

# A HOLISTIC APPROACH OF RELATIONSHIP MARKETING IN LAUNCHING LUXURY NEW PRODUCTS CASE STUDY: RESEARCH OF THE DEMAND FOR HOUSING IN RESIDENTIAL COMPLEXES IN ORADEA

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*On the basis of increased complexity of the exchange mechanism, at the beginning of the third millennium the contemporary marketing suffers some physiognomic changes. Holistic orientation of the contemporary marketing is imposed by the new dimensions the organization ought to take into account in its attempt to meet the customer's needs. Marketing of luxury products constitutes a favorable environment for applying relationship marketing in particular, and requires, in general, a holistic approach.*

*Keywords: relationship marketing, holistic marketing, luxury marketing, residential complex, research on perception of luxury.*

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## **Introduction**

Marketing of the 21<sup>st</sup> century is marked by its relationship orientation. Without altering its essence, marketing is refocusing its efforts of increasing organizational performance through the development of long-term relationships with all its partners (suppliers, customers, other stakeholders). Such a mutation, takes place on the basis of shift from *transactional marketing* to *relational marketing*<sup>495</sup>, the latter requiring a new approach to business relationships among all the partners mentioned above. Customer orientation<sup>496</sup>, emphasized by relationship marketing, directs the entire controlling activity towards monitoring the profitability generated by company's relationship with its demand holders. The meaning this approach has for the organization, takes a new qualitative dimension, through two concepts, more commonly found in the theory and practice of developed countries: *customer lifetime value and customer profitability*<sup>497</sup>. Both concepts are common to *interactive marketing*<sup>498</sup> and seek to ensure ability to identify and capitalize difference between customers.

### ***Holistic orientation of marketing***

On the background of increasingly complex exchange at the beginning of the third millennium contemporary marketing presents new physiognomy changes. Satisfying demands expressed on the market by consumers employs organization in a more diversified set of connections, not only with its beneficiaries but with its employees also, with the surrounding environment, raising ethical responsibilities, towards legislation and community to more higher levels. Thus, the *holistic orientation* of contemporary marketing<sup>499</sup> is shaped. Figure 1 depicts the structure of this orientation:

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495 Pop, N. Al., Petrescu, E-C, Marketing et gestion de la relation client, Editura Uranus, București, 2008, pp. 21-24.

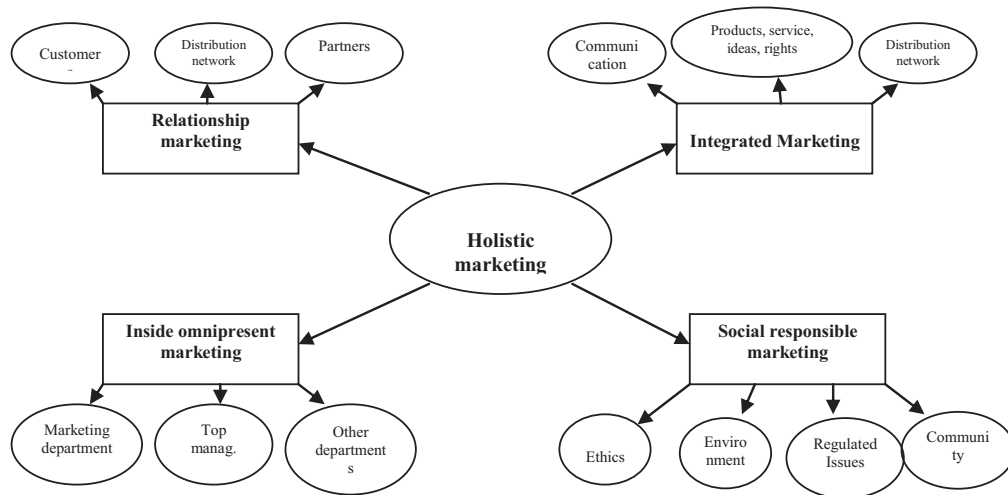
496 Bruhn, M., Kundenorientierung Bausteine eines excellentes Customer Relationship Management, 3. Aufl., Beck- Wirtschaftberates im dtv, Muenchen, 007, pp. 24 and following.

497 Rust, R.T., Lemon, K. N., Narazandas D., Customer Equity Management, Pearson Education Inc., Upper Saddle River, New Jersey, 2005, pp. 22; 511-514.

498 Chirouze, Y., Le marketing. Etudes et strategies, 2e edition, Ellipes, Paris, 2007, p. 335.

499 Kotler, Ph., Keller, K.L., Marketing Management, 13th Edition, Pearson Education Internatinal, Upper Saddle River, New Jersey, 2009, pp. 59-60.

**Figure 1. Dimensions of Holistic Marketing**



Source: adapted after Kotler, Ph., Koller, K.L., *Marketing Management*, 12th Edition, Pearson Education, Upper Saddle River, New Jersey, 2008, p.61.

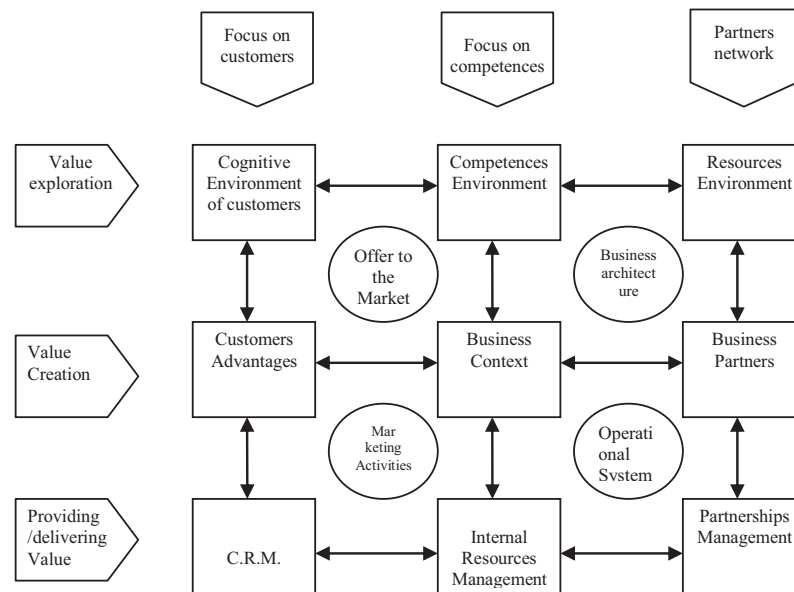
Based on holism theory (Gk. Holas = whole), which says that the whole always has priority, more than the total sum of individual parts, *holistic marketing* requires development and implementation of marketing programs, processes and measures with a wide spectrum and correlated with each other. Stressing that the whole is important, an *integrated marketing* concept which is at the same time relational, integrated, omnipresent within the organization and socially responsible<sup>500</sup>. This way, on the same level of importance are placed relationship marketing (which develops a strategic and long term vision for the organization with all its partners), marketing in action (integration of all components of marketing mix), implementation of marketing – as business perspective – in all departments of the organization and marketing responsibility towards the surrounding environment, the community where enterprises operate in accordance with business ethics requirements and of the law in force. Holistic marketing is exhibited as a complex model in Figure 2.

Focused around exploring the demand and delivering value to the customer, holistic marketing addresses these themes in a matrix approach, at the confluence with the focused efforts towards customers, competencies and partnering relationships. Economic environment has the ability to think in a strategic manner the *architecture of a business* and to model *supply offered to the market* in a more nuanced, fashion in relation to the motivational complex of demand, the medium and long term solvency of demand holder and the capacity to employ an efficient system of marketing activities. It is required, a rethinking of the criteria for ranking customers both in respect of their relational capacity, and the company's long-term performance in satisfying a very exacting high-demand<sup>501</sup>. Under the current economic situation of Romania, affected by the outcomes of the global financial-economic crises, marketing efforts have to be reanalyzed, especially in the area of luxury supply.

500 Kotler, Ph., Jian, D.C. Measinca, S., *Marketing Moves* Harvard Business Press, Boston, 2002, pp. 26-30.

501 Homburg, Ch., Droll, M, Totzec, D., Customer Prioritization: Does It Pay Off, and How Should It Be Implemented, in *Journal of Marketing*, vol 72, (September 2008), pp. 110-130.

**Figure 2. A Complex Marketing Model**



Source: adapted by Kotler, Ph., Jian, D. C., Measince S., op. cit., 2002, p.29.

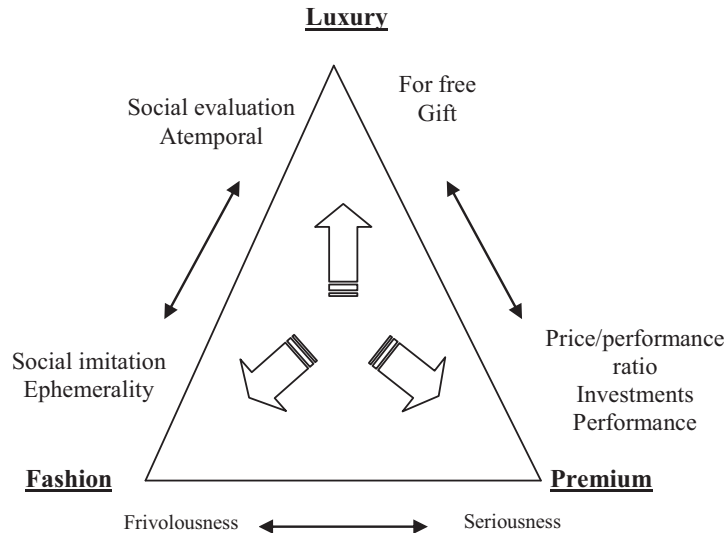
### **Marketing of luxury products**

Within present economical context the perception of luxury is very different among potential buyers. The variety of expressions invented by the communication specialists have filled business vocabulary. "New luxury", "real luxury", "hyperlux", "trading up", "ultra-premium", "accessible luxury", etc. are just a few of them. Rather than clarifying luxury concept this semantic explosion creates more confusion. Luxury is not simply a word that defines a certain degree of wealth but also a *sociological and psychological complex concept*. Creation, proliferation and marketing of the luxury is not just a job, or know-how (*savoir-faire*) specific to selling jewelry, collection cars, unique clothing, or residential housing. It represents a distinct manner, with an emphasized *empathic nature* of understanding the customer and of service management which is called to satisfy the demands<sup>502</sup>. Luxury in the contemporary society has undergone a democratization process under the influence of certain major factors that act on demand, such as: general increase of the average purchasing power, globalization of needs, communications at worldwide level available even in real time, communications etc.

Contrasting mass marketing, *marketing of luxury items* increasingly captures the attention of business people. Luxury is not merely targeted to small market niches, but rather gains more ground in the areas where persuasion is combined with medium and long term rationality. Situated at the confluence of *high solvency, fashion, art and consumer's personality* luxury attempts to position itself, from an economical standpoint, on a vector system, although such a process can be often considered ambiguous. Such a positioning test is exhibited in Figure 3, in the form of a positioning triangle.

502 Pop, N. Al., Vlădoi, A.D., Marketarul - specialist complex, om de decizie si actiune, în revista Amfiteatru economic, Vol. XI, Nr. 25, February 2009, pp. 9-20.

**Figure 3. The Distinction Between Luxury, Fashion, Premium: triangle of the positioning vectors**



Source: adapted after Bastien, V., Kapferer, J-N., *Luxe oblige*, Groupe EYROLLES, Paris, 2009, p. 49.

Marketing of luxury products constitute a favorable field for applying relationship marketing concept in particular, and requires in general, a holistic approach. *Customer satisfaction* is central to the marketing approach and represents the starting point for customer *attachment* strategies vis a vis a product/a brand considered to be a luxury one. Being a complex psychological process of comparability between experience as beneficiary of a service and the representations of the manner and level to which the respective product/service satisfies a need, satisfaction is the main premise in increasing loyalty, being a real *key for modeling customer buying behavior*. These processes turn to three groups of variables: *cognitive* (based on superior quality of the goods, considering performance), *emotional* (based on emotions caused to the buyer) and *relational* (based on the interaction between provider and customer in the purchase)<sup>503</sup>.

#### ***Research of the demand for housing in residential complexes***

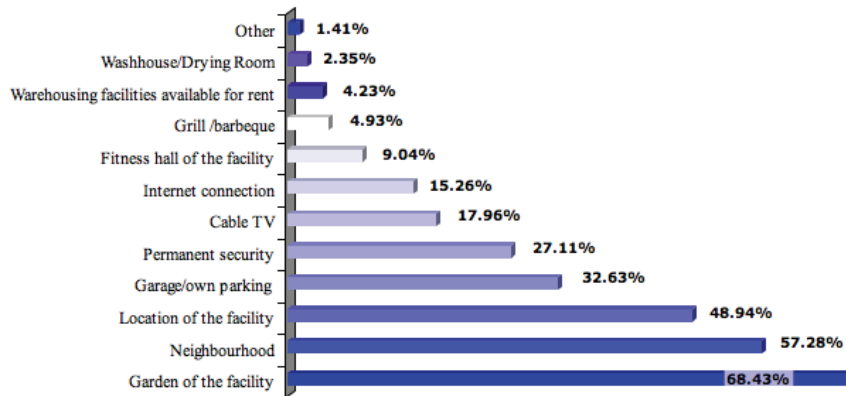
The applied part of the empirical survey undertaken by the authors has focused on a market area that is situated at the confluence of luxury and rationality: residential housing facilities. In this current economical situation real estate market in general and residential complexes, in particular, have registered in last three quarters a major downturn. In order to support boost of this market it is essential that, the systematical and analytical survey of the demand to monitor the evolution of perception and willingness of the buyers to acquire luxury items. The demand for these products, perceived by the average customer as being luxury ones has a certain potential, which still has to be identified and developed using specific marketing instruments.

During the 5th to 12th of April, 2008 authors conducted a study on the local market of Oradea regarding public's attitude -potential customers- towards new houses located in residential complexes. Survey has been performed through an individual questionnaire containing scale questions, multiple choice questions and open ended questions. The questionnaire has been administered to a representative sample of 852 citizens of Oradea (of a total of 206.080 officially registered inhabitants), representing a random and stratified sample. Sample size was determined considering a confidence interval of 95% and a sampling error of 3,5%. Approximately 15% of the approached subjects refused to provide any answer.

Inhabitants of Oradea perceive luxury having a stronger emphasis on proximity than on the type of facilities provided by the residential complexes. Such facilities as TV and internet connections, warehousing space or fitness halls are perceived rather standard than luxury. Chart no. 1 gives an overview of the perceptions of luxury on residential facilities.

<sup>503</sup> Meyer-Waarden, L., *La fidelisation client. Strategies, pratiques et efficacite des outils de marketing relationnel*, Vuibert, Paris, 2004, pg. 68-70.

**Chart 1. Perception of Oradea's Inhabitants Regarding Luxury in a Residential Complex**

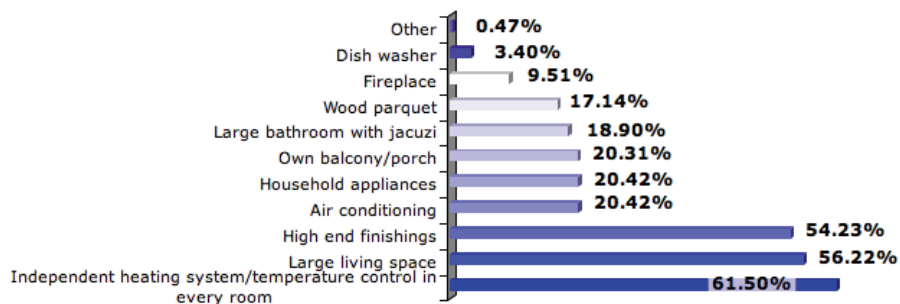


**Question:** Please circle first 3 elements that you associate with luxury housing in a residential facility of houses/villas or flats

Source: survey of public's attitude towards new housing within residential complexes in Oradea

Considering their own housing, luxury as it is perceived by inhabitants of Oradea is related to the nature of comfort and space provided. Environment control in respect of temperature control in each room, along with the large living space and high-quality of finishing are the main items considered luxury. Endowments in terms of household appliances -more readily available in recent years- are perceived as normal. Chart no. 2 below provides an overview of perception of luxury within the house.

**Chart 2. Perception of Oradea Inhabitants Regarding Luxury Within The House**



**Question:** Please circle the first 3 elements that you associate with luxury housing in a residential facility of houses/villas or flats

Source: survey of public's attitude towards new housing within residential complexes in Oradea

### Conclusions

Perception of luxury is in continuous change and evolution in the sense that some of the elements that were hitherto perceived as luxury entered into normality by becoming increasingly available, while other new and extravagant elements replace them. In order to understand continual study and research on customers' wants and aspirations in the different stages a developing market goes through, as is the case of Romanian market in general, and real estate market in particular. Increase in average purchasing power and the globalization of customer wants impose providers a special attention as regards tailoring the offer through a holistic marketing approach so that via an integrated approach to capitalize on competitive advantages that are granted by the application of this concept.

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