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Relationship Marketing Success through Decision Making Components using Information Systems

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ABSTRACT

During the past decade, the concept of Information Systems (IS) has received wide attention in marketing literature. Yet, a working definition and implementation of Information Systems is hard to come by. However, despite the inherent ambiguity on definitional issue surrounding this subject, its awareness has been spreading well among marketers and managers. This paper try to explore the role of Information System in terms of its value to the decision making process and examines the extent to which relationship marketing in firms from service-based industry can be successful. The study further extends knowledge on the frameworks of decision making and effect of information system throughout the processes. The results indicates that all the components of decision making process (Management Planning, Organizing, Leading and Controlling) contribute to relationship marketing in organizations. It shows that decision making components using information systems at heart of the process would positively help relationship marketing businesses to gain further prosperity.

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INTRODUCTION

Traditional marketing focused on selling low-value products to high numbers of customers. At first, businesses focused on creating and improving long-run plans to achieve more profit and satisfy their customers through mutual relationships with customers at the same time (Hau & Ngo, 2012). The idea of marketing grew out of economics with an early bias toward distribution activities and efficiency of marketing channels. Regard to this marketing methodology, developing and evaluating a practical framework to provide a mutual relationship with customers was very limited (Nijssen & Frambach, 2001). However, a customer-based principle began to take shape as relationship marketing thinking emerged.

Influential writings addressed symbiotic relationships and domesticated markets, respectively, in their market dealings. It is observed that firm-to-firm relationships were not the traditional marketer-marketing relationship, but a cooperative existence between firms, known as symbiotic relationships. It is noted that the tendency of firms to improve longer interactions with main clients and key suppliers, outweighing the focus on isolated contacts and providing impetus to relationship marketing thinking. In this marketing model customer based approach and relationship importance was replaced with traditional market-based or product-based models (Sarshar, *et al.*, 2010).

Relationship marketing and information systems has been adopted enthusiastically in many businesses since it was proven to provide a competitive advantage in the business and decision making process. Many organization in major industries implemented such system with the same objective in mind, to increase their revenue stream and to provide better customer service. The promise of relationship marketing and information systems in businesses proved so alluring that many adopted such marketing programs has little or no consideration of the feasibility of the relationship marketing and information systems with the nature of their businesses (Sarshar, *et al.*, 2010).

In this sense, companies might find the marketing information systems useful to provide affiliate programs that adopted and the contents are viable and do interest of consumers and effect positively on their decisions towards the products and services. Therefore, the concept of information systems under relationship marketing for decision making process become very important and firms will not be exceptional from such issue if proper consideration on the feasibility and practicality of the knowledge and information system was not taken into consideration.

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1. Relationship Marketing:

The marketing evolution is quite remarkable in the past few decades and there is a content paradigm shift. The relationship marketing is a relatively new area, but it has gained popularity in most industries and field research. Many scholars have indicated that merely depending on marketing mix variables will not be sufficient to attract or to retain customers in the industries. Commercial companies lack differentiation in their product and services. Competitive pricing and attractive promotions by the firms have tremendously increased the customer loyalty. Thus, the traditional approach of marketing mix variables is not adequate to serve the current market needs (Hau & Ngo, 2012).

Many scholars have agreed that relationship marketing strategies is an important tool for many companies to improve customer retention and profitability. The study further elaborates that relationship marketing is aimed at delivering long-term value and satisfaction to customers (Hau & Ngo, 2012). Relationship marketing requires all the departments in a company to work together as a team to serve the customers and subsequently to retain them with the organization. The study view relationship marketing as maintaining continuous relationship and creating potential customers.

According to one study, relationship marketing is also known as real customer understanding which is about how companies retain existing customers and establish long - term relationship (Kaur, *et al.*, 2012). Therefore, relationship marketing can be summarized as establishing and developing strong and lasting relationship with customers (Cravens, 1998). Having defined on interpretation of relationship marketing, the next obvious question is why an organization needs relationship when it can market its products on its own.

While an organization might have a huge infrastructure or has a really successful product, it definitely cannot bank on its own strength by its own. Hence, relationship marketing would come into the picture. The needs for relationship plays an essential part as the affiliate web site does not only customize the look and feel of the web site to cater with the taste of the various local markets but it also helps to solve the complexity in terms of technical and marketing demands. Further to this, each website does enjoy a certain niche market (Kaur, *et al.*, 2012). Hence, by engaging in an affiliate, it helps to facilitate direct communication between the sellers and the niche market of the site.

These helps to boost profit and enhance online brand awareness. Relationship marketing is an essential part of marketing in any e-commerce website and in fact most non e-commerce sites could utilize this technology to implement performance marketing campaigns. Furthermore, when the researcher compared relationship marketing to a brick and mortar business, relationship marketing has a prior advantage as there is no heavy investment cost incurred and it is negligible with most programs being free to join. In addition to this, there is no need to maintain an inventory since the hassle of purchasing, stocking of items and storing of finished items and dispatching the items are handled by the merchant (Hau & Ngo, 2012).

Furthermore, necessity for customer service does not arise if using a relationship marketing methodology (e.g. Information Systems) for online business. This is due to that customer services that plays a major role in the success or failure of a business does not pose any threat as there is no direct dealing with the customers. The affiliate's site will automatically direct the traffic, or rather the customers to the merchant. Though it is not every marketers who earns a big income, the fact remains that the attractive feature of relationship marketing is that there is no restriction of the market. By engaging a well-chosen niche products, the merchant's product could easily be linked up to the global market which promises for enterprising marketers to make it to the big time. This also improve the market data collection for future use using knowledge management system and of course effect the decision making process in the organization.

2. Information System:

In the past, majority of the big companies are succeed to solve the problems of computer system, which have been adapted in their organizations. Usually, the problems occur in collecting, saving and spreading the available data or the scattered data in their organizations. Moreover, the management has practiced hand-off attitude on this matter. Therefore, all the staff was responsible in data processing, to prepare the information that they need in any particular of time. There are changes in computer architecture system and computerization approach parallel to the technology improvement. Thus, the management starts aware on the important of information system in their organizations. Therefore, these companies and firms try to apply information system in their organizations (Yeh, *et al.*, 2012).

At the beginning, most of them have facing computer literacy problem. This problem especially affected on those managers in the operation and middle level. It is because most of them had never been exposed to the computer usage and the role of information. On the contrary, they have been exposed on the management theories as the problems-solving tools. As the result, they cannot identify the importance of information system. At that time, most of the data processing staffs were so disappointed with this scenario. This is because most of them were poor in management theories. Therefore, they have creating and developing information system, where they think it is the most suitable and accurate system for these managers usage (Sääksjärvi & Talvinen,

1993). However, there is lots of situation where the system was ignored, as it is not reach these managers' requirement.

Nevertheless, later, the managers in operation and middle level have prepared themselves in computer knowledge and information system. Then, they are starting to understand the problem solving and decision making process logic, thus they can identify the information that they need. In the meantime, the data processing staffs also preparing themselves in management theories, thus they can co-operate with these managers in creating information system. As the result, information system was created and developed in favorable to the managers. Finally, it is necessary to develop information system for all companies and firms throughout the world (Yeh, *et al.*, 2012; Oakford & Williams, 2011).

Information Systems has meant deploying new technology solutions, such as content or document management systems, data warehousing or portal applications. Overall, it would not be easy to have an effective information management. There are many organizations having issues in the integration of an information management environment. The reasons are due to too many systems to integrate, unlimited requests and demands from end users, and complexity in organization management and the nature of business. Marketing information system is not confined to just technology but is also involved in the business process where it underpins the creation and use of information (Yeh, *et al.*, 2012).

3. Decision Making Under Information System Setting:

Managers in organizations should manage marketing information in an organized form to ensure better decision making process. It can be possible through managing their information system within the firm. The researchers have clearly identified two types of decision making: programmed and unprogrammed. The programmed type which is leading to a long term objectives and it has been followed with well planning and strategic analysis. On the other hand, the unprogrammed type consists of those decisions accrue in the operational environment without any planning. The decision making processes has been divided to two basic types: Classic and Administrative (George & Jones, 2005).

The classic is being practiced everyday through our routine; starting by using alternative solutions then select the best solution. But by looking at the other side which is the administrative view, managers will look at the previous experiences to take an advantage in processing the decision. The most important stage in decision making process is a decision itself; usually the leader or the manager has the authority to making the decision. But before making the decision, the manger will have to test this decision, which means the manager will make sure that decision is following the correct structure. The manager should also determine any common decisions to avoid any past mistakes and weaknesses.

A manager will be making the decision surely within the discussion, but obviously he/she will have his/her own decision. Here it shows us how the manager will deal with the decision. Because actually no manager makes a decision individually, it involves the team as well but it depends how the manager is interacting with their ideas and suggestions. The team members should be involving in the discussion, but unfortunately not all the members are participating which makes the decision harder for the manager. And sometimes the leader himself/herself is not interacting with the members, because the manager will be satisfied with his/her own decision. But communication is always taking a place while making a decision even though is dependent issue (Mind.Tools.Community, 2010).

In addition, in situation where it needs a quick decision, marketing information system can help to decide fast and accurate at the same time. This is all done by implementing knowledge environment so employees will be expected such a similar decision to be made immediately. Decision support system (DSS) is also an option in this issue since it is a computer-based decision. Organizations can practice their employees with this type of decision by learning lessons from the previous experiences or similar situations by using information systems. The organization can also train their employees into scenario training so they will be qualified to deal with emergency cases. Group meetings will be a good idea to evaluate the results behind that decision, so the employees can have it as references for further or similar situations (Bakhrankova, 2010).

4. Decision Making Components:

Nicolas (2004) has managed to do some connectivity between explicit knowledge in information system and decision making process. Nicolas has categorized decision making into 3 phases Intelligence, conception and selection processes. "The intelligence phase represents the phase of problem definition. Individuals involved in the decision making process have to find reflective elements and to manage ignorance". It is basically the process of intelligence of having an ability to define the problem into explicit knowledge. Managers will have a good idea about the problem, but they will need to demonstrate their knowledge about the problem to the members in order to serve each element of the problem.

At this phase, knowledge will be transferring from individual to other till all the members get a very deep idea about the problem overview. After determining the problem, the process will reach to have a decision making action. Managers will offer their solutions, and there will practice knowledge sharing, ideas analyzing,

discussions and brainstorming processes. Every individual will have his own concept towards the problem, and the tacit knowledge will be demonstrated here since each individual is willing to share his/her solution. This phase (conception) will have a creativity element of establishing solutions, all the members will be involving in the brainstorming process in order to have a very complex collection of solution, and that's what the managers want (Nicolas, 2004).

After reaching to the confliction point, which is the complexity of solutions; then they will need to move to the selection phase. The selection phase will include all the possible solutions, the members will need to analyze all the alternatives and then generate the decision by choosing the best solution. Tacit knowledge from information system is very important here, because in order to support the suggested solution; members will need to demonstrate their tacit knowledge into explicit view to explain the reasons and analysis. Most of the employees will have great suggestions, but they will face the problem of ingoing transferring the tacit knowledge (Nicolas, 2004).

That's why it'd advisable to have a variety of communication and presentation skills in order to demonstrate the views, ideas and suggestion in very profession method. This research focused on decision making process into the knowledge environment, which means it relies on the managerial decision making. Ahmed (2008) has defined the identified the decision making as follow "the process of selecting from several choices, products or ideas, and taking action". This definition is considered as the globalization concept of decision making process, and under any situation. The definition cover the overall steps to make a decision from defining objectives, generating ideas then making a decision.

Ahmed (2008) has redefined the steps into his research about managerial decision making. The steps as follows: Identify the problem; Generate alternative solutions; choose the best alternative and lastly implement and monitor the chosen solution. After that Ahmed (2008) has mapped the four steps to the four functions of management Planning, Organizing, Leading and Controlling. It might look simple to have the four functions implemented, but apparently the four functions need a lot of effort and hard work. The planning phase is determined and done by the top and middle managers since it requires determining the strategic goals behind the problem.

Organizing is the first important function into decision making process. The managers or leaders will have to ensure the sharing knowledge activity between employees and in the organization as a whole. If the organization follows the thinking environment tools and features; they will successfully implement the organizing function. Organizations are advised to implement information and knowledge environment to encourage all the employees work together, support them to share the valuable knowledge. The leading function is done after the decision has made, managers have to coordinate all the activities regarding that decision to have an overall idea about it.

Managers will have to spend more effort to coordinate the action in a way to prove the decision was made is working properly. The controlling function is the second important function, managers will need to monitor and evaluate the results of that decision. As mentioned before, organization will have a great repository of all the decisions and its results. The evaluation reports will bring a lot of benefits to the organization since it will make the database full of decision making experiences (Ahmed, 2008).

5. Research Framework and Design:

In general, all steps mentioned above require delicate information system (IS) facilitating decision making process. There is similarity of concept of IS even though the way IS being defined and presented in different ways of the said IS experts. Now, all the companies and firms are getting more experiences in implementation of IS in their organization completely. In the meantime, the operation and middle level managers are adjusting with the existing system. All operation and middle level managers can accept the IS concept, where they can combine the data and the software that fulfil their need and requirements for decision making (Wright & Ashill, 1998). Here the conceptual framework of this study is presented.

The research design for this study is based on data collection technique. It consists of functions that can lead to the development of the research methodology. For the collection instruments, this study has to choose the most effective, fastest and least cost to achieve the research objectives. The researcher chose questionnaire as the research instrument to collect the required data. According to research framework four hypotheses have developed as follows: H1) the process of management planning using information systems positively affect the success of relationship marketing; H2) the organizing function in decision making using information systems positively affect the success of relationship marketing; H3) the leading function in decision making using information system positively affect the success of relationship marketing; H4) the process of controlling using information system positively affect the success of relationship marketing. The study also selected a sample method to collect required date. Random sampling method was used and sample size of 80 amongst managers in service based companies in Malaysia has been determined for this study. In following section, the result of data analysis is presented.

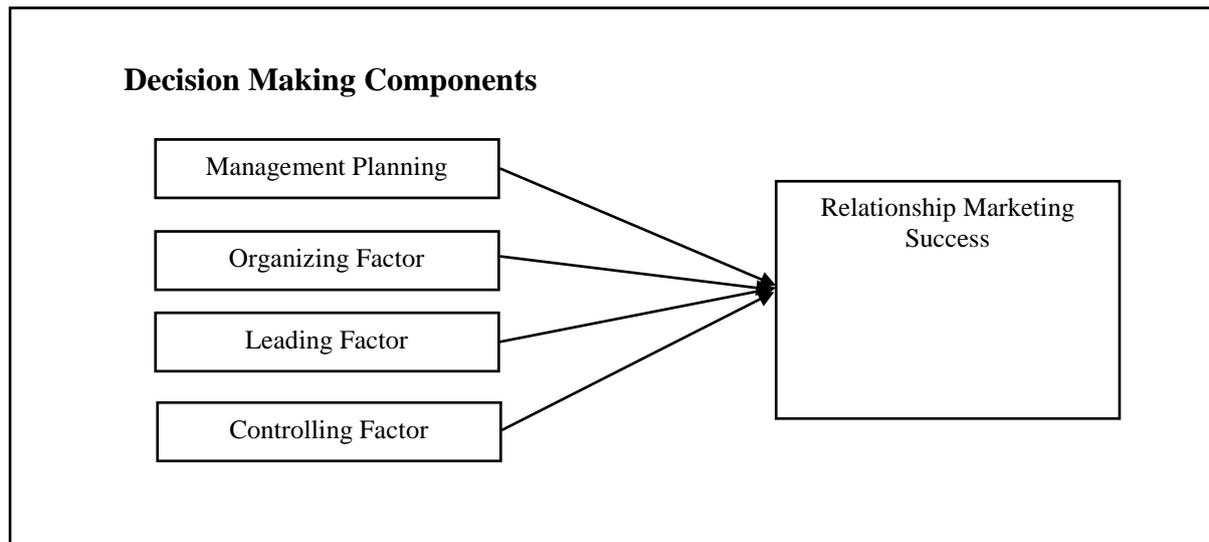


Fig. 1: Conceptual Framework.

6. Results and Analysis:

The data cleaning process was conducted to ensure that once a raw data set was in hand, a verification procedure was followed to check for the appropriateness of numerical codes for each value of each item. Only 67 questionnaires returned were used for this research analysis. Descriptive analysis result of respondents' general information and correlation between variables is presented in Table 1 and Table2 respectively.

Table 1: Descriptive Analysis Results.

		Frequency	Percent
Gender	Male	40	59.7
	Female	27	40.3
	Total	67	100.0
Age	Under 20	2	3.0
	20-30	3	4.5
	31-40	28	41.8
	41-50	30	44.8
	Above 50	4	6.0
	Total	67	100.0
Race	Malay	27	40.3
	Chinese	32	47.8
	Indian	5	7.5
	Others	3	4.5
	Total	67	100.0
Education	Certified	5	7.5
	Degree	24	35.8
	Post Graduate	34	50.7
	Others	4	6.0
	Total	67	100.0

Table 2: Means and Pearson Correlation Test.

	Mean	Pearson Correlation				
		1	2	3	4	5
Relationship Marketing Success	3.8918	1.000				
Management Planning	3.8769	0.994	1.000			
Organizing Factor	3.8993	0.848	0.861	1.000		
Leading Factor	3.8881	0.630	0.638	0.616	1.000	
Controlling Factor	3.8731	0.753	0.764	0.753	0.788	1.000

From the results of Table 1, 40 (59.7%) of respondents were male followed by 27 (40.3%) of female respondents. This shows that majority of our respondents were male, yet, there is no big differences among the groups was found. In terms of age, 30 or 44.8 % of respondents had age of between 41 and 50 years followed by 28 or 41.8 % of respondents with age of between 31 and 40 years. As such more than half of the research respondents were young and middle age peoples which mature enough for purpose of this study. Table 1 also indicated that 27 (40.3 %) of respondents were Malay; 32 (47.8 %) of respondents were Chinese; 5 (7.5 %) of respondents were Indian; and 3 (4.5 %) were form other countries in the data collected. It can be observed that

the race groups of Chinese and Malay hold the highest percentage. From Table 1, four categories were shown in terms of respondents' education level which indicates 5 (7.5 %) of respondents were certified; 24 (35.8 %) were degree holders; 34 (50.7 %) were post graduates; and 4 (6.0 %) possessed other certificates. It can be observed that most of research respondents were from highly educated groups.

According to Table 2, there are strong relationship have been found between the variables (decision making components and relationship marketing success), which indicated that the hypotheses tested in this study were verified. All four decision making components were also found to affect the relationship marketing success in service sector in Malaysia. Though the factors significantly affect the relationship marketing success, some of them were found to affect it more than others. For instance, management planning factor with $r = 0.994$ showed the strongest link to relationship marketing success where leading factor with $r = 0.630$ were the weakest link to relationship marketing success. These results indicated that decision making components using information systems at heart of the process would positively help relationship marketing businesses to gain further prosperity. The study also found that a great deal of bond between variables which was not that surprising, due to fast expanding of information systems in dynamic environment today.

Further, the objectives of information systems in today world of businesses can be different based on the nature of the business implemented them. The purpose of information system is to minimize the management needs in understanding the computer techniques and help them with better and faster decisions. Therefore, improving its capacity and capability in order to adapt it with the management-working environment has restructured the marketing information system and decision making process in general. Information system did contribute to the problem solving and decision making where it prepares the organization wide information resources. Therefore, the top management should give their official commitment on its operation and try to provide the computer tools to the operation and middle level managers. The existence of marketing information system gives benefits on these managers, as the essential information will be supplied to them continuously.

7. Conclusion:

This research study was very useful for understanding the role of information systems within decision making process towards the success of relationship marketing-based organizations. The study has discovered several methods and frameworks of decision making processes and explained the role of information system on these processes. It also enhances the idea about how knowledge within information system can improve the process of decision making. This paper also presented the importance of relationship marketing context and decision making components. The research framework and design have been developed in separate section. At the latest part of this paper, the result of data analysis has been presented and discussed. According to the result, all proposed hypotheses in this study were confirmed, which means by using information system to learn basic knowledge on the problems, managers in organization can make fast and agile decisions that would not be possible without it.

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