



Unit 29: Relationship Marketing

Delivery guidance

This unit will provide learners with a solid understanding of the purpose of relationship marketing and how it is used by business to attract and retain customers. Key areas of study will include:

- examining the purpose of relationship marketing
- reporting on the benefits of relationship marketing to customers and business
- the process by which relationship marketing is used
- what businesses gain from carrying out relationship marketing
- methods used to promote relationship marketing
- measuring the performance of relationship marketing.

Approaching the unit

Learners will need to learn about relationship marketing and be able to report on the purpose and methods used to attract and retain customers. In developing the report, learners will have to draw upon the knowledge gained across a range of different aspects associated with relationship marketing. The key focus of the unit is to understand why it is important to gather customer information in order to implement relationship marketing.

The unit will teach learners about a number of key current marketing strategies. Learners will need to distinguish between ones that are designed to maximise short-term profit and those that are implemented to create a business-customer relationship.

In delivering this unit, it is essential that learners understand that relationship marketing delivers many benefits for businesses. However, the quality of the relationship depends upon the quality of the market intelligence that businesses have. To this extent learners, need to become familiar with relevant market intelligence reports. These are often expensive to subscribe to, however, major central libraries will be able to give access to online or paper copies.

Learning aim A will introduce learners to the principles and purposes of relationship marketing, as well as the benefits it brings to businesses and customers. It is primarily focused on how a business uses marketing to create an affinity with customers by understanding customer wants and needs.

To successfully understand the role of relationship marketing, learners should investigate how different types of businesses use marketing to create either long- or short-term relationships. Learners could compare high-value industries (e.g. the luxury car market) to the value sector (e.g. pound shops) and recognise the different strategies and approaches used.

Learning aim B will investigate the information required to implement relationship marketing along with the methods by which it is gathered. Learners need to understand that the information collected gives crucial intelligence that can be used to work out which products or services should target a particular



group of consumers. An example of one of the tools that will be investigated is the marketing mix.

Learners could benefit from a visit to a business's marketing department to discuss how the company gathers and uses information. It would be particularly useful if a large retailer could be visited as they will have thousands of product lines which are aimed at different types of consumers. Learners should try to research a range of sectors. This could include how engineering and manufacturing businesses market and create relationships with their buyers.

Learning aim C is primarily concerned with understanding how a business measures the success of its relationship marketing activities. This includes learning the concept of customer satisfaction and how this is achieved through customer service. Learners need to be aware of the financial and non-financial methods used to attract and retain customers. Learners should be exposed to a range of scenarios that businesses use, for example, 'try before you buy'.

For this learning aim, learners should be given the opportunity to visibly see and/or experience the different approaches used. By either carefully selecting advertising videos from online streaming platforms or by physically visiting retailers, learners should gain a greater appreciation of how businesses attract and retain customers.

Finally, learners need to appreciate how businesses measure the performance of their marketing activities. Learners need to understand the methods that are used by businesses to measure the success of its relationship marketing activities. This could be taught by recognising the role that service levels, quality standards and customer charters play in benchmarking expected customer experiences.



Assessment model (internally assessed unit)

Learning aim	Key content areas	Recommended assessment approach
A Examine the purpose and benefits to a selected business of relationship marketing	A1 Purposes of relationship marketing A2 Business benefits A3 Customer benefits	A report on the purposes of relationship marketing and the benefits to a selected business and its customers.
B Investigate the information required to implement relationship marketing	B1 Gathering and using relationship marketing information B2 Implementing relationship marketing strategies B3 Relationship marketing and the marketing mix	A report on the importance of gathering and using customer information in order to develop and implement successful relationship marketing in a selected business, and the effectiveness of the relationship marketing methods in terms of customer loyalty and purchasing behaviour.
C Review the relationship marketing methods of a selected business	C1 Key factors of relationship marketing C2 Attracting and retaining customers using financial and non-financial methods C3 Performance measurement	



Assessment guidance

This unit is assessed through use of independent tasks which should form two summative assessments in the form of reports. This is indicated below.

The recommended relationships to the learning aims and criteria are:

- Learning aim A: A.P1, A.P2, A.M1, A.D1
- Learning aims B and C: B.P3, B.P4, C.P5, C.P5, B.M2, C.M3, B.D2, C.D3.

The main sources of evidence that should be included in the report for Learning aim A are likely to include records of visits to a range of business with, ideally, a detailed summary of the business that the learner has chosen to investigate. All evidence must be authenticated as the learner's own. Other appropriate sources of evidence could include documents from the business(es) being researched. Visits from marketing personnel from large retail businesses would also give excellent supplementary learning.

If learners choose to undertake evidence that requires an observation, then BTEC assessors could assist in the completing this task. Observations by themselves will not be sufficient and must be supported by original evidence generated by the learner.

The delivery of the content should enable learners to work independently. Therefore, minimal guidance on 'live' content should be given. However, assessors should consider approaches that develop the required skills that integrate practical learning, experiential learning and theory. This could be achieved through classroom- and field-based learning.

Learners are free to produce their own research and preparatory evidence in any way that they choose. However, the final evidence produced must be in a report format. Learners must acknowledge all of the sources that they use during the course of evidence gathering and report writing.

For Learning aims B and C, the assessment is based on a report that examines the types of relationship marketing required by businesses upon which they make business decisions. For Learning aim C, learners are required to review the methods that have been used to gather marketing research intelligence. Learners need to have a clear understanding that businesses seek to retain customers as it is much cheaper than attracting new ones. Therefore, learners must investigate and report on a full range of financial and non-financial methods of attracting and retaining customers. Examples of where this is done very well and not so well could be included in the report. This would demonstrate the importance of the research aspect of relationship marketing.



Getting started

This provides you with a starting place for one way of delivering the unit, based around the recommended assessment approach in the specification.

Unit 29: Relationship Marketing

Introduction

This unit is designed to make learners aware that customer retention is central to the success of a business. The main focus of the unit is to investigate how businesses attract repeat business through the way they interact with customers. Learners will then consider the type of customer information available to businesses which they will use to inform their decision, along with a review of the effectiveness of the methods discussed.

Learning aim A – Examine the purposes and benefits to a selected business of relationship marketing

- Introduce the purpose of this learning aim by discussing how it will equip learners with an understanding of how relationships between customers are created and the benefits to both businesses and customers.
- For Learning aim A1, you should focus on how a business seeks to develop a relationship with customers rather than just concentrating on making sales with little emphasis on customer service. Teaching learners the key differences between the two transaction types is essential to the successful completion of this unit. Learners should be encouraged to consider the different market types, including those that require a high degree of customer relationship development and those that are more transactional. This learning could take place as an independent research activity.
- It is important that learners carry out sufficient research to understand the benefits of customers relationship marketing for the business and customers. These benefits include:
 - being a part of the marketing plan of a business
 - making a bridge between the buyer and the seller
 - emphasising customer retention, satisfaction and lifetime customer value
 - marketing to current customers rather than acquiring customers through sales and advertising, to build brand awareness and position the brand as the customer's best option
 - facilitating two-way conversations with customers
 - tailoring marketing activities to customers' needs and interests using digital and social networks
 - contributing to the achievement of marketing objectives such as an increase in market share, repeat sales, satisfaction ratings, revenue growth and brand recognition.
- Ideally, learners should contact a large retailer and arrange to visit the business. Alternatively, you could invite a guest speaker (e.g. a brand manager from a large local business) to visit the Centre who could



emphasise the importance of forging relationships with consumers and other businesses.

- For Learning aim A2, learners must have a clear understanding that businesses are continually seeking to better understand the needs of customers. Learners should be encouraged to consider how technology is used to harvest this information. For example, have learners experienced a situation where they have been asked to complete an online survey and receive preferential treatment from the company? To experience how technology is used to gather information, learners could set up a survey (e.g. by using SurveyMonkey.com) and distribute it to friends and family.
- Learners need to be aware that businesses strive to retain customers as research suggests it is between 5–25% more expensive to attract new ones. Working in groups, learners should brainstorm the impact of having to attract new customers may have on a business.
- Learners need to be aware of the damaging effect that losing customers has on the reputation of a business. Learners should know that reputational damage takes a long time to repair and costs a lot of money. Learners could carry out independent research and find out the impact of reputational damage on businesses.
- For Learning aim A2, learners need to understand the benefits that the customer receives through high quality customer relationship marketing. These include:
 - needs are better understood
 - provides preferential treatment and premium products and services
 - targets the marketing of products and services
 - provides financial and non-financial rewards.
- As a formative assessment activity to check progress and attainment, tutors should set a knowledge quiz to test learners' understanding of Learning aim A.
- Ensure that sufficient time is allocated for learners to complete their summative assignment report for LAA. This is a report on the purposes of relationship marketing and the benefits to a selected business and its customers.

Learning aim B – Investigate the information required to implement relationship marketing

- This learning aim is designed to equip learners with the knowledge and understanding about the importance of both gathering and analysing data to help form customer relationships.
- For Learning aim B1, the teaching of this content should focus on the ways in which businesses gather customer information. Learners should be encouraged to look at both technology and non-technology-based methods. This could be done in either the form of a short report or via a presentation.
- Learners should be encouraged to research how businesses profile customers according to their buying habits and how this helps them to segment the market (i.e. macro and micro). This could be taught alongside the ACORN model (see Resources section).



- Learners should be made aware of the methods used by businesses to implement strategies designed to create customer relationships. Learners should experience this (or refer to own experiences) by making contact with a large business. Whilst in contact with the business, learners should try to find out the methods used by the firm to attract and retain customers. For example, how does the business use social media? Do they still use traditional methods (e.g. posters or adverts in newspapers etc.)? As this information could be used as a valuable resource for this unit and others, learners should document their findings to use later.
- For Learning aim B2, you could deliver a presentation to explain to learners how building a relationship is more than just communication. It is about building a customer-orientated culture.
- Learners need to consider businesses that they have studied, thinking about which ones are customer focused and those which are not. This could be taught using a spectrum from the most to the least focused. In developing understanding of this learning aim, learners should be given the opportunity to use their ICT skills and produce a piece of digital media. By using an online platform such as Wix.com, learners should be able to produce a website that captures their own house style and an element of customer data capture (e.g. satisfaction surveys and rating forms).
- For Learning aim B3, learners should be familiar with the concept of the marketing mix. In this instance, learners need to consider how the marketing mix can be used to tailor products to meet the needs of customers. For example, based on customer feedback, how can products be customised to better meet the needs of those that are buying them? Based upon this, learners should create a presentation which compares the original product or service in light of feedback received.
- As a formative assessment activity to check progress and attainment, tutors should set a knowledge quiz to test learners' understanding of Learning aim B.
- Ensure that sufficient time is allocated for learners to begin compiling their evidence to support their summative assignment for LAB and LAC. This is a report on the importance of gathering and using customer information in order to develop and implement successful relationship marketing in a selected business, and the effectiveness of the relationship marketing methods in terms of customer loyalty and purchasing behaviour. Learners will need more time to complete this assignment once the content for LAC has been delivered.

Learning aim C – Review the relationship marketing methods of a selected business

- This learning aim is designed to equip learners with the knowledge of how businesses use financial and non-financial methods to attract and retain customers, including the advantages and disadvantages of both methods.
- For Learning aim C1, you could deliver a presentation to explain that to be successful at customer relationship marketing, a business must ensure that customers are satisfied every time they deal with the business. Learners need to be aware of what is meant by customer satisfaction (e.g. after-sales service). Also, to develop any form of relationship, a business must strive to exceed customer expectations consistently.
- Learners could get into pairs to interview each other and find out what good customer service means to different people. Learners should record their findings. Learners can draw upon their own experiences of this to help with writing their summative assignment for LAB and LAC.
- For Learning aim C2, you could deliver a presentation to explain how to attract and retain customers using financial methods (e.g. bonuses, discounts and reductions)



and non-financial methods (e.g. loyalty or reward programmes, additional products and services etc.). They need to know that data is being captured continuously and that this information is used to target financial and non-financial rewards at consumers.

- You could facilitate a tutor-led discussion to ensure that learners are aware that it is potentially 25 times more expensive to attract new customers and why this might be the case.
- Learners should conduct their own independent research into how information is captured and used to develop customer relationships. Learners can use their own experiences to add to their research.
- For Learning aim C3, learners need to know that there is a cost attached to creating relationships with customers. For this reason, businesses need to know how well the customer relationship activities are working in terms of return on investment.
- Learners could be issued with case study figures of how much money is potentially saved through relationship marketing as opposed to transactional marketing. The figures could be input into a spreadsheet. Use of modelling functions would allow learners to see the lifetime value of a customer to a business and the benefits of forming strong relationships.
- Whilst carrying out field research, learners should try and investigate the service levels and expected quality standards required by the businesses that they are investigating. This is often presented in the form of a customer charter, which is visible around the business. To consolidate their understanding, learners could create a customer charter for a business of their choice.
- As a formative assessment activity to check progress and attainment, tutors should set a knowledge quiz to test learners' understanding of Learning aim C.
- Ensure that sufficient time is allocated for learners to complete their summative assignment report for LAB and LAC.



Details of links to other BTEC units and qualifications, and to other relevant units/qualifications

- Unit 2: Developing a Marketing Campaign
- Unit 14: Investigating Customer Service
- Unit 16: Visual Merchandising
- Unit 17: Digital Marketing
- Unit 22: Market Research
- Unit 28: Branding

Resources

In addition to the resources listed below, publishers are likely to produce Pearson-endorsed textbooks that support this unit of the BTEC Nationals in Business. Check the Pearson website (<http://qualifications.pearson.com/endorsed-resources>) for more information as titles achieve endorsement.

Textbooks

Godson M, *Relationship Marketing*, Oxford University Press, 2009 ISBN: 9780199211562 – A really useful book that presents a range of relationship marketing case studies in an easily accessible manner.

Christopher M, *Relationship Marketing: Creating Stakeholder Value*, Routledge, 2002 ISBN: 9780750648394 – A very detailed book which presents concepts in diagrammatic form.

Journals

International Journal of Customer Relationship Marketing and Management (IGI Global) – This journal is extremely useful and covers all aspects of CRM with up-to-date articles and case studies.

Websites

<https://acorn.caci.co.uk/> – This website provides information on how businesses profile customers according to buying habits and how this helps them to segment the market.

www.insightly.com – This is an extremely useful website which provide up-to-the-minute research on how technology is being used to engage with customers.

Pearson is not responsible for the content of any external internet sites. It is essential for tutors to preview each website before using it in class so as to ensure that the URL is still accurate, relevant and appropriate. We suggest that tutors bookmark useful websites and consider enabling learners to access them through the school/college intranet.