

# The Engagement between the Brand and the Customer: Relationship Marketing as the New Paradigm

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**Abstract:** *This article aims to achieve a brief theoretical review about the evolution of marketing in its relationship with the consumer. To this end, some evolutive features of marketing are presented and the new consumer profile is approached. Finally, it refers the paradigm shift from transactional to relational marketing.*

**Keywords:** Relationship Marketing, Brand, Consumer Profile, Digital Communication

## 1. Introduction

In line with the growing evolution and saturation of the market, in full “information age”, which so many disputes the attention of consumers, there is a need for the differentiation factor. In turn, globalization creates a reality in which access to information is increasingly easier and extremely fast. Consequently, consumers are more informed and demanding. It no longer matters only the quality and accessibility of services or products, but the positioning that brands assume: “what are their values, what are their behaviors, that they believe in” [1].

Among the immense attractiveness and diversity provided by the brands, there is a need for a competitive highlight that provides added value to the customer. This must be conquered by the opportunity of a unique experience. Digital platforms, specifically social networks, have enabled emotional interaction with users, breaking physical and geographical barriers. The consumers, increasingly enlightened and with greater power of decision - a factor coming from web 2.0 -, impose changes in the primary approach of Marketing.

In face of this, more and more organizations need to adopt strategies aimed at an interaction between the brand and the consumer, to establish a faithful link between them. For this reason, [2] states that “what dictates the success of brands today is the way in which each one will be able to deeply stimulate this large number of consumers eager for innovative experiences”. Thus, supported by digital communication, the techniques that influence the market are varied - from relational marketing to sensory marketing or experience marketing - available to companies / brands / organizations.

The importance of establishing a solid relationship with the consumer for later loyalty emerges as essential. However, when analyzing this relational premise between the brand and the consumer, it is necessary to consider that, for such

relationship, the emotional bonds are extremely important. As [3] says, “the economy is emotional because it is more and more human, based on the connections between people”. In other words, a new market culture, in line with a new consumer profile, puts on the same level the purchase of the product or service and the experience experienced in this process of acquisition. The focus is now on emotions, on relationship and on consumer. Obviously, in this transition there is no lack of a digital world that came to give a voice to the consumer and which mediates the communication established between the brand and the consumer: a space that encourages comments and shares that enables an electronic word-of-mouth that feeds brand's digital presence.

At a time of abundance of products and their constant promotion, the consumer does not seem to find happiness, status, identity when purchasing products. There is another basis for the customer - that of the shopping experience - that goes beyond the focus on the product and its features. The latter seeks to feel satisfaction in the experiences and in the possibility of sharing them with his network[4]. This need of consumers to constantly share content on social networks enhances digital marketing and a new dynamic in the relationship between the brand and the customer. The brands now understand the exigency for an approach that aimed differ and add values in the minds of consumers. Within a perspective supported by experimental marketing, it is the experiences that enhance stimuli related to emotion [5] and foster this variable in the customer in face of a spectrum of principles that he understands about the brand / organization / company, determining his satisfaction and, subsequently, loyalty.

Therefore, it is important to understand how digital communication boost customer engagement with the brand, also considering the emotional variables and their relationship with consumer satisfaction and loyalty. Thus, in a brief review of the literature, one tries to go through the evolution of marketing and the symbiotic change of consumers behavior, also realize the impact of digital and

social networks in this process that culminates with a paradigm shift from transactional marketing to relationship marketing.

## 2. Marketing: Some Evolutional Features

History is full of examples, cited by theorists, revealing that marketing has been occurring for many decades. Indeed, based on the assumption that all commercial exchanges were supported by interactions based on loyalty, it was necessary to meet the needs of the parties involved in this process. However, as an area of knowledge, in the 20th century, "Marketing took its place when markets became self-regulated and no longer determined and controlled by the social structure" [6].

For a more explicit understanding of the concept, according to the American Marketing Association - AMA (2016) -, marketing are all activities, institutions and processes to create, communicate and exchange offers that represent a certain value for consumers, customers, partners and society in general.

According [7], three major remarkable phases have featured marketing. The first, entitled production era (until 1925), was identified by a demand greater than supply. There was a desire to increase productive capacity. The technical improvement, large-scale production and rapid execution take to accumulation of products. The market was focused on the product and how to sell it. This practice was called Marketing 1.0 [8].

The second phase was characterized by sales. Beginning in 1930, this period revealed an excess of supply. Product outflow was the main objective of companies. For this reason, the Marketing 2.0 - as this phase was called - was focused on consumers and the products they could buy.

Finally, the third phase, the era of Marketing 3.0 (beginning in 1950), is represented by another position of the companies, involving the enhancement of long-term ties with customers. Social and economic changes emphasize a new concept until here unmeasured. The consumer get emphasis. He, in addition to retaining more knowledge, "started to value, in addition to the utility (product function), the hedonic (subjective aspects) in the purchase and consumption process" [3].

The competitiveness between brands starts to characterize markets, regardless of the sector, the effort to win customers must be in line with the effort to maintain them. "The competitiveness is worrying and customers are increasingly demanding, which is why companies need to use Marketing to attract and maintain customers" [9].

Desires, like the production of products, grow rapidly. The challenge is huge for companies: to keep their customers and look after their relationship. Decidedly, "companies need to create a link between satisfaction and loyalty, which is based on the emotions that the company is able to arouse in consumers"[3].

At this juncture comes up the experience and its benefits.

Notion introduced by Hirscham and Holbrook [3], "the experience involves multisensory, fanciful and emotional aspects, which are connected with the reasons why products and services are bought and consumed". It is the experience that conquers the consumer's emotion and meets their perceptions, but that, more than that, establishes a relationship with the brand, even if unconscious.

The historical evolution of marketing evokes new factors centered on the exchange of values and satisfaction of human needs: "The exchanges carried out by an organization, currently go far beyond commercial objectives, involving other audiences and types of exchange - which can often be symbolic and emotional"[10].

The added value to the exchange assumes that the relationship is attractive to the point that the consumer identifies with the brand. This feeling comes from Marketing 3.0, a practice focused on the human being and his emotions [8]. Now, not only does the consumer become the main condition, but the intrinsic values of the company or brand must support responsible practices, whether of environmental nature, such as social integration inputs [10].

In this process, the internet brought with it the possibility of constant connectivity, the speed that transcends from digital to the market and that reconfigures the daily life of societies. However, if in Marketing 3.0 "we observed consumers transforming themselves into complete human beings, with minds, hearts and spirits" [8], a new era - Marketing 4.0 - starts to portray the today and, taking into account its rapid evolution, will not continue for long. Indeed, the emergence and expansion of new technologies more comprehensively in societies impacted their behavior. The internet, specifically, has become part of the daily routine, both personally and professionally. In general, technological development has enabled the automation of various services, better time management for companies, lower production costs for products, among many other changes.

In an evolutionary analysis of technology as a driving tool for marketing strategies, it is necessary to realize that the demographic profile that characterizes emerging markets is imminently young, a productive age group, with increasing levels of income. In fact, all developments must take the economic cycle into account. Which means if the economic power is higher the demand for products and services increases [8]. To respond to this increase, technology played an essential role in reducing costs.

It should be noted that there are several trends that characterize the current panoply and shape Marketing 4.0. In general, traditional marketing started with the practice of segmenting the market into homogeneous groups, more focused on the "masses", considering the geographic, demographic and some behavioral characteristics. However, with the change in the consumer's profile, the brand needs However, with the change in the consumer's profile, the brand needs to perform an intelligent and distributed management of resources. Only in this strategic way can you create differentiated offers that allow you to respond to multiple segments of the public and their needs. For [8], this segmentation is followed by a targeting process, that is, "the

practice of selecting one or more segments that a brand intends to pursue based on its attractiveness and adjustment to the brand”.

In Marketing 4.0, very focused on the consumption of digital content and the use of social networks, the customer is seen as a constituent part of the brand, as a collaborator, and there is an understanding that this collaboration is essential in its conquest and loyalty. The barriers between brand and consumer are removed and give rise to a more horizontal relationship, within which consumers are also co-creators who provide knowledge for the company and other consumers.

### 2.1 Changes and trends in consumer behavior

Through the analysis of consumer behaviors, it is possible to understand the reason that determines the acquisition of a product / service / brand at the detriment of others. This behavior “is not easy to understand, on the other hand, understanding the attitudes and motivations that make up such behavior is fundamental for Marketing [2].

Today's consumers are more demanding. Among the various factors that justify this stance, the growing diversity of products combined with global competition stands out [11]. Consumption represents an exponential aspect of human life. As people consume more, the supply alternatives to meet their needs increase.

However, “consumer behavior is seen as a decision-making process” [12], it does not happen by chance. He reflects on his needs, informs himself, compares the purchase alternatives, as well as on the effective decision and his behavior after the acquisition. In this demand, driven by digital technologies, the consumer is no longer just a spectator or receiver and assumes the role of content producer or prosumer. This new customer informs himself before making decisions, wants the best possible purchase and does not mind researching until he realizes what really corresponds to his expectations.

Communication is such a priority for the type of current consumer profile that “casual conversations about brands are now more credible than advertising campaigns with specific targets” [8]. The consumer has more voice, assumes what he likes and dislikes in face the offer of products / services / brands. He is not afraid to expose what he thinks, neither of the big companies.

These consumers tend to organize themselves in communities, such as social circles where each one shares their product/service opinion. In comparison to transactional marketing strategies, these communities are the new market segments. They are defined by their constituents, presenting an increased difficulty for marketers who force their entry into these relationship networks [8]. Communities present themselves as a source of information necessary to generate powerful and real influence. Customers even tend to decide according to the feedback of others to, for example, choose between two brands.

According to this line of thinking, the relationships between brands and consumers are increasingly tending to assume a horizontal behavior, sharing content. Thus, brands will have to approach communities correctly, as they will only be successful if they are transparent about their positioning and objectives.

If before the flow of innovation was vertical - from companies to the market -, now it has become horizontal, because there is the perception that the pace of internal innovation would never surpass competitiveness in a constantly changing market [8]. From this horizontal innovation “the market provides ideas and companies commercialize ideas” [8]. In fact, innovation is an essential factor for companies to evolve, but only consumer feedback will allow them to know what their weaknesses are and to listen to the market needs they need respond to.

### 3. The Relationship Marketing as the new paradigm

Relationship marketing translates a new approach that tries to combat the competitive era in the market context. The expansion of this practice was verified with the growing problematization of the marketing-mix in face of the new demands of society and with the maturation of the marketing of services, “with the emphasis on quality, increased recognition of potential benefits for the firm and the customer, and technological advances” [13]. Such factors implied a transfiguration of the own conception of marketing and its characteristics.

Defined in 1985 by the American Marketing Association, marketing was understood as “the process of planning and executing the design, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy the objectives of the individual and the organization” [14]. This interpretation recognized a more product-oriented action and, consequently, more aligned with the transaction than with the relationship that would have to be established with the customer [15][13]. However, the importance of the relationship between the stakeholders in the transaction act is now known to be essential for subsequent customer satisfaction.

This relational dimension in the field of marketing has aroused the interest of researchers and companies: an “increasing number of investigations and publications, along with the adoption of this new philosophy by many organizations, are the clear proof of its relevance”[15]. Effectively, the term relationship marketing first emerged in the literature on service marketing, point by [13], in 1983. Already at this time, the [13]defined relationship marketing as “attracting, maintaining and - in multi-service organizations - enhancing customer relationships”. The transactional model proved to be insufficient, as it was very restricted in the relationship with the consumer and not much versatile for companies[15]. The insufficiencies of the four variables of the marketing mix in relation to the evolution of the market began to appear. The weaknesses of the 4 P's were evident: they excluded the human factor and, consequently, taked to the absence of interaction and personalization[15], factors that define relationship

marketing and which aimed to solidify the company-customer relationship and transform consumers into loyal customers.

Starting from the weaknesses of marketing-mix, characteristic of transactional marketing, relational marketing arises, however, from the contribution of these two areas. Therefore, its assimilation implies a multi-disciplinary treatment and not an isolated exercise [15]. This evolution in the Marketing philosophy occurs towards a more individualized relationship with customers, based on interaction, in order to obtain the necessary information to be able to offer a product / service adjusted to the specific needs of each one [15].

In general, relationship marketing can be defined as all marketing activities directed to the establishment, development and maintenance of efficient and successful relational exchanges [16][9][13]. This relationship perspective of marketing is based, according to [15], on the following elements: "the relationship" - which dictates the orientation of marketing towards the creation, maintenance and development of relationships with customers; "the interactivity of the parties" - refers to the need for a close and constant communication process between the parties in order to create and deliver mutual value in the relations between companies and customers; "the long term" - points to the time extension required for the creation, maintenance and development of relationships.

In opposition to transactional marketing - based on transactions and short-term activities - relationship marketing arise as a new paradigm [17][18], which focuses its attention on customer needs, trust and in structuring long-term or long-term relationships. In this model, the marketing mix gives way to interactive marketing, the emphasis is placed on the value and management of the client, with whom there is constant contact and a high level of commitment [19].

The establishment of stable and long-lasting relationships with customers is the focus of relationship marketing that, stimulated by technological development and information management, adopt a business model that prioritizes the quality of the service provided. Customer share overlaps with market share. It becomes more important to have an extended network of relationships [15]. But the establishment of positive and lasting relationships with customers comes from the offer, by the organizations, of a quality service. The temporal space, that allows relationships that are maintained over time is, therefore, fundamental in this other perspective of marketing that opposes to the transactional model.

It is important not to forget that the customer's permanence in the company depends on the level of satisfaction with the service provided. Thus, the applicability of relationship marketing determines the existence of interactions that have an impact on consumer behavior. These, when satisfied, positively influence other consumers, assuming themselves as allies and collaborators of organizations.

#### 4. Conclusion

In a time distinguished by more informed and demanding consumers, changes in the approach to marketing are imposed. It is necessary for organizations to adopt strategies aimed at establishing a link with consumers. Digital communication assumes itself as a fundamental means in the domain of the interaction between the brand and the consumer. In particular, social networks foster greater proximity and emotional involvement with users, breaking physical and geographical barriers.

The focus of marketing is now on the emotions that it can arouse in the consumer and the relationship he establishes with him. A new dynamic in the relationship between the brand and the customer is driven by digital platforms. It is these that enable comments and shares from both parties and that enable an electronic word-of-mouth that feeds the digital presence of the brand.

Now, the barriers between brand and consumer are removed and there is a more horizontal relationship, based on which consumers are also co-creators who provide knowledge for the brand and for other consumers.

The new market segments are made up of communities created by consumers on social networks. These relationship networks have the power to generate influence and should not be ignored by brands.

More and more, marketing attention needs to focus on customer needs and building long-lasting relationships. This is the premise of relationship marketing, which prioritizes the quality of the service provided and aims at increasing the level of consumer satisfaction.

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