DEVELOPING RELATIONSHIPS THROUGH DIRECT MARKETING IN A BUSINESS-TO-BUSINESS CONTEXT: THE TRAINING SECTOR IN PORTUGAL

Raquel Reis  
Faculty of Management and Economics Sciences, Universidade Lusíada de Vila Nova de Famalicão, CLEGI – Centro Lusíada de Investigação e Desenvolvimento em Engenharia e Gestão Industrial, Portugal  
raquel.reis@fam.ulusiada.pt

Caroline Oates  
Management School, University of Sheffield, Sheffield, UK  
c.j.oates@sheffield.ac.uk

Martina McGuinness  
Management School, University of Sheffield, Sheffield, UK  
m.mguinness@sheffield.ac.uk

Dominic Elliott  
Management School, University of Liverpool, Liverpool, UK  
d.elliott@liverpool.ac.uk
Abstract: Developing relationships between companies and customers is and will always be of extreme importance. The use of direct marketing to collect customer information in order to target chosen segments is seen as a powerful way to develop relationships with customers. Therefore, these two important marketing areas, direct marketing and relationship marketing, are closely related by many authors. Nevertheless, there is a surprising lack of empirical evidence on how the relationship development through direct marketing occurs. It is not enough to argue that direct marketing has an important role in relationship marketing. There is a real need to understand which are the activities and processes behind this link. Moreover, the existing literature relating direct marketing and relationship marketing is almost entirely focused on business-to-consumer markets, being more quantitative-oriented, and forgetting the customers’ side of this “relationship” development.

In this paper a qualitative study is presented. The main aim was to explore if and how direct marketing can contribute to develop relationships with customers in the training sector based in Portugal. Furthermore, this study analysed the customers’ perspective and experiences on this important subject. Thus, this research explored qualitatively customers’ perceptions on the relationship development through direct marketing, in a business-to-business context, using a grounded theory approach. No empirical study was found examining this particular combination. 30 semi-structured interviews were conducted with training customers, specifically training directors and participants of 30 different companies in Portugal.

This paper presents the main results of this empirical research, explaining in detail which are the direct marketing key roles in the relationship development, namely in its different stages of establishment, maintenance and enhancement.

Interestingly, some of the research findings are already starting to be applied to the marketing practices of the training company where the author works; the aim being to develop better and more effective relationships through direct marketing with their customers.

Keywords: Direct Marketing; Relationship Marketing; B2B Markets; Training; Grounded Theory.
Abbreviations

Some abbreviations will be made in this paper, such as:
Direct Marketing - DM
Relationship Marketing - RM
Business-to-Business – B2B

1. Introduction

Developing relationships between companies and customers is undoubtedly an essential aim in marketing. The theoretical link between DM and RM is clearly established, DM being seen as a powerful tool to help in the relationship development. However, there is a significant lack of empirical studies about the processes behind this link between DM and RM.

RM is considered to be more relevant in B2B markets (e.g. Harker and Egan, 2006; Gronroos, 1996) yet the empirical studies linking DM and RM have been conducted mainly in consumer markets, usually examining it from the company’s point of view and employing a quantitative approach. There is a noticeable lack of research on the relationship between DM and RM, how the two actually “work together”, how relations with customers are developed through DM within the context of B2B markets and from a customers’ point of view. Surprisingly, the customer position in this “relationship” has been clearly neglected (e.g. Saaksjarvi et al, 2007; Schultz and Bailey, 2000).

This paper examines the main conclusions of an empirical study concerning the development of relationships through DM, focusing in the customer’s view, and employing a qualitative approach, namely grounded theory, in a B2B context, particularly the training sector in Portugal. To the best of our knowledge, this combination of themes represents a novel contribution.
2. Research Question, Aim and Objectives

The research question, aim and objectives of this research are presented in the following table.

<table>
<thead>
<tr>
<th>Research Question</th>
<th>How do customers perceive the role of DM in developing effective relationships with training companies, in a B2B context?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aim</td>
<td>If and how the relationship with training customers (training directors and training participants) may be developed through DM, in B2B markets, from the customer perspective and using a qualitative approach.</td>
</tr>
<tr>
<td>Objectives</td>
<td>Is there a role for DM in establishing an effective relationship with training customers?</td>
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<td></td>
<td>Is there a role for DM in maintaining an effective relationship with training customers?</td>
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<td></td>
<td>Is there a role for DM in enhancing an effective relationship with training customers?</td>
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</table>

It is important to state that the three research objectives follow the phases presented in the definition of Gronroos (1990, p.8), that of RM being aimed “to establish, maintain and enhance long-term customer relationships...”.

3. Link between DM and RM

It has been commonly stated that “DM allows/helps marketers to develop relationships with their customers” (e.g. Ball et al, 2006; Arnold and Tapp., 2003). Despite that it is still unclear how this actually happens. Having in mind that DM is a powerful means to develop relationships with customers (e.g. Hochhauser, 2004; Hoekstra and Schijns, 1995), the lack of qualitative empirical evidence on how this relation between DM and RM works is surprising (e.g. Stone and Liyanearachchi, 2007; Jenkinsson, 2006).

Nevertheless, some empirical studies were identified, investigating the link between DM and RM (Ball et al, 2006; Verhoef, 2002; Jones and Chudry, 2001; Evans et al, 2001). Analysing these empirical studies linking DM and RM it became apparent that none of them combined a qualitative approach in a B2B context and considering the customers’ perceptions, which was done in this research. While these studies contribute to some level of understanding of the relation between DM and RM, there is not enough evidence regarding the role of DM in the relationship development between customers and companies. Moreover, almost all of the studies were carried out in consumer markets. The lack of empirical studies in business markets can be explained with the fact that it is extremely complicated to gain access to this type of market. Therefore analysing the “real behaviour of industrial clients proves to be very difficult from a practical point-of-view” (Caceres and Paparoidamis, 2007:858).
4. Methodology

In order to understand the customers’ opinions and preferences on the link between DM and RM, 30 semi-structured qualitative interviews were carried out. The data collection was conducted between November 2004 and November 2005. The research sample was purposive, consisting of training customers, specifically 24 training directors and 6 training participants from 30 companies in Portugal. The sample was selected from the database of a training company in Portugal, where one of the authors works. All the interviewees received DM frequently from training companies and other sources. Furthermore, all the interviewees worked directly with training in their jobs hence seeing training as a top priority subject. Mixing the sample of training directors with training participants was considered to be a strong combination to understand how these training customers establish, maintain and enhance a relationship with a training company through DM. The interviews were conducted in Portuguese, transcribed, and then translated into English. Moreover, the seven stages grounded analysis approach of Easterby-Smith et al (2002) was employed in the data analysis, namely: (1) Familiarisation with data; (2) Reflection on the interview data; (3) Conceptualisation; (4) Cataloguing concepts; (5) Re-coding; (6) Linking; and (7) Re-evaluation.

5. Findings

In this section, first, the process on how a relationship between customers and training companies is established through DM will be examined. Afterwards, the focus will be in how such relationship may be maintained and enhanced. These are relevant contributions to the DM and RM literatures, both as a link but also to each of them individually.

5.1. Relationship establishment through DM

Training customers were asked to elaborate on the decision process behind establishing a relationship with a training company in the context of attending some training activity promoted by DM for the first time. The main aims were to explore how these training directors and participants perceived training promoted via DM. Questions included what kind of feelings and perceptions they had regarding a training company, which were the main aspects motivating them to send employees and/or attending themselves, some training activity promoted by DM.

Two key themes emerged regarding the relationship establishment with a training company through DM: (1) DM directed at interviewees’ training needs and (2) the credibility of the DM source (Figure 1). These two themes will be explored subsequently.
5.1.1. DM directed at customers’ training needs

Logically, DM being directed to training needs is the top reason why training customers decide to establish a relationship with a training company, when they attend some training activity for the first time. When these training directors and participants receive a DM offer, the first thought seems to be “does this theme interest the company and/or me? ... do we actually have this training need?”. In this case, interviewees promptly classify the received DM as being relevant since it may fulfil a specific need they have in their companies and/or personally.

Interviewees’ DM perceptions are generally influenced by four key themes: relevance, adaptation, personalisation, and easiness to read and answer. However, it is noticeable that the perception of “DM directed to the training needs” is the main reason for these training directors and participants to decide to establish a relationship with a training company, attending some training activity promoted by DM. However, it is interesting to find that these training needs may already exist or not. In case of an existing training need, it may be diagnosed and conscious or, in contrast, undiagnosed and unconscious. This process is presented in Figure 2.

![Diagram](image)

**Figure 2**: DM as a trigger for realisation of a training need versus DM as a creator of a perceived training need
Emerging from this is that DM has two key roles in the relationship creation:
1) acting as a trigger for realisation of a diagnosed or an undiagnosed existing training need, and/or
2) acting as a creator of a perceived training need.

The majority of the interviewees seem to “fit” in the first role, DM being a trigger of an existing conscious or unconscious training need. The second role also occurs, DM being a creator of a perceived need. The latter situation is, however, more related to a certain type of customer, who has more relational characteristics, for example appreciating personal, face-to-face contact, and who is quite open to new and innovative suggestions from training companies.

At this stage a key research finding emerged. It is mainly through DM that these training directors and participants are informed about the existence of the training activities. Therefore, customers consider that DM has a vital role in the relationship development with a training company. In fact, several interviewees are not even able to state how this relationship establishment could be achieved through other means than DM.

5.1.2. Credibility of the DM source

The credibility of the DM source, specifically the training company who sent it, is also perceived as a significant aspect in the training customers’ decision process in order to establish a relationship with a training company. Definitely, interviewees relate the received DM training offers with the credibility/reputation of the training company who sent it. Nevertheless, some of them are also receptive to DM from new training companies, which do not have an established credibility in the market yet. Thus, several of the training customers will give an opportunity to a new company as long as the DM offer has interest and relevance to fulfil some of their training needs.

5.2 Relationship maintenance/enhancement through DM

The main goal in this phase was to understand how the training directors and participants decided to send employees and/or attend themselves some course, seminar, meeting or conference promoted by DM, for the second and subsequent times; which were the key aspects motivating them to repeat a training activity promoted by DM from the same training company.

Two key themes emerged in order for interviewees to maintain/enhance a relationship with a training company: (1) the DM being directed at interviewees’ training needs (already examined previously) combined with (2) their perceptions of the past training performance.
5.2.1. Past training performance

A major motivator for the relationship maintenance/enhancement with a training company is the perception customers have in their minds about the past training performance. Basically, training customers classify in their minds the training their employees and/or themselves attended either as positive or negative. Thus, when receiving DM promoting another training activity from the same company, customers instantly remember this classification. Furthermore, this past training performance is associated to two important themes: *quality* and *satisfaction* perceptions of the previous training experience (Figure 3).

![Figure 3: Relationship maintenance/enhancement](image)

It is essential thus to state that the DM role in the relationship maintenance/enhancement is *conditional*, only existing if interviewees consider the received DM relevant to their training needs combined with a positive image/memory of the past training experience, more specifically with positive perceptions of quality and satisfaction.

In contrast, if the past training performance image/memory is negative, and the training is linked with negative perceptions of quality/satisfaction, DM does not seem to have any role in the relationship maintenance and enhancement between customers and a training company. In this case, even if the DM offer fulfils the first condition, being relevant and directed to interviewees’ training needs, the training company is seen in a negative way and the received DM does not change that negative perception.
5.2.2. Quality and satisfaction perceptions

Two associations appeared related to the past training performance.
(1) the past training performance is directly linked to the perception of quality in interviewees’ memories. The training quality image is fundamental in the relationship maintenance/enhancement with a training company. Aspects such as training adaptation, trainers’ competence, and training organisation emerged as connected to quality perceptions in interviewees’ minds.
(2) the past training performance is linked to satisfaction perceptions in interviewees’ memories. If interviewees feel satisfied with the training experience, they are likely to attend another training activity organised by the same company. Aspects such as training aims achievement, trainees’ evaluation/results, and follow-up and diagnosis made by the training company emerged as related to satisfaction perceptions in interviewees’ minds.

6. DM roles in the relationship development with a training company

Answering to the research question of this study, DM emerges as having four key roles in the development of a relationship between training customers and training companies. This is presented in Figure 4.

Figure 4: DM roles in the relationship development with a training company
Figure 4 contributes significantly to our understanding of the DM roles in relationship development, illustrating how the relationship development process with a training company evolves in the training customers’ minds. It starts with interviewees receiving DM from a certain training company directed at their training needs. If that is the case, DM being relevant, these training customers immediately link the received DM to the memory of the past training performance of that training company, mainly to quality and satisfaction perceptions in their minds. This way, DM has an essential role in this relationship maintenance/enhancement, mainly in:

1) being directed at customers’ training needs, hence being relevant;
2) the development of a quality perception of the past training performance, namely the training adaptation
3) the development of a quality perception of the past training performance, namely the training organisation; and finally
4) the development of a satisfaction perception of the past training performance, specifically follow-up and diagnosis.

Summarising, the first and key DM role is that the received DM should be relevant and directed at interviewees’ training needs; only with this condition it is possible for these training customers to start a relationship with a training company. Regarding quality perceptions, being a two-way communication means, DM may be very helpful in facilitating the training adaptation and organisation processes, promoting contacts, facilitating the dialogue, interaction and cooperation between customers and training companies, and giving them a feeling that they are being treated differently, in a personalised and warm way. Finally, and of great importance, is the DM role in doing follow-up and diagnosis to interviewees. It seems that this last aspect is surprisingly missing, all interviewees clearly being open and receptive to give more information about their training needs. DM has a relevant role in this follow-up and diagnosis, exploring how interviewees/trainees evaluated the past training, understanding the impact of the training in the company, sending inquiries, updating (new) training needs, and maintaining a friendly contact/communication between customers and training companies.

7. Practical implications

Several practical implications emerged in this research. Training companies wanting to develop a relationship with their customers may follow some of the following recommendations:

- To do more follow-up and diagnosis to their customers, in this way training can be potentially adapted to their training needs. This DM relevance is the most important aspect for these training directors and participants to
create a relationship with a training company;
• To send periodical DM inquiries, updating customers’ training needs, aiming to know which training activities they would like to see in future DM offers;
• To find out which customers are relationship – or transaction – oriented, sending DM offers according to those individual customers’ preferences, in this case the DM approach being with or without personal contacts;
• To be aware of the importance of training adaptation in the interviewees’ quality perceptions of the past training performance;
• To be aware of the importance of training organisation to several customers, trying to know which of them are more sensitive to a warm, friendly DM contact/treatment;
• To find out which are the preferred DM means of each customer;
• To find out which are the DM times customers prefer to be contacted;
• Training companies should have competent trainers and make sure that the training aims are achieved, with a positive evaluation by the trainees.

These practical recommendations may be seen by training companies as essential motivators in how to develop a relationship with their customers.

8. Conclusions

This empirical paper examined how training customers establish, maintain and enhance a relationship with a training company through DM in a B2B setting.

Undoubtedly, the most important DM role is its possibility of being relevant to training customers, being directed to their specific preferences and wants. There is a strong need of training companies doing more follow-up and diagnosis to their customers. Moreover, the source of the DM is also considered by training customers as an important influence to start/establish a relationship with a training company.

The conditional role of DM in the relationship maintenance and enhancement emerged as an important and innovative aspect. It is noticeable that training customers only maintain and enhance a relationship with a training company if there is a combination of DM relevance and positive past training performance perceptions in their minds. Quality and satisfaction perceptions are immediately related to this memory of the past training performance.

9. References

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