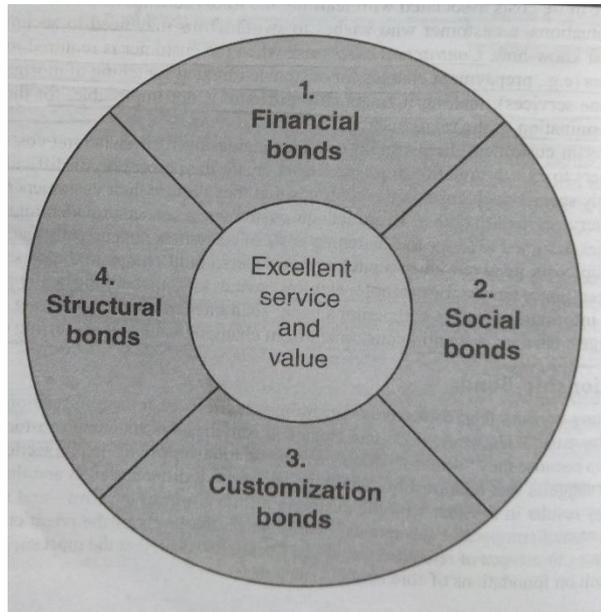


## RELATIONSHIP BONDS



### FINANCIAL BONDS

- LOWER price for greater volume purchases or lower prices for customers who have been with the firm a long time.
- E.g. Airline industry and related travel service industry like hotels and car rental companies.
- Other financial rewards are focused on bundling and cross selling of services.
- Financial incentives do not generally provide long term advantages unless combined with another relationship strategy.
- Easy to imitate for competitors.

### SOCIAL BONDS

- Strategies bind customer to firm through more than financial incentives.
- Customers are viewed as “**Clients**” not nameless faces, and become individuals whose needs and wants the firms seeks to understand.
- Social, interpersonal bonds are common among Professionals service providers (lawyers, accountants, teachers) and their clients as well as among personal care providers (hair dresser, counselors, healthcare providers)

**“A Dentist who takes a few minutes to review her patient’s file before going in to the exam room is able to jog her memory on personal facts about her patient (occupation, family details, interest, dental history). By bringing these personal details in conversation, the dentist reveals her genuine interest in patient as an individual and build social bonds.”**

- Company that has built a significant strategy around customer to customer bonds is Harley Davidson (HOG), Royal Enfield, Duke Orange involved in local rallies, tours and parties as well as events organized by the companies.
- Develop a sense of community around their common interest- motorcycle riding.
- This strategy does not tie customer permanently but Difficult for competitors to imitate.

### **CUSTOMIZATION BONDS**

- **A customization approach suggests** customer loyalty can be encouraged by intimate knowledge of individual customers – often referred to *customer intimacy*.
- Through the development of one to one solutions that fit the individual customer’s needs.
- **For example: PANDORA-** an internet based music discovery

### **STRUCTURAL BONDS**

- Strategies are **most difficult to imitate**.
- It involves structural as well as financial, social and customization bonds between the customer and the firm.
- These are created by providing services to the client that are designed right into **Service Delivery System**.
- Structural bonds are also created by providing customized service to the clients that are **technology based** and make the customer more productive.
- For e.g. B2B healthcare context with **Cardinal Health**.

## **RELATIONSHIP CHALLENGES**

### **The Customer Is Not Always Right**

- *The Wrong Statement*
- *Not Profitable in Long Term*
- *Difficult Customer*

### **Ending Business Relationships**

- *Relationships Endings*
- *Should Firms Fire Their Customers?*