p. 116) – figure 1.

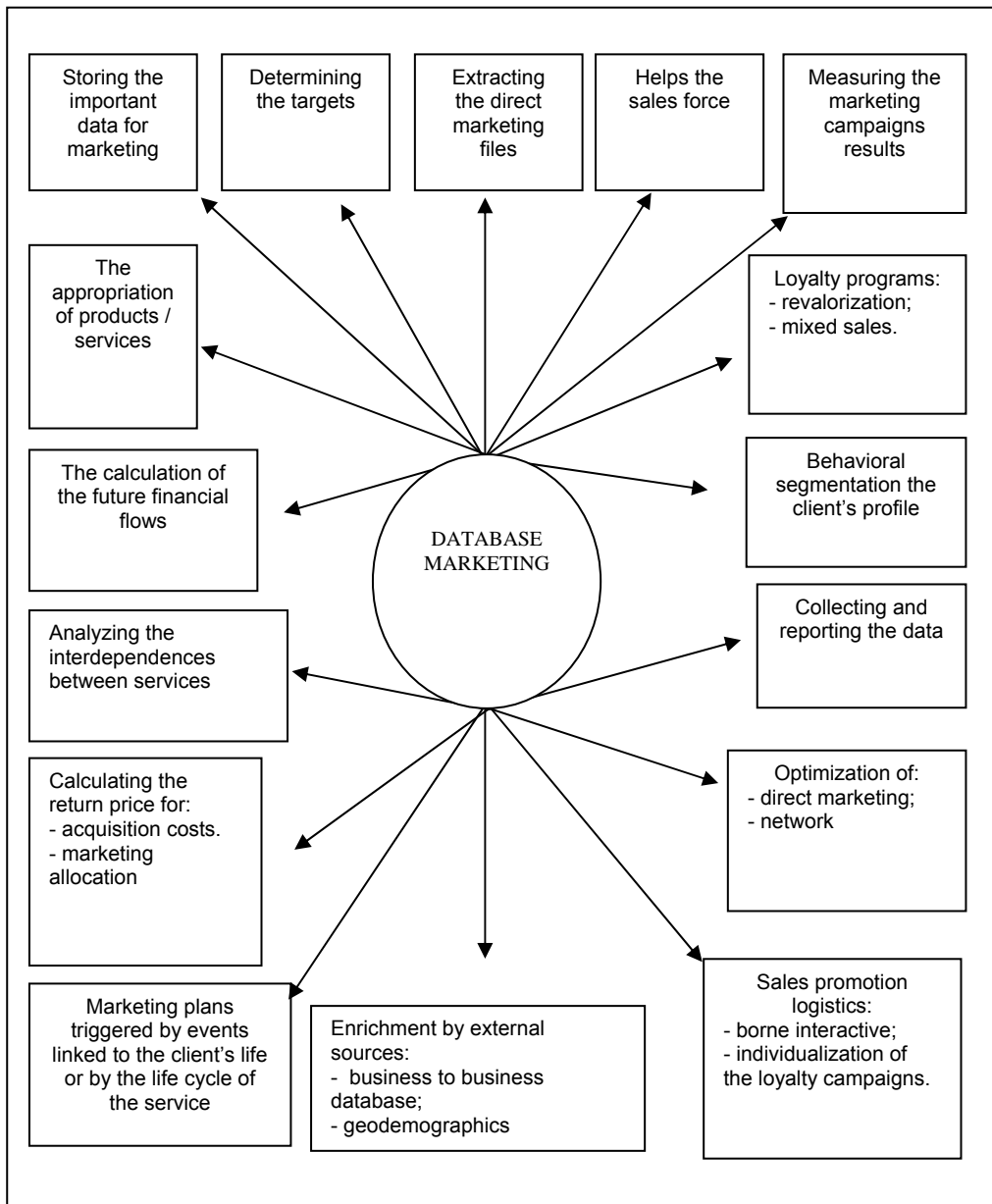


**Figure 1. The Diagram of supplying a multi-channel marketing database**

The existence of a complex marketing database generates more and more possible usages: the evaluation of the commercial pressure, segmentation, dashboard, and lots for the e-mailing companies, network consumer behavior, on line consumer behavior.

A marketing database must be permanently maintained in a operative status by creating systematical operations, like the deletion of the content that is doubled in the different files, the deletion of the content that is doubled in the same files and the suppression of all the useless data the database can not use them.

The main objective of the database marketing is to generate the biggest profit by using the marketing and the sales with regard to the client (Lebon, Laethem, 2003, p. 156). Considering the expansion of the relationship marketing, the marketing database becomes the decisive mean for taking the marketing decisions. These decisions can be on one hand *strategic ones* and on the other hand they can be *tactical ones*. The role of the database marketing is presented in figure 2.



Source: Adaptation after A. Michaux – *Le marketing de bases des donees*, Eyrolles, 1993

**Figure 2. The role of database marketing**

The first mission of the database marketing is to become the storage place for all the information collected, hence necessary and relevant for marketing. The database marketing is far from being a static receiver; the data are not just stored and recorded but sorted, analyzed and combined.

From this perspective, we share the point of view of Yan Claeysen, (Claeysen, et al., 2009, p. 111), according to whom a marketing database must

evaluate in accordance to the request and the needs of the providing organizations. A database must be a flexible one (to accept new parameters) but it must be easily accessed and used.

The second mission of the database marketing is to ensure the free usage of the data for the marketing needs. The obligation of the marketing departments is to use the data in order to sell more and better, for the transformation of the client into a loyal consumer at the best moment, with the best service, in order to *invent* new segments according to the constant evolutions. Database marketing has two main instruments: (a) a logistic instrument – a database for clients; (b) a decision making instrument – a statistical database (table nr. 1).

**Table 1. The two database marketing instruments**

<b>Logistical Instrument – client’s database</b>	<b>Decision making instrument - statistical database</b>
The daily usage: data extraction, managing the marketing and commercial actions.	Punctual usage: specific requests, types and profile research, specific research with the mixing of other files in order take a marketing decision.
The filling in of the new data is done systematically: - through databases; - through localizing external files; - through the integration of the data obtained by client research.	The filling in of the new data is occasional, for specific demarche.
The database update is made daily, weekly or monthly: - for developing a commercial relationship with the client; - the data resulted from the marketing actions.	The database update is made occasionally
The database is seen by many users: - marketing teams and managers; - sales networks; - sales departments.	
Managing the personal data is mandatory in the communication campaigns and other marketing actions.	Managing the personal data is not mandatory; these have a specific a unique usage.

With regard to the added value of the database marketing, this is evaluated by the advantages presented in table nr. 2.

**Table 2. The advantages of database marketing for the marketing mix**

The marketing mix	Database advantages
<i>The product</i>	Analyzing the services package / products range Complementary or <i>cannibalism</i> The sales evolution by clients segments or by geographical areas Analysis of the satisfaction or quality criteria The detection of the preferences of the products/ services Detecting the new needs for products/ services Analysis of the client's life cycle
<i>The Price</i>	The calculus of the client's value all along its life cycle The calculus of the average attraction cost The evolution of the prices and of the sales per product / service The calculus of the acquisition / retention costs of a prospector and a client
<i>The Placement / distribution</i>	The analysis of the distribution channel Analysis of the clients segments for each distribution channel The optimization of the commercial and marketing actions
<i>The Promotion / communication</i>	The management of the addresses and of the files in relationship marketing Measuring the results Managing the relationship marketing campaigns and of direct marketing The creation of clients lists based on well defined criteria

The relationship marketing represents on one hand all the marketing actions between the individual and the enterprise and, on the other hand, all the marketing actions (strategic and operational) oriented towards the client (listening, segmentation, individualized approach). From this point of view, the objective of the relationship marketing is to increase of the client's capital value. In consequence, the relationship marketing is formed of: (a) the research and the usage of all the data connected by the

client's relation with the service providing enterprise; (b) the exploitation of all the *magic moments* that accompanies the client's life cycle.

These appreciations lead to an interesting conclusion: *there is no relationship marketing* without a marketing database. This is highlighted by Dominique Mouton (Mouton and Paris, 2009, p. 30) which considers that the marketing database enriches the relationship marketing upstream (the supply, establishing the price) as well as downstream (choosing the middleman).

The added value of database marketing to the development of relationship marketing reflects the best in the client's life cycle analysis. From the moment when an individual, a client, or a prospector, has an interest for the enterprise, the marketing seeks to *capture*, meaning to understand him, to better know him, in order to give him the best offer at the best time. Furthermore, the marketing seeks to discover and even to anticipate what are his desires and future expectations.

The marketing seeks to *industrialize* the *one-to-one*, meaning to individualize the relations with the clients. For this, he needs a deep differentiation of the client's profiles. In order to determine the profitable offers for each type of clients and to prospect the market, the relationship marketing needs a complete a permanently updated database.

In the relation that is established between the enterprise and the client, the database allows the registration and the collecting of client information, the preferred contact channel, the acquired service, or the frequency and evolution of the relation (Lebon, Laethem. 2003, p. 161).

The researches undertaken sustain Philip Kotler's Opinion (Kotler, Keller, 2009, p. 246) according to him the limitations of the marketing researches reflect the difficulties faced by the traditional segmentation of the market as well as the very fast evolution of the needs and of the consumers behavior have encouraged the companies (including the ones from the field of services) to go towards a "database marketing". This concept is defined as "the process of creating, maintaining and using a client database and of other databases with the purpose of contacting te clients, of closing commercial transactions and of developing relations with clients."

The implications of database marketing on the client's life cycle are presented in table nr. 3.

**Table 3. The implications of database marketing on the client's life cycle**

<b>Life cycle moments</b>	<b>Using database marketing</b>
Searching the information	Sorting by contact channels: commercial visits, web, phone, fax Sorting by the type of requested information: price, complementary services Sorting by the frequency of the demand
Estimation request	Improving the data from the client's file
First order	The client's file update Validating the first acquisition typology

Delivery	Measuring the client's satisfaction Following the difference (delay) between the order and the delivery
Billing	Sorting the types of rebate, delay of payment Identifying the <i>bad payers</i>
A new order	The client's file update Validating the client's typology The current turnover analysis or the potential one
Complaints	Following the services quality level The cost's insatisfaction analysis
Attracting a new client	Enriching the client's file Validating the new client's typology
The appearance of the client's regret	The cost's regret analysis

An efficient marketing database contributes to the valorization of the commercial actions, at the integration of the client's satisfaction in the continuous improvement process and at the identification of the *client's magic moments*.

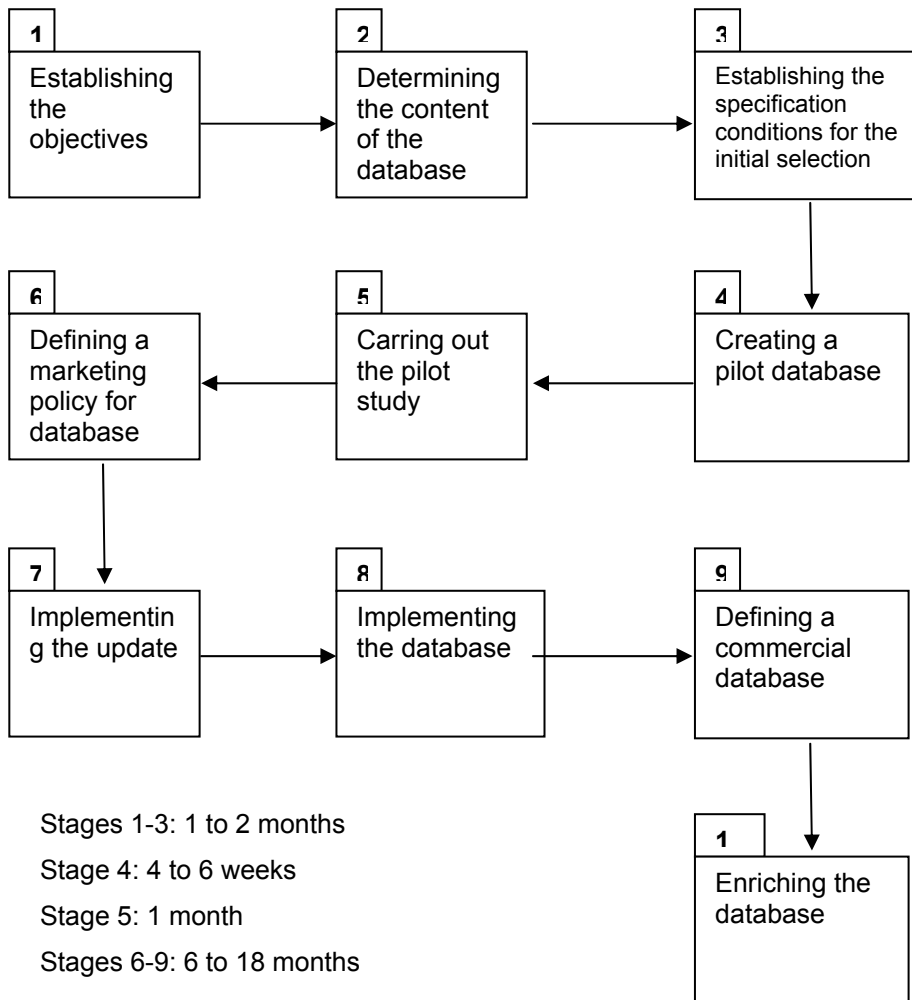
With regard to the valorization of the commercial actions, the database can be enriched with commercial information about *lost businesses* and *won businesses*. These information allow a better understanding of the link between the provided service, the relation with the client, etc. The most used commercial informations are: (a) lost and won businesses; (b) the client's potential for acquisitions; the positioning of the service providing enterprise with regard with the competition; (c) the client's motivation for buying; (d) barriers before the acquisition decision; (e) the trends in this sector.

The services quality measuring must pass through the client's satisfaction study with regard to the provided services. The integration of the information of the client's satisfaction level in the marketing databases allows the analysis of the products / services evolution at a qualitative level. The most used reasons for the client's satisfaction are: (a) the personalized commercial relation; (b) the delivery deadline; (c) the technical quality of the service; (d) added services; (e) the quality of the received information and (f) previous information.

More *magical moments* marks the client's life cycle all along his relation with the service providing enterprise. Some have a special importance for the client. There is the moments when the client is more sensitive about a enterprise and who can determine a stronger loyalty or on the contrary a disappointment. The informations about the *magical moments* must be integrated in the marketing database. The most important *magical moments* of the client's appear when: (a) the client shows its satisfaction; (b) the client shows its insatisfaction; (c) the client discovers a disturbing factor during the providing / consumption of the service; (d) the client receives an interesting offer from the competition.



The implementation of a professional database is a desirable action for the service providing enterprise. The interactive actions of the marketing, the dynamic and relatively simple character of the analysis, the permanent adjustment to ever-changing market, makes us to appreciate that the implementation process of a database assumes the following of several stages. This is sustained by Philip Kotler who appreciates that the decision of creating a marketing database is firstly the identification of the moment in which this decision is a proper investment for the company (Kotler, 2006, p. 135). The stages are presented in figure 3.



**Figure 3. The stages of implementing a database**

From the analysis of figure 3 we can see that a database can be operational from the 4<sup>th</sup> stage and can be finalized in 6 to 18 months. In the 9<sup>th</sup> stage, we can obtain a commercial database, therefore covering 80% of the marketing needs. The database generates incomes from the first applied marketing actions. The resulted

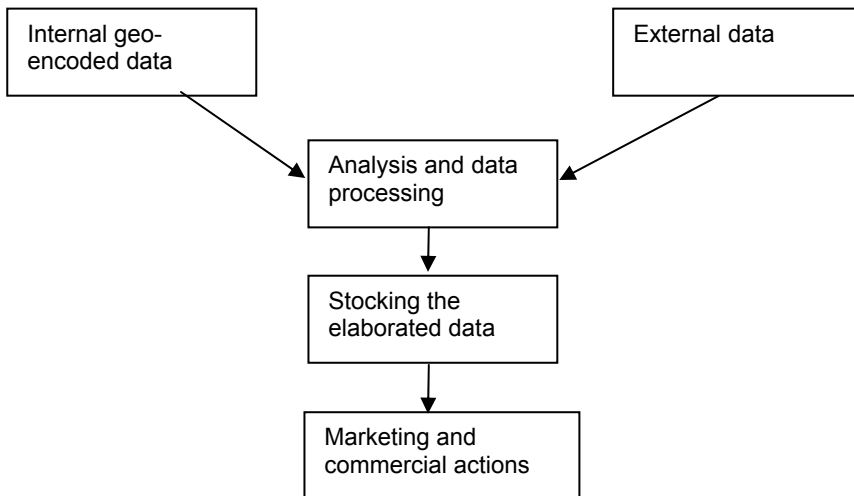
income from the marketing database includes all the incomes generated by the marketing programmers that have benefited from the analysis of this database.

From the association of the database marketing with the *geography*, a new concept has appeared: *geomarketing*. The simplified version of geomarketing can be presented as follows: *tell me where you live, so I can tell you who you are and what you buy*. The geomarketing has appeared from the need of the enterprises to find an answer to certain questions, which the globalization places in front of them: (a) where are the best potential clients for a new product / service? (b) where can a new selling / providing space are placed? (c) how can the commercial attraction area be defined and animated?

In front of a strong competition, a more and more difficult consumer behavior analysis, the common sense or a study are not enough to find exact answers to these questions.

The geomarketing allows a new approach, which brings more finesse and efficiency in the analysis, by combining the geographic database with other information, like, for example, the behavioral ones. The whole ensemble is exploited by informatics means and represented in a very accessible way by visualization on a map.

The development of geomarketing is linked to the micro informatics and databases that allow the stock piling of statistical data. The construction of a Geographical Information System (GIS) is based on the concept of geomarketing, allowing the obtained internal and external data to be properly managed. It will allow the editing of geographical maps which show commercial phenomenon in time and space. The geographical information system (GIS) can be represented in a simple form, which is presented in figure 4.



**Figure 4. The Geographical Information System (GIS)**

The components of the GIS are: (a) *internal geo-encoded data*, often the enterprise has a large number of usable information (clients, prospectors, competition, distribution channels); (b) *external data*, the enterprise will add economical data,

socio-demographical data, new infrastructure data, mobility data, personnel flow data, competition data, consumer behavior data; (c) *analysis and data processing*, after acquiring the internal and external data a selection of the most relevant information must be made. The data processing program will allow the pointing out of the best types of information that can be represented on a map; (d) *storing the data*, the data is stored in a database. The database is elaborated to point out every target unit or dominant profile of the area; (e) *marketing and commercial actions*, from the database, the marketing managers or the sales force personnel will be able to obtain specific information linked to the actions that they want to develop.

The geomarketing allows the visualization, on a map, of the geographical representation of the clients with their density on an area, district, street, dividing their consumption by products or services. By integrating the prospectors and the socio-demographical data we will be able to point out the local potential and will consequently trigger relationship marketing actions.

The geomarketing can also be a precious help for increase the efficiency of a communication campaign. By presenting with precision the potential clients, the geomarketing allows the service providing enterprises to offer personalized services, raising in the same time the quality of the contacts.

The internet and the extranet will also allow the development of geomarketing in two directions: (a) the first, expresses its usage for the underlining of the marketing strategies; (b) the second, expresses the usage of geomarketing at a operational level.

### **3. Conclusions**

In the field of services, the marketing concept, in its most advanced form – *client orientation* – is incorporated in the providing enterprise activities, by actions of a great diversity and complexity which are in an interdependency relationship. The finality of these actions is given by the fundamental objective of every service providing enterprise: *maximizing the profit*, in the conditions of *satisfying ad surpassing the consumers / users expectations by quality, services and value*. The marketing actions are organized in order to aim toward the elaboration of marketing tools and to develop them in a certain succession, duration and order which is forced by numerous restrictions of a methodological level.

In this context we consider that a marketing database dose not exclude the market research. These two methods are complementary and it is possible to create a combination between them which is Paul Gamble call it “fusing the data” (Paul Gamble et. all. 2008, pg. 167). This is obvious if take into consideration the fact that a marketing database gives information about what the clients buy, how much do they spend, how often do they buy, etc., while the marketing research gives information about what motivates the clients.

Having a 3D structure the marketing database allows, the service providing company, the creation of client-prospecting files and the creation of history databases which are attached to the others.

In consequence we share the opinion of Yan Claeyssen (Claeyseen et. All, 2009, p. 111) which considers that a marketing database is a “box with a living memory”. A very important decision with regard to the usage of an effecting marketing database is, according to Philip Kotler (Kotler and Keller, 2008, p.251), the way the service providing company resolves the following four problems: (1) the investment for creating and maintaining a marketing database can be very high; (2) the considerable difficulty in “forcing” the employees to focus on the clients; (3) the possibility that the hypotheses of the marketing database will sometimes not be verified; (4) the possibility that some clients do not agree with the collecting of personal information about them.

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