Relationship Management in Retailing

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A Customer Respect Checklist

- Do we trust our customers?
- Do we stand behind what we sell?
- Is keeping commitments to customers important to our company?
- Do we value customer time?
- Do we communicate with customers respectfully?
- Do we treat all customers with respect?
- Do we thank customers for their business?
- Do we respect employees?

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Relationship Retailing

- Retailers seek to establish and maintain long-term bonds with customers, rather than act as if each sales transaction is a completely new encounter
  - Concentrate on the total retail experience
  - Monitor satisfaction
  - Stay in touch with customers

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Effective Relationship Retailing

- Use a “win-win” approach
  - It is easier to keep existing customers happy than to gain new ones
  - present value of current customers income stream– cost of keeping existing customers content vs. cost of replacing them with new customer
- Develop a customer database (loyalty programs)
  - Ongoing customer contact is improved with information on people’s attributes and shopping behaviors

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Relationship Management Among Retailers and Suppliers

- Disagreements may occur in the following areas (channel conflict):
  - control over channel (private label)
  - profit allocation (resale price control)
  - number of competing retailers (exclusive, selective or intensive distribution)
  - product displays
  - promotional support (cooperative advertising funds and restrictions)
  - payment terms (payment on time)
  - operating flexibility
  - gray market sales
  - markdown, chargebacks by dominant retailers

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Thank You

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