RELATIONSHIP MARKETING – A CLIENT RELATIONSHIP LIFECYCLE PERSPECTIVE – THEORETICAL CONSIDERATIONS ON THE CLIENT REGAINING PHASE

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***Abstract**:*
The purpose of this paper is to detail the relationship marketing theory by considering the client relationship lifecycle perspective, in general, and the regaining/dissolution phase, in particular. According to the specific literature, the last phase of a client-company relationship can either improve (re-winning or regaining phase) or end the relationship (dissolution phase). In this regard, the author presents the motives for which a client ends his relationship with the company and the means which the company can use in order to reduce the customer churn rate. Moreover, forms of the clients' complaining and revenge behaviour are described, as well as the companies' alternatives for managing them.

Keywords: *relationship marketing, client relationship lifecycle, regaining phase, dissolution phase*

JEL classification: *M31*

1. Introduction

The relationship marketing theory (Bruhn, 2009) ends the lifecycle of the client-company relationship through the client regaining phase. The concept of regaining assumes the company's effort to restore the favourable exchange relationship with his client, relationship that has suffered a draw-back in time. This effort's intensity depends on the profitability of the lost client, the costs of the regaining actions and the owned informational support.

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Bruhn (2009) considers the following three forms of the regaining phase: (1) danger phase, (2) dissolution phase and (3) abstinence phase. Within the danger phase, the client considers the alternative of not patronizing the company anymore, the main motives being: variety-seeking motives, a favourable perception regarding the competition's offer, but also dissatisfaction with the company's present offer. The dissolution phase contains the client's final decision of not buying the company's offer anymore, thus, the abstinence phase is characterized by the lack of commercial interaction between the client and the company. From the company's perspective, the main objective of this phase is to regain the client both in a psychological (if the client is considered in the danger phase) or in a factual way (former clients or clients which intent to migrate). The relationship can have a new beginning either through the client's arguments or through the company's regaining actions.

2. The clients' switching behaviour – drivers and effects

The unilateral ending of the relationship by the client is characterized by the client's switching behaviour or, otherwise said, by his behaviour of patronizing the competition. The specific literature has developed some assumptions regarding the motives and factors which could influence the clients in abandoning the initial company and choose another one.

The clients' switching behaviour represents a direct consequence of two types of situations: (1) switching behaviour and buying habits result from a voluntary decision of the client and (2) switching behaviour is not voluntary, thus a decision does not determine such a behaviour. In his reference article, Roos (1999) considers that the clients' switching behaviour represents a process which includes a set of factors that determine the switching decision. For identifying and explaining the elements of the migration process, the switching path analysis technique was used. Such a technique permits not only identifying the incident or event that determined the switching behaviour, but also the path or perceptual distance between the trigger of the event and the actual switching behaviour. The results can be synthetized in the following ideas:

(1) There is no match between the relationship duration and the duration of the switching process

(2) The triggers (or motives) of the switching behaviour can be grouped in three categories: (a) pushing determinants – switching motives

perceived by the clients; there is one main switching motive (price, variety of the company's offer, location, etc.) and several secondary switching motives (product mix, system failure, merchandizing techniques, or other clients). (b) swayer – motives that do not produce switching by their own, but lengthen or shorten the switching decision (personnel, price, offer diversity, location, buying habits, product mix, failure of the system, design, policy, and co-customers). A swayer does not differ from a pushing determinant, but should be considered and understood within a buying experience. In this sense, the most influent swayer is the company's personnel with who the clients tend to create a psychological and/or social bond. A negative swayer (lack of the personnel's professionalism and respect) cannot be compensated by one or more positive swayers (high offer diversity and favourable location). (c) pulling determinants represent that category of determinants which attract the clients back to the initial company after they have switched. The company's location is considered the most frequent pulling determinant, followed by variation, offer's diversity, buying habits, company's services and policies. The difference between the pushing and the pulling factors is represented by the sense of the client's movement form one company to another; basically, both categories are clients' motives to patronize one company or another.

(3) Emotions represent affective states of humans, in general, and of the client, in particular, resulted from the affective dimension of the human psyche. Emotions are not permanent, they appear spontaneously due to certain factors or new situations. Roos (1999) identified emotions like anger, distress, shame, stress, and dissatisfaction. Being direct effects of triggers, emotions amplify and guide the switching path (e.g. stress felt by the client when a failure of the credit card payment system occurs, and the client has not any cash).

(4) Voice (complains) are client specific actions throughout which the clients express verbally or written their dissatisfaction regarding the company's offer in general, and certain dimensions, in particular. The clients' complain behaviour depends on their perception on how the company could have solved a situation which generated discomfort. Pulling determinants are the main objects of the clients' complains (offer diversity and marketing-mix). The company's reaction to these complains influences directly the clients' perception and, thus, their switching behaviour. Finally, the switching probability depends directly on how the clients perceive distributive justice

(fair settlement) and interactional justice (respect) (Blodgett, Wakefield, Barnes, 1995).

(5) Switching decision is considered the period of time needed for clients to switch.

The presented elements characterize the switching path which could end in a revocable or irrevocable switching decision. The irrevocable switching decision is a consequence of the clients’ complains which were not proper solved by the company’s employees. The clients which have made such complains manifest an attachment for the company, their action of switching being a planned form of expressing their dissatisfaction regarding the created discomfort. Moreover, an irrevocable switching decision may be spontaneously, based on appearance of intense emotions like anger and humiliation; thus, the triggers have accelerated the switching decision. Revocable decision are characterized by the clients’ intention to re-patronize the initial company. When considering a revocable decision, the switching motives differ from those particular to an irrevocable decision. In this regard, the clients’ variety seeking is triggered by pushing determinants like: offer diversity, product mix and location. The company’s personnel and its location act as pulling determinants and attract the client to the initial company. Based on these information, the companies can eliminate or reduce the switching behaviour of their clients. For the first type of client (irrevocable switching decision), the most important aspect is represented by the staff’s training when encountering clients’ complains or their dissatisfaction. The second type of clients (revocable switching decision) are not attached neither to the company, nor to its offer; they switch because of variety seeking motives, needs which can be satisfied only through permanent diversification of the company’s offer.

3. Regaining phase as relationship post-termination phase

The unilateral decision of the client to end his relationship with the company is followed (in most cases) by the company’s efforts to regain him. The re-winning/regaining actions should vary in accordance with the clients’ dissolution motives and, also, with their reactions towards the company after the relationship ending. Such reactions after the client’s unilateral decision of ending the relationship are analysed and explained within the post-termination stage of consumer-brand relationship by Odekerken-Schröder, Henning-Thurau and Knaevelsrud (2010). The general motives for which clients end their relationship with the company are either personal motives (change of needs and/or financial situation) or company related (poor quality of auxiliary services – Keaveney – 1995 or poor performance of basic product). The ending of the relationship with the company is associated with the lack of the client's buying behaviour, although psychological reactions or answers still exist. Their existence was empirical demonstrated and, thus, such answers or reactions can be included in the post-termination phase which can precede the client regaining phase.

In accordance with the cause that generated them, two categories of responses were detected:

(1) Relationship-related responses – include responses that take in consideration in way in which clients think, feel and behave on behalf the former brand: attachment, identity, communication, and contact. Attachment is defined as a strong bond that a client developed towards the brand; a bond that still exists after the client has abandoned the old brand and adopted a new one. Separation from the brand can evoke feelings different in intensity and sense, like: pleasant memories (positive attachment) and unpleasant ones (negative attachment). Identity can be defined as the client's image of himself after the dissolution of his relationship with the brand/company. This concept is directly related with brand personality and trait theory; in this sense, by creating a strong brand personality, the company tries to match the brand *traits* to the clients' ones. Communication is defined as the clients' behaviour of talking about the former brand in different situations which can generate positive feelings or negative ones (which can further develop in negative word-of-mouth). The contact the client has with the former brand is understood as the intensity of the client's will of maintaining the touch with the former brand (through active information or actual experiences).

(2) Termination-related responses. Account making of the situation includes explaining, describing, and the emotional response to a tensioned situation, like the dissolution of an exchange relationship. This psychological mechanism amplifies the clients' motivation of getting over the tensioned situation. Coping represents one person's effort to manage external/internal situations which exceed the own resources. Coping differs according to the psychological resorts used by the clients which can be either cognitive (cognitive coping) or affective (affective coping). Indifferent of the used resort, coping has favourable effects for the client even if negative feelings towards the brand are created (especially by using affective coping).

The post-termination phase can be further developed conceptually by including the clients' revenge behaviour towards the company. Such a behaviour is time consuming, and, often uses the financial resources of the client without gaining any benefit. In accordance with the phases of the switching process (Roos, 1999), the client's revenge behaviour follows his complaining behaviour if the complains were not solved properly. This phase succession is in accordance with equity theory which presumes that a client firstly seeks repairing the damage created by the company, and, afterwards looking for revenge. The authors Gregoire and Fisher (2007) study the clients' perceived betrayal as the main determinant for the clients' demand for reparation and retailing, as well as how the intensity of the client-company relationship mediates perceived betrayal and the two mentioned behaviours. Demands for reparation are defined as the client's actions which seek the formation of equity for a former consumption experience. Hibbard (2001) has identified the following possibilities for demanding reparation: (1) clients complain directly to the company, the client's effort to contact the company for solving their problem (problem-solving complaining) and (2) third-party complains or the clients' effort to contact agencies for solving their problem (for example: consumer rights protection agency). Contrary to the reparation demands which are corrective in nature, the clients' retaliation behaviour is fundamentally punitive. The clients' revenge either direct (vindicative complaining – a complaining type used by clients to denigrate the company or to insult its employees) or indirect (negative word-of-mouth – used by clients to denigrate the company within his social group). The clients' intention to denigrate the company can take an extreme form of revenge behaviour when third parties are contacted. In this regard, third parties like: consumer agencies, media agencies or different online communication platforms (blogs, social media, companies' web sites, etc.) can spread the clients' situation to a wide public. Perceived betrayal is considered to be the main cause for the two presented forms of revenge behaviour and is defined (Ward, 2006) as the client's belief regarding the company's intention to perform some actions which broke the normative of client-company relationship. If both parts of the client-company dyad respect the norms, trust is building up, thus, perceived betrayal can be considered a lack of trust. It is interesting to notice that both trust and perceived betrayal can be formed only in a relational context, in opposite with other feelings like anger or dissatisfaction which can be the results of a transactional endeavour. Perceived betrayal is caused by the company's violation of the relationship's norms, thus, more intense cognitions relative to satisfaction/dissatisfaction are generated in the client's mind, cognitions which develop further in revenge behaviour. In the service domain, the following types of norm violations (by the companies) were identified: lies perceived by the client, exploitation attempts, trust violation, abuse, broken promises and incomplete or confidential information (Elangovan, Shapiro, 1998).

The way in which clients perceive the company's action for solving complains form specific beliefs regarding the equity of repairing the initial discomfort. The specific literature (Smith, Bolton, Wagner, 1999) consider that the perceived equity is based on three characteristics of the repairing process done by the company, as follows: (1) repairing equity – result or compensation received by the client after the repairing process, (2) procedure equity – procedures and methods used by the company for solving the client's complains and (3) interaction equity – the way in which the company's employees approached the client during the repairing process. The conclusion of the proposed model can be synthetized in the following ideas: (1) perceived betrayal influences directly and intense the clients' retailing behaviour and reparation demands; (2) clients' dissatisfaction influences directly their reparation demands, but not their retailing behaviour, while anger influence directly their retaliation behaviour, but not their reparation demands; (3) the clients which perceive their relationship with the company as an intense one feel a high betrayal if they perceive low levels of reparation and procedure equity, and reparation and interaction equity, respectively.

4. Conclusions

According to exchange theory, the last phase of an exchange relationship is named dissolution phase. This phase can be considered as an equivalent to the ending/regaining phase of the client-company relationship lifecycle. In opposition to the previous phases (acquisition and retention) in which both parts of the client-company dyad initiated actions for attracting exchange benefits, the dissolution phase is, in general, the result of a unilateral decision. Baxter (1983) divides the dissolution phase in three parts beginning with the psychological process of one part through out which the dissatisfaction regarding the other part is evaluated, and ending with the conclusion that the relationship benefits are, in relative terms, lower than the costs for maintaining the relationship. Afterwards, a set of interaction are done by both parts which result in a consensus regarding the ending terms. Within a market characterized by demand and offer atomicity, the set of interactions and consensus take the form of the clients' complains, and the company's efforts for solving them, respectively. In the end, the dissolution decision is communicated, implicitly or explicitly.

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